

# **Selected Financial Information For the Fiscal Year Ended March 31, 2016**

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**JAPAN POST BANK Co., Ltd.  
May 13, 2016**

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Note: 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.

## Financial Highlights

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# 1. Overview of FY2016/3 Results

- Gross operating profit decreased by ¥182.6 bn from the fiscal year ended March 31, 2015, to ¥1,452.0 bn for the fiscal year ended March 31, 2016. Net interest income for the fiscal year ended March 31, 2016 decreased by ¥179.7 bn from the fiscal year ended March 31, 2015, mainly due to a decrease in interest on Japanese government bonds, despite an increase in interest on foreign securities. Net fees and commissions for the fiscal year ended March 31, 2016 increased by ¥1.8 bn from the fiscal year ended March 31, 2015, due to an increase in fees relating to the sale of investment trusts, ATMs, etc.
- General and administrative expenses decreased by ¥48.5 bn from the fiscal year ended March 31, 2015, to ¥1,066.1 bn for the fiscal year ended March 31, 2016, mainly due to a reduction in the deposit insurance premium rate.
- In the adverse business environment with the prolonged period of historically low interest rates, net operating profit decreased by ¥134.1 bn to ¥385.8 bn, and net ordinary income decreased by ¥87.4 bn to ¥481.9 bn for the fiscal year ended March 31, 2016, as compared to the fiscal year ended March 31, 2015.
- Net income decreased by ¥44.3 bn from the fiscal year ended March 31, 2015, to ¥325.0 bn for the fiscal year ended March 31, 2016, which equated to 101.5% of the earnings forecasts of ¥320.0 bn in net income for the fiscal year ended March 31, 2016.

## Results of Operations

(¥bn, %)

	For the fiscal year ended March 31, 2016
Ordinary income	1,968.9
Increase (decrease) from the fiscal year ended March 31, 2015	(109.1) (5.2)%
Net ordinary income	481.9
Increase (decrease) from the fiscal year ended March 31, 2015	(87.4) (15.3)%
Net income	325.0
Increase (decrease) from the fiscal year ended March 31, 2015	(44.3) (12.0)%

## Earnings Forecasts

(¥bn)

	For the fiscal year ending March 31, 2017
Net ordinary income	420.0
Net income	300.0

# 1. Overview of FY2016/3 Results

## Results of Operations

	For the fiscal year ended		Increase (Decrease) (A) – (B)
	March 31, 2016 (A)	March 31, 2015 (B)	
	(¥bn, %)		
Gross operating profit	<b>1,452.0</b>	1,634.7	(182.6)
Net interest income	<b>1,361.0</b>	1,540.7	(179.7)
Net fees and commissions	<b>91.1</b>	89.2	1.8
Net other operating income (loss)	<b>(0.1)</b>	4.7	(4.8)
General and administrative expenses (*)	<b>1,066.1</b>	1,114.7	(48.5)
Provision for general reserve for possible loan losses	—	—	—
Net operating profit	<b>385.8</b>	519.9	(134.1)
Non-recurring gains (losses)	<b>96.1</b>	49.4	46.6
Gains (losses) on money held in trust	<b>93.8</b>	43.1	50.7
Net ordinary income	<b>481.9</b>	569.4	(87.4)
Net income	<b>325.0</b>	369.4	(44.3)
ROE (**)	<b>2.80%</b>	3.20%	(0.39)%
OHR (***)	<b>73.42%</b>	68.19%	5.23 %

\* General and administrative expenses exclude non-recurring losses.

\*\* ROE = net income / [(sum of total net assets at the beginning and the end of the fiscal year) / 2] x 100

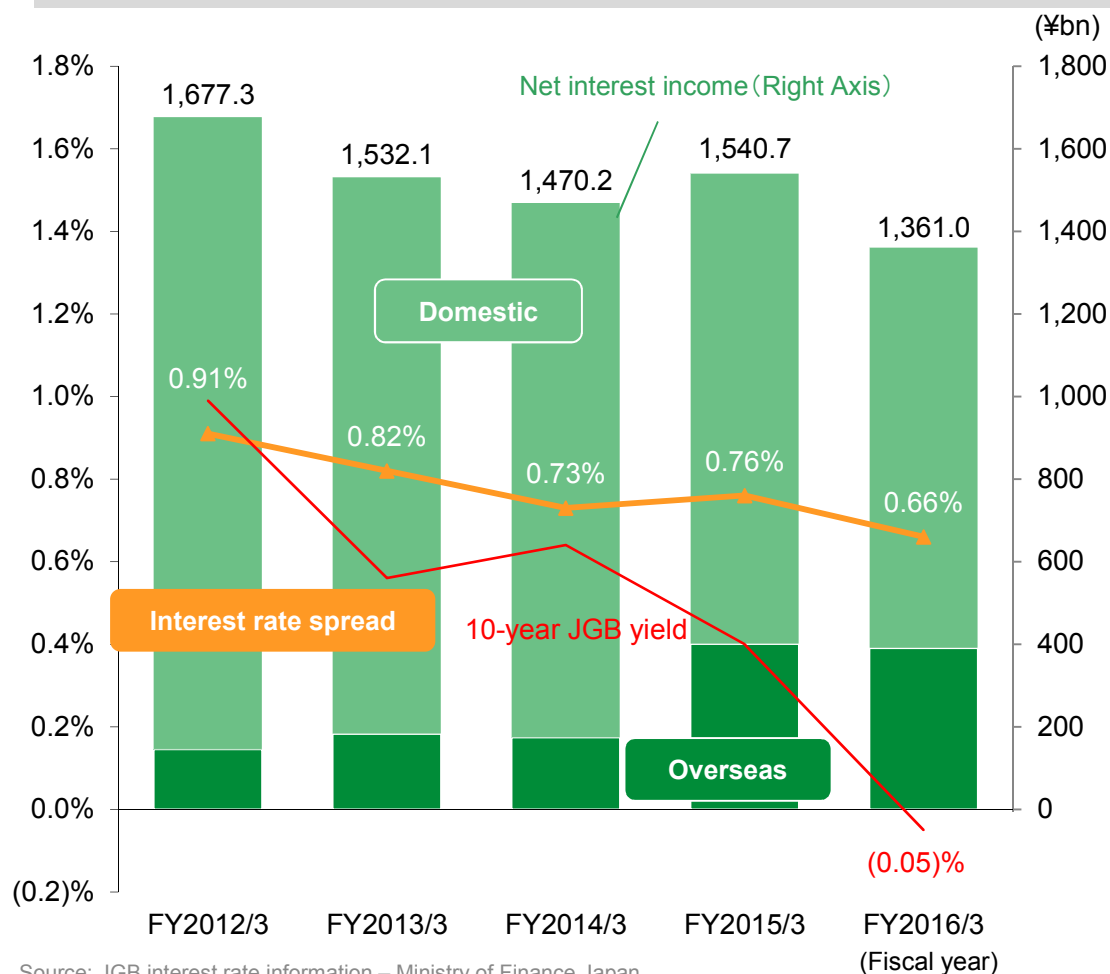
\*\*\* OHR = (general and administrative expenses / gross operating profit) x 100

## Financial Condition

	As of		
	March 31, 2016 (A)	March 31, 2015 (B)	Increase (Decrease) (A) – (B)
	(¥bn)		
Assets	<b>207,056.0</b>	208,179.3	(1,123.2)
Cash and due from banks	<b>45,895.0</b>	33,301.0	12,594.0
Call loans	<b>978.8</b>	1,961.5	(982.6)
Receivables under securities borrowing transactions	<b>7,923.2</b>	8,374.0	(450.8)
Money held in trust	<b>3,561.1</b>	3,491.6	69.4
Securities	<b>144,076.8</b>	156,169.7	(12,092.9)
Loans	<b>2,542.0</b>	2,783.9	(241.9)
Liabilities	<b>195,547.8</b>	196,549.0	(1,001.2)
Deposits	<b>177,871.9</b>	177,710.7	161.2
Payables under securities lending transactions	<b>13,123.5</b>	13,570.1	(446.6)
Net assets	<b>11,508.1</b>	11,630.2	(122.0)
Total shareholders' equity	<b>8,605.2</b>	8,464.9	140.3
Total valuation and translation adjustments	<b>2,902.8</b>	3,165.3	(262.4)

## 2. Trend of Net Interest Income and Interest Rate Spread

■ Net interest income was ¥1,361.0 billion and interest rate spread was 0.66% for the fiscal year ended March 31, 2016.



Source: JGB interest rate information – Ministry of Finance Japan

Notes: 1. "Domestic" represents yen-denominated transactions while "overseas" represents foreign currency-denominated transactions (except that yen-denominated transactions with non-residents of Japan are included in "overseas").

2. For a part of interest income and expenses, transactions between "domestic" and "overseas" are offset to calculate totals. As a result, the total of each account may not be equal to the combined total of "domestic" and "overseas" of each item.

### Domestic

	For the fiscal year ended		Increase (Decrease) (A) – (B)
	March 31, 2016 (A)	March 31, 2015 (B)	
Net interest income	970.5	1,139.9	(169.3)
Interest income	1,248.6	1,425.9	(177.3)
Interest income on Japanese government bonds	966.6	1,148.5	(181.8)
Interest expenses	278.0	286.0	(7.9)

### Overseas

	For the fiscal year ended		Increase (Decrease) (A) – (B)
	March 31, 2016 (A)	March 31, 2015 (B)	
Net interest income	390.4	400.8	(10.3)
Interest income	545.9	509.2	36.7
Interest income on foreign securities	541.0	505.6	35.4
Interest expenses	155.5	108.4	47.0

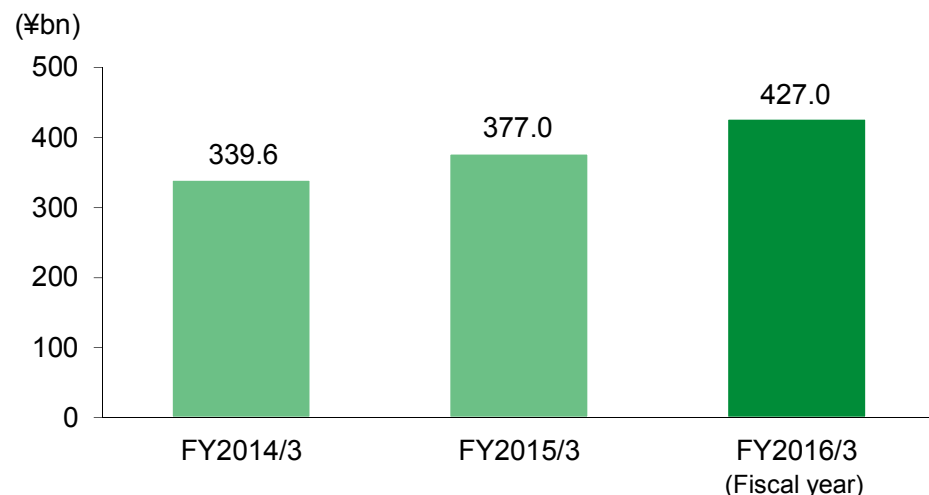
### Total

	For the fiscal year ended		Increase (Decrease) (A) – (B)
	March 31, 2016 (A)	March 31, 2015 (B)	
Net interest income	1,361.0	1,540.7	(179.7)
Interest income	1,731.2	1,893.2	(162.0)
Interest expenses	370.1	352.4	17.6

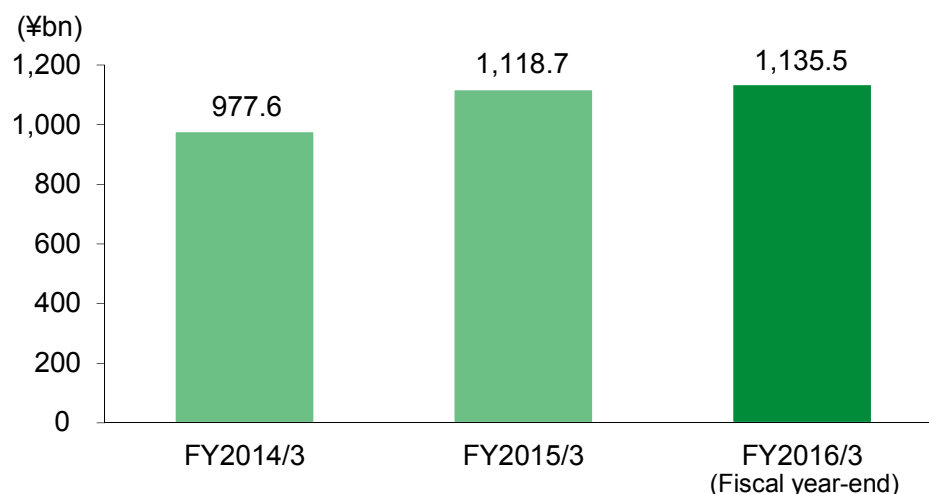
### 3. Net Fees and Commissions

■ Sales of investment products (investment trusts and variable annuities policies) performed well. Net fees and commissions were ¥91.1 billion for the fiscal year ended March 31, 2016.

#### Trend of Investment Trusts Sales

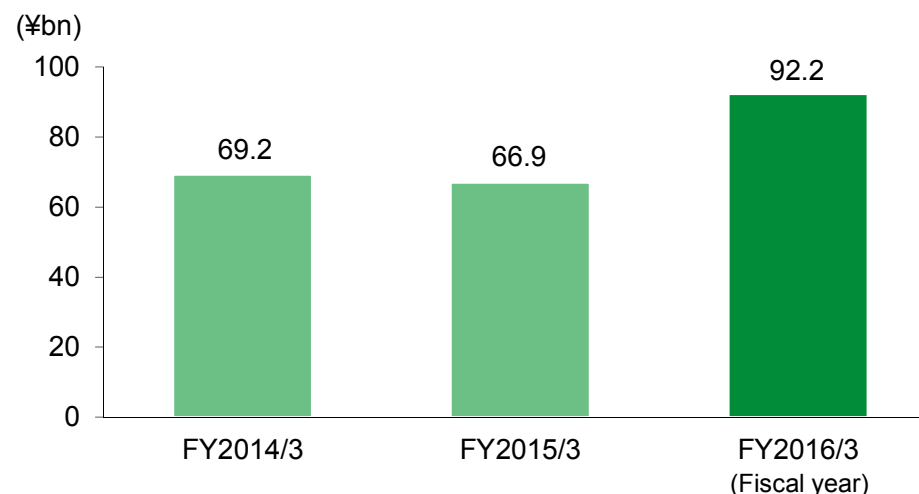


#### Trend of Net Assets of Investment Trusts



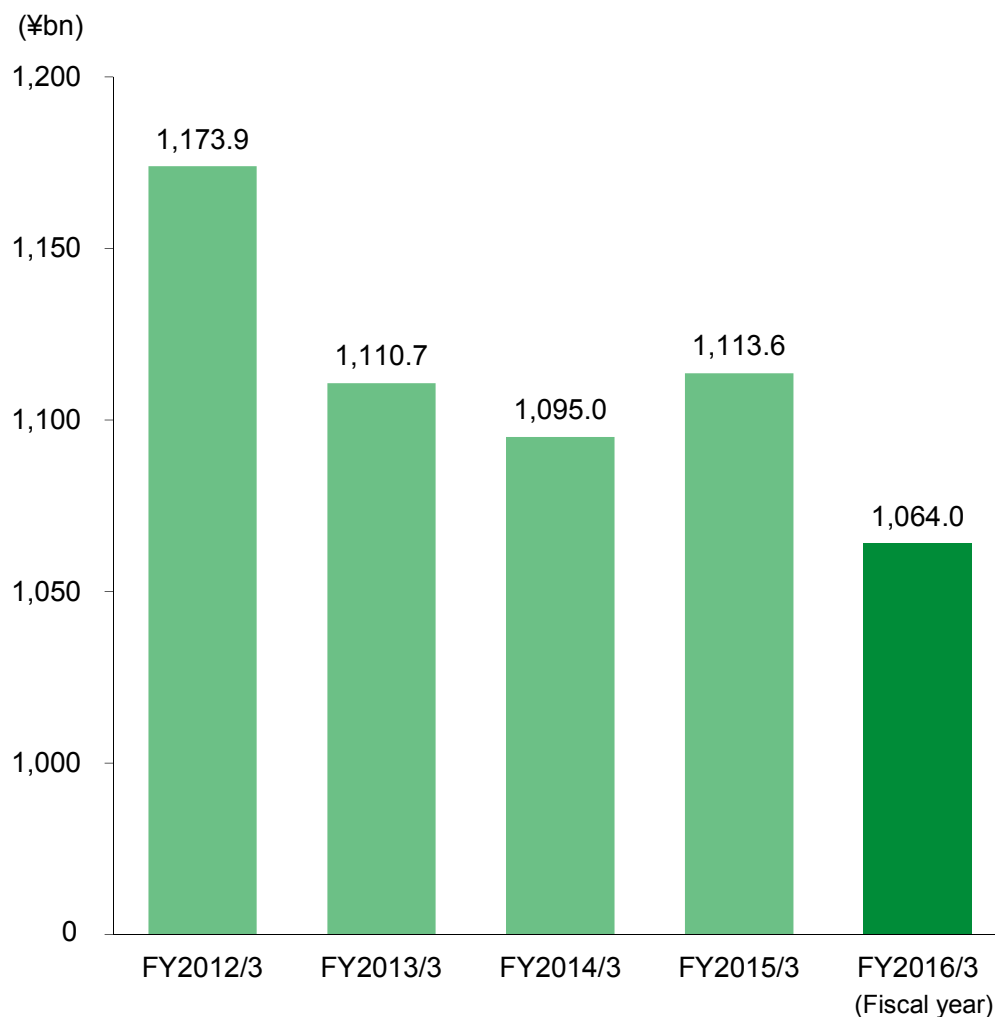
	For the fiscal year ended		Increase (Decrease) (A) – (B)
	March 31, 2016 (A)	March 31, 2015 (B)	
Net fees and commissions relating to	91.1	89.2	1.8
Exchange and settlement transactions	59.2	59.7	(0.4)
ATMs	7.5	6.0	1.5
Investment trusts	13.0	11.9	1.1
Others	11.2	11.4	(0.2)

#### Trend of Variable Annuities Policies Sales



## 4. Trend of General and Administrative Expenses

- Non-personnel expenses included in the general and administrative expenses, decreased by ¥52.2 billion from the fiscal year ended March 31, 2015, to ¥865.1 billion for the fiscal year ended March 31, 2016, mainly due to a reduction in the deposit insurance premium rate.



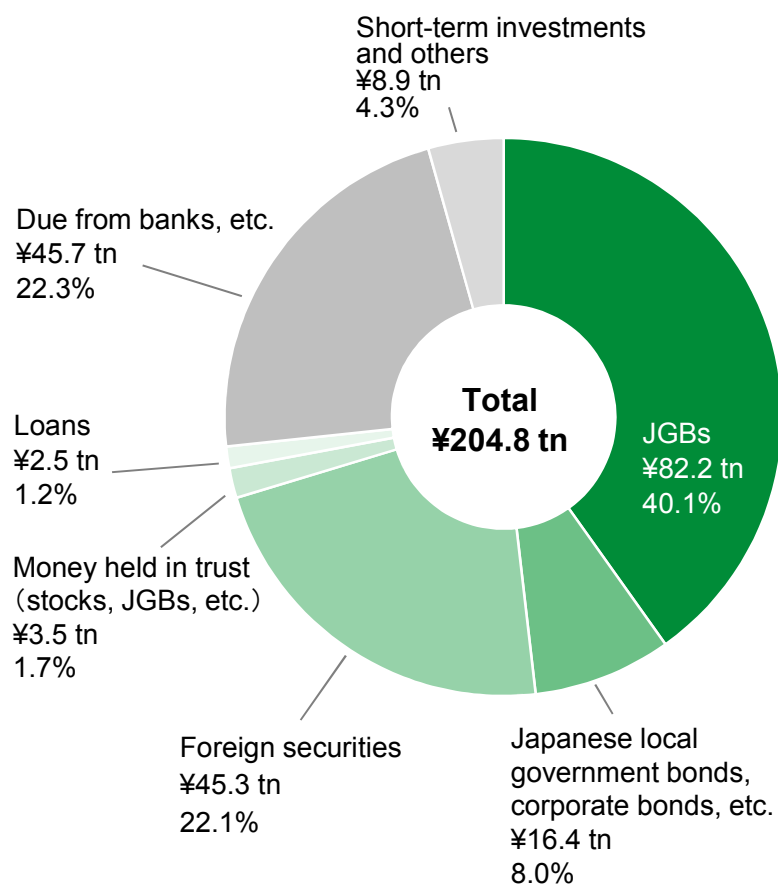
	For the fiscal year ended		Increase (Decrease) (A) – (B)
	March 31, 2016 (A)	March 31, 2015 (B)	
Personnel expenses	123.2	122.0	1.1
Salaries and allowances	101.4	99.9	1.4
Non-personnel expenses	865.1	917.4	(52.2)
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	609.4	602.4	6.9
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd.	9.8	18.9	(9.1)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	64.4	103.6	(39.2)
Taxes and dues	75.5	74.1	1.4
Total	1,064.0	1,113.6	(49.6)

Note: General and administrative expenses include non-recurring losses.



## 5. Asset Management Status

- Securities, which consisted of JGBs, etc., were ¥144.0 trillion, while loans were ¥2.5 trillion as of March 31, 2016.



Categories	As of March 31, 2016 (A)		As of March 31, 2015 (B)		Increase (Decrease) (A) – (B)
	Amount (¥bn)	%	Amount (¥bn)	%	
Securities	144,076.8	70.3	156,169.7	75.8	(12,092.9)
Japanese government bonds	82,255.6	40.1	106,767.0	51.8	(24,511.3)
Japanese local government bonds, corporate bonds, etc. (*)	16,425.6	8.0	16,509.0	8.0	(83.4)
Foreign securities	45,395.5	22.1	32,893.6	15.9	12,501.9
Foreign bonds	19,829.5	9.6	18,817.7	9.1	1,011.7
Investment trusts	25,520.9	12.4	13,967.7	6.7	11,553.2
Money held in trust (stocks, JGBs, etc.)	3,561.1	1.7	3,491.6	1.6	69.4
Domestic stocks	1,878.6	0.9	2,146.1	1.0	(267.5)
Loans	2,542.0	1.2	2,783.9	1.3	(241.9)
Due from banks, etc. (**)	45,769.1	22.3	33,034.9	16.0	12,734.1
Short-term investments and others (***)	8,927.5	4.3	10,385.0	5.0	(1,457.4)
<b>Total</b>	<b>204,876.6</b>	<b>100.0</b>	<b>205,865.4</b>	<b>100.0</b>	<b>(988.7)</b>

\* “Japanese local government bonds, corporate bonds, etc.” consists of Japanese local government bonds, commercial paper, Japanese corporate bonds, etc.

\*\* “Due from banks, etc.” consists of negotiable certificates of deposit, Bank of Japan deposits and monetary claims bought.

\*\*\* “Short-term investments and others” consists of call loans and receivables under securities borrowing transactions, etc.

## 5. Asset Management Status

- Net unrealized gains after taking into consideration of gains (losses) from hedge accounting were **¥4,186.4 billion (before application of tax effect accounting)**.

	As of March 31, 2016		As of March 31, 2015	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Held-to-maturity securities	52,052.5	2,208.3	66,474.5	2,268.3

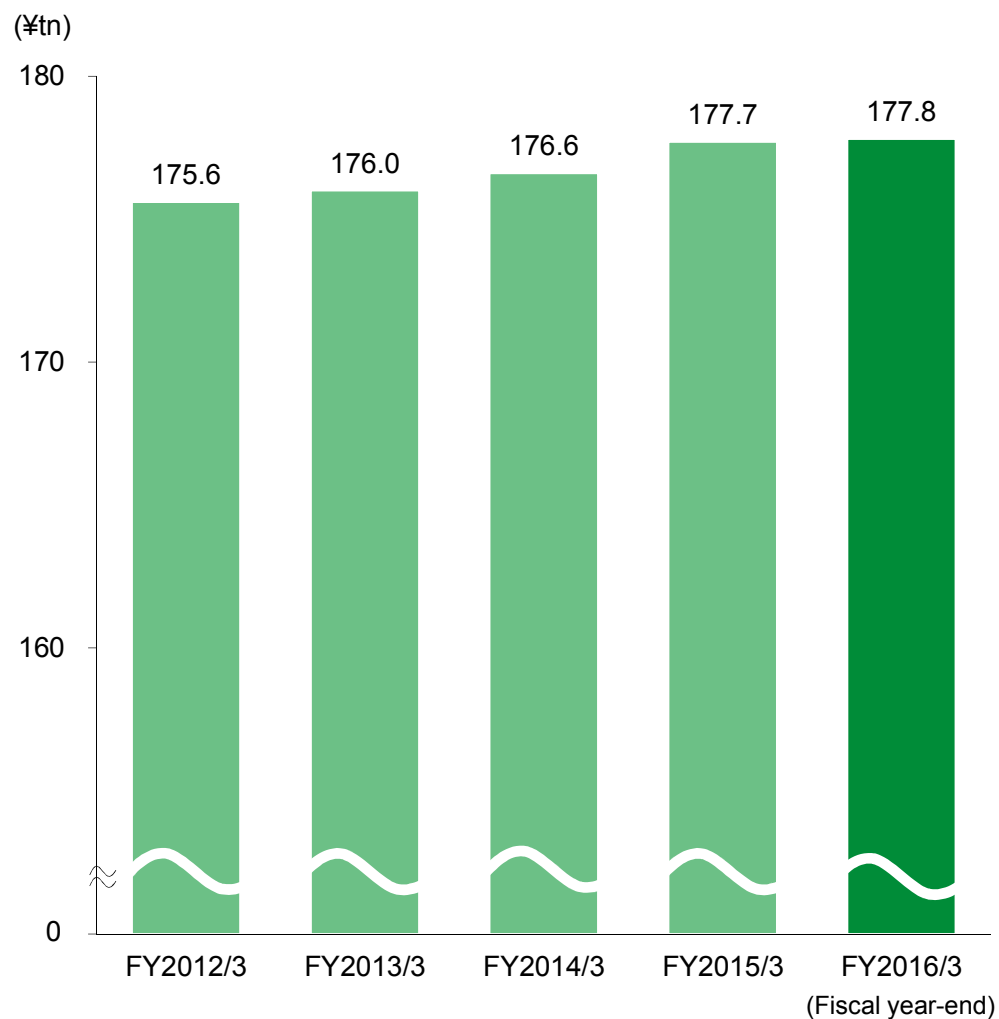
(¥bn)

	As of March 31, 2016		As of March 31, 2015	
	Amount on the balance sheet / Notional amount	Net unrealized gains (losses) / Net deferred gains (losses)	Amount on the balance sheet / Notional amount	Net unrealized gains (losses) / Net deferred gains (losses)
Available-for-sale	95,847.5	4,791.7	94,012.9	5,655.9
Available-for-sale securities (A)	92,286.3	3,872.4	90,521.3	5,076.5
Japanese government bonds	34,358.2	1,744.7	45,860.9	1,382.0
Foreign bonds	19,732.7	1,967.8	18,681.1	3,150.8
Investment trusts	25,520.9	(128.0)	13,967.7	264.9
Effect of fair value hedge accounting (B)		35.3		(591.4)
Money held in trust (C)	3,561.1	883.8	3,491.6	1,170.8
Domestic stocks	1,878.6	829.8	2,146.1	1,125.4
Derivatives for which deferred hedge accounting is applied (D)	7,719.8	(605.3)	6,011.0	(974.4)
Total (A) + (B) + (C) + (D)		4,186.4		4,681.5

(¥bn)

## 6. Trend of Deposit Balance

■ Deposit balance as of March 31, 2016 was ¥177.8 trillion, which remained stable.

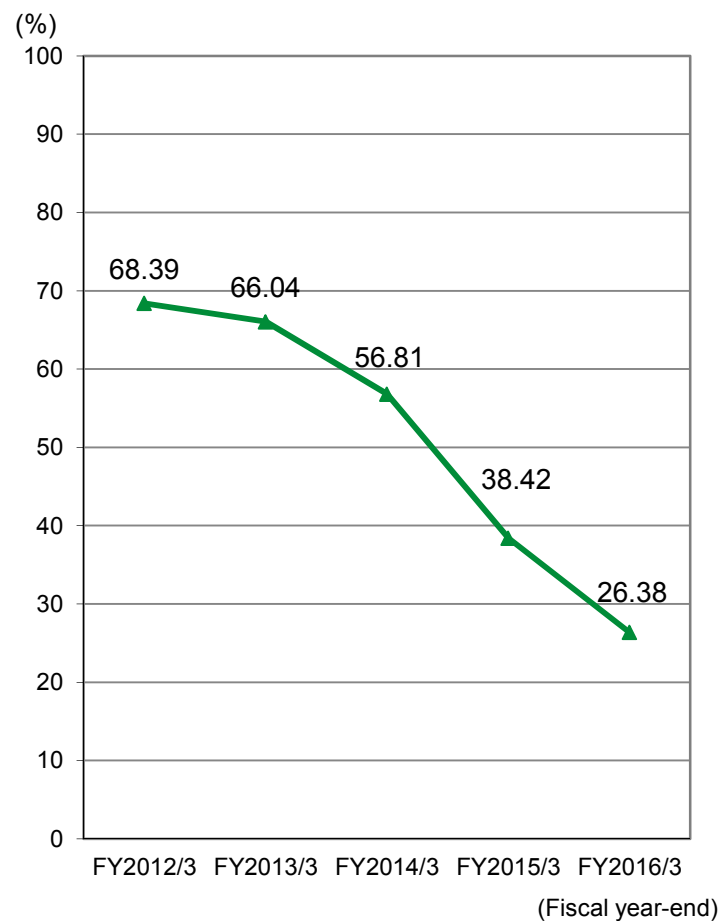


	As of March 31, 2016 (A)	As of March 31, 2015 (B)	Increase (Decrease) (A) – (B)
Liquid deposits	63.8	61.0	2.7
Transfer deposits	13.8	11.7	2.1
Ordinary deposits, etc.	49.5	48.9	0.6
Savings deposits	0.3	0.3	(0.0)
Fixed-term deposits	113.8	116.4	(2.6)
Time deposits	11.4	13.5	(2.1)
TEIGAKU deposits, etc.	102.4	102.8	(0.4)
Other deposits	0.1	0.2	(0.0)
<b>Total</b>	<b>177.8</b>	<b>177.7</b>	<b>0.1</b>

(¥tn)

## 7. Trend of Capital Adequacy Ratio

■ Capital adequacy ratio (non-consolidated, domestic standard) was 26.38% as of March 31, 2016.



\* The Bank has applied Japanese domestic Basel III capital adequacy standards since the fiscal year ended March 31, 2014.

	(¥bn, %)		
	As of March 31, 2016 (A)	As of March 31, 2015 (B)	Increase (Decrease) (A) – (B)
Total capital (a)	8,499.3	8,274.0	225.3
Total amount of risk-weighted assets (b)	32,218.5	21,533.4	10,685.0
Credit risk-weighted assets	29,253.2	18,490.2	10,762.9
Capital adequacy ratio (a) / (b)	26.38%	38.42%	(12.04)%

# 8. Plans for the Fiscal Year Ending March 31, 2017

## (1) Earnings Forecasts

- For earnings forecasts for the fiscal year ending March 31, 2017, net ordinary income and net income are expected to amount to ¥420.0 billion and ¥300.0 billion, respectively.
- In the adverse economic environment with extremely low interest rates, the Bank expects to ensure stable income by generating higher income from Satellite Portfolio (SP), while income from Base Portfolio (BP) is expected to decrease.

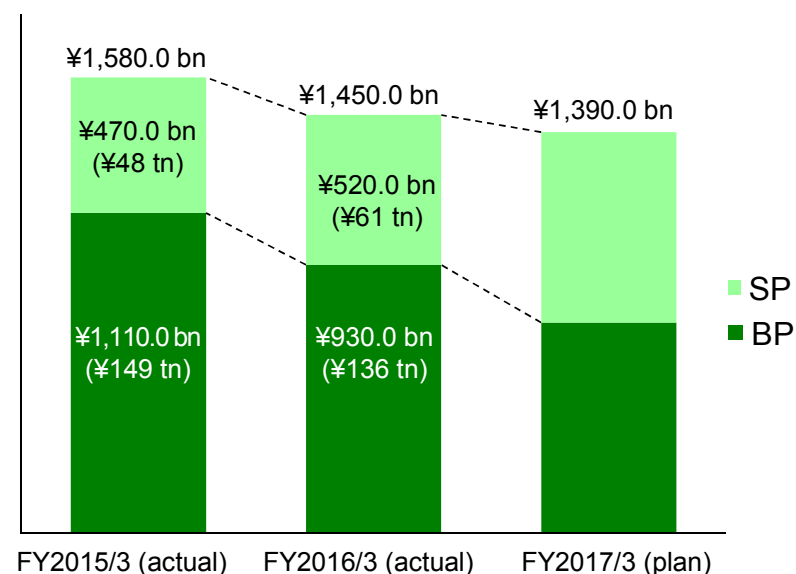
### Earnings forecasts for the fiscal year ending March 31, 2017 (¥bn)

	For the fiscal year	
	ending March 31, 2017 (forecast)	ended March 31, 2016 (actual)
Net ordinary income	420.0	481.9
Net income	300.0	325.0

### Assumptions for earnings forecasts

- ◆ Assumptions of domestic and foreign market interest rates are based on the implied forward rates as of January 31, 2016.
- ◆ Assumptions of foreign exchange rates are \$1=¥115 for USD/JPY and €1=¥125 for EUR/JPY.

### Actual results and forecasts of net interest income, etc. (\*) (\*\*) (\*\*\*) (\*\*\*\*)



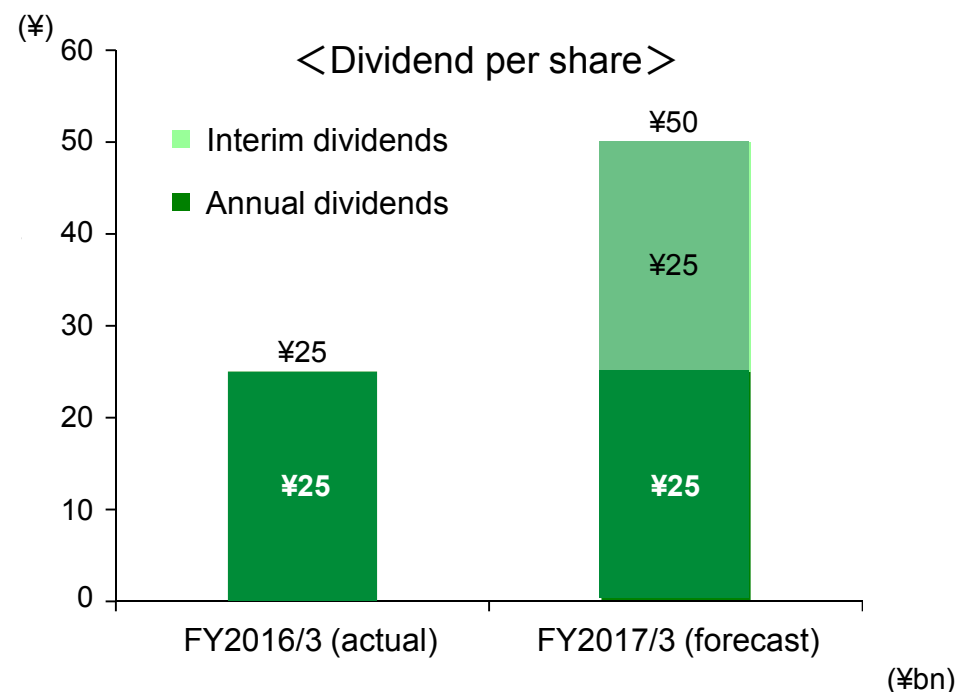
- \* Base Portfolio is the Bank's fundamental portfolio, which the Bank manages with the aim to ensure stable income by investing mostly in Japanese government bonds while managing interest rate and liquidity risks. Satellite Portfolio is designed to achieve higher returns by primarily bearing credit and market risks. Satellite Portfolio is invested in corporate bonds, foreign securities, stocks, which are included in money held in trust, and other instruments.
- \*\* Net interest income, etc. = Interest income - Interest expenses + Other operating income - Other operating expenses + Gains on money held in trust - Losses on money held in trust + Gains on sales of stock, etc. - Losses on sales of stock, etc. - Write off on stock, etc.
- \*\*\* Figures in parenthesis indicate the balance at the end of the fiscal year.
- \*\*\*\* Figures less than 10 billion yen are not presented for the net income, and figures less than 1 trillion yen are not presented for the balances.

## 8. Plans for the Fiscal Year Ending March 31, 2017

### (2) Dividend Forecast

- Dividend per share for the fiscal year ended March 31, 2016 is ¥25 (annual dividends only).
- Dividend per share for the fiscal year ending March 31, 2017 is expected to be ¥50 (including interim dividends of ¥25).

#### Actual result and forecast of dividends



	For the fiscal year	
	ended March 31, 2016 (actual)	ending March 31, 2017 (forecast)
Total dividend payment (A)	93.7	187.4
Net income (B)	325.0	300.0
Dividend payout ratio (A) / (B)	28.8%	62.4%

#### Dividend policy (until March 31, 2018)

1. The Bank aims to maintain a dividend payout ratio of approximately 50% or more of the Bank's net income for the relevant fiscal year. However, as the period between the date of the listing of the Bank's shares and the record date for such annual dividends was less than six months, dividend payout ratio for the fiscal year ended March 31, 2016 is approximately 25% or more.
2. The Bank aims to pay a stable per-share dividend.
3. The Bank shall also consider additional shareholder return, while taking into account developments on regulations, earnings growth and accumulation of retained earnings, etc.

## Financial Data

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# 1. Summarized Balance Sheets

	As of March 31, 2016 (A)	As of March 31, 2015 (B)	Increase (Decrease) (A) – (B)
<b>Total assets</b>	<b>207,056,039</b>	<b>208,179,309</b>	<b>(1,123,270)</b>
Cash and due from banks	45,895,068	33,301,050	12,594,018
Call loans	978,837	1,961,526	(982,689)
Receivables under securities borrowing transactions	7,923,229	8,374,084	(450,855)
Monetary claims bought	178,509	122,032	56,476
Trading account securities	187	104	83
Money held in trust	3,561,110	3,491,637	69,472
Securities	144,076,834	156,169,792	(12,092,958)
Loans	2,542,049	2,783,985	(241,936)
Foreign exchanges	25,328	49,332	(24,003)
Other assets	1,573,316	1,603,912	(30,596)
Tangible fixed assets	182,733	179,933	2,799
Intangible fixed assets	44,865	47,971	(3,106)
Customers' liabilities for acceptances and guarantees	75,000	95,000	(20,000)
Reserve for possible loan losses	(1,030)	(1,055)	24

(Millions of yen)

	As of March 31, 2016 (A)	As of March 31, 2015 (B)	Increase (Decrease) (A) – (B)
<b>Total liabilities and net assets</b>	<b>207,056,039</b>	<b>208,179,309</b>	<b>(1,123,270)</b>
<b>Total liabilities</b>	<b>195,547,888</b>	<b>196,549,097</b>	<b>(1,001,208)</b>
Deposits	177,871,986	177,710,776	161,209
Call money	22,536	–	22,536
Payables under repurchase agreements	554,522	–	554,522
Payables under securities lending transactions	13,123,558	13,570,198	(446,640)
Foreign exchanges	338	266	72
Other liabilities	2,532,920	3,576,119	(1,043,198)
Reserve for bonuses	6,020	5,581	438
Reserve for employees' retirement benefits	149,720	150,466	(746)
Deferred tax liabilities	1,211,286	1,440,688	(229,402)
Acceptances and guarantees	75,000	95,000	(20,000)
<b>Total net assets</b>	<b>11,508,150</b>	<b>11,630,212</b>	<b>(122,061)</b>
Capital stock	3,500,000	3,500,000	–
Capital surplus	4,296,285	4,296,285	–
Retained earnings	2,108,969	1,968,617	140,351
Treasury stock	(1,299,999)	(1,299,999)	–
Net unrealized gains (losses) on available-for-sale securities	3,322,827	3,824,643	(501,816)
Net deferred gains (losses) on hedges	(419,932)	(659,335)	239,403



## 2. Income Analysis

	For the fiscal year ended		(A) – (B)
	March 31, 2016 (A)	March 31, 2015 (B)	
Gross operating profit	1,452,082	1,634,774	(182,691)
Net interest income	1,361,065	1,540,799	(179,733)
Net fees and commissions	91,139	89,251	1,887
Net other operating income (loss)	(122)	4,723	(4,845)
Gains (losses) on foreign exchanges	(1,471)	9,300	(10,772)
Gains (losses) on bonds	1,846	(4,592)	6,438
General and administrative expenses	(1,066,184)	(1,114,775)	48,591
Personnel expenses	(125,423)	(123,211)	(2,211)
Non-personnel expenses	(865,169)	(917,455)	52,286
Taxes and dues	(75,591)	(74,107)	(1,483)
Operating profit (before provision for general reserve for possible loan losses)	385,897	519,998	(134,100)
Provision for general reserve for possible loan losses	—	—	—
<b>Net operating profit</b>	<b>385,897</b>	<b>519,998</b>	<b>(134,100)</b>
Non-recurring gains (losses)	96,100	49,491	46,609
Gains (losses) related to stocks	3,232	—	3,232
Gains (losses) on money held in trust	93,867	43,151	50,716
<b>Net ordinary income</b>	<b>481,998</b>	<b>569,489</b>	<b>(87,491)</b>

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.

(Millions of yen)

	For the fiscal year ended		(A) – (B)
	March 31, 2016 (A)	March 31, 2015 (B)	
Extraordinary income (loss)	(1,109)	1,544	(2,653)
Gains (losses) on sales and disposal of fixed assets	(1,103)	1,561	(2,665)
Losses on impairment of fixed assets	(5)	(17)	11
<b>Income before income taxes</b>	<b>480,888</b>	<b>571,034</b>	<b>(90,145)</b>
Income taxes – current	(152,528)	(182,658)	30,129
Income taxes – deferred	(3,291)	(18,941)	15,650
<b>Net income</b>	<b>325,069</b>	<b>369,434</b>	<b>(44,364)</b>
Gains (losses) on money held in trust	93,867	43,151	50,716
Dividends and interest income	54,137	47,301	6,836
Gains (losses) on sales of stocks	47,700	1,559	46,141
Impairment losses	(1,588)	(549)	(1,038)
Withholding income tax, etc.	(6,382)	(5,159)	(1,222)
Credit-related expenses	18	(4)	23
Provision for general reserve for possible loan losses	18	(4)	23
Write-off of loans	—	—	—
Provision for specific reserve for possible loan losses	—	—	—
Recoveries of written-off loans	—	—	—

### 3. Selected Ratios

	For the fiscal year ended		Increase (Decrease) (A) – (B)
	March 31, 2016 (A)	March 31, 2015 (B)	
Net income to assets (ROA)	0.15%	0.17%	(0.02)%
Net income to equity (ROE)	2.80	3.20	(0.39)
Overhead ratio (OHR)	73.42	68.19	5.23
Expense-to-deposit ratio	0.59	0.62	(0.02)

Notes: 1. ROA = net income / [(sum of total assets at the beginning and the end of the fiscal year) / 2] x 100  
 2. ROE = net income / [(sum of total net assets at the beginning and the end of the fiscal year) / 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

### 4. Interest Rate Spread

	For the fiscal year ended		Increase (Decrease) (A) – (B)
	March 31, 2016 (A)	March 31, 2015 (B)	
Yield on interest-earning assets (a)	0.86%	0.95%	(0.09)%
Interest rate on interest-bearing liabilities (b)	0.19	0.18	0.00
Interest rate spread (a) - (b)	0.66	0.76	(0.09)

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

(1) Domestic

(Millions of yen, %)

	For the fiscal year ended						Increase (Decrease) (A) – (B)
	March 31, 2016 (A)			March 31, 2015 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	192,120,047	1,248,620	0.64%	192,255,012	1,425,970	0.74%	(0.09)%
Loans	2,681,909	25,091	0.93	2,972,334	31,127	1.04	(0.11)
Securities	109,010,368	1,116,543	1.02	133,278,712	1,320,454	0.99	0.03
Due from banks, etc.	39,310,383	35,624	0.09	25,859,681	24,529	0.09	(0.00)
Interest-bearing liabilities	184,078,165	278,032	0.15	183,495,714	286,018	0.15	(0.00)
Deposits	177,868,069	232,795	0.13	177,711,397	241,707	0.13	(0.00)

(2) Overseas

(Millions of yen, %)

	For the fiscal year ended						Increase (Decrease) (A) – (B)
	March 31, 2016 (A)			March 31, 2015 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	40,910,445	545,998	1.33%	28,033,663	509,276	1.81%	(0.48)%
Loans	2,614	11	0.43	–	–	–	0.43
Securities	40,072,765	541,079	1.35	26,849,989	505,632	1.88	(0.53)
Due from banks, etc.	777,583	4,704	0.60	1,144,457	3,521	0.30	0.29
Interest-bearing liabilities	38,370,177	155,520	0.40	25,904,554	108,429	0.41	(0.01)
Deposits	–	–	–	–	–	–	–

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

(3) Total

(Millions of yen, %)

	For the fiscal year ended						Increase (Decrease) (A) – (B)
	March 31, 2016 (A)			March 31, 2015 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	200,500,267	1,731,217	0.86%	198,005,944	1,893,273	0.95%	(0.09)%
Loans	2,684,524	25,103	0.93	2,972,334	31,127	1.04	(0.11)
Securities	149,083,133	1,657,623	1.11	160,128,701	1,826,086	1.14	(0.02)
Due from banks, etc.	40,087,966	40,329	0.10	27,004,139	28,050	0.10	(0.00)
Interest-bearing liabilities	189,918,117	370,151	0.19	187,117,536	352,473	0.18	0.00
Deposits	177,868,069	232,795	0.13	177,711,397	241,707	0.13	(0.00)

Notes: 1. “Domestic” represents yen-denominated transactions while “overseas” represents foreign currency-denominated transactions (except that yen-denominated transactions with non-residents of Japan are included in “overseas”).

2. Income and expenses for money held in trust are included in “other ordinary income” and “other ordinary expenses,” respectively. Accordingly, the average balance of money held in trust (fiscal year ended March 31, 2016, ¥2,450,837 million; fiscal year ended March 31, 2015, ¥2,286,605 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (fiscal year ended March 31, 2016, ¥2,450,837 million; fiscal year ended March 31, 2015, ¥2,286,605 million) and the corresponding interest (fiscal year ended March 31, 2016, ¥4,776 million; fiscal year ended March 31, 2015, ¥4,307 million) are excluded from interest-bearing liabilities.

3. Average balance and interest on transactions between “domestic” and “overseas” are offset to calculate totals.

4. “Due from banks, etc.” consists of negotiable certificates of deposit, Bank of Japan deposits, call loans and monetary claims bought.

## 6. Asset Management Status

(Millions of yen, %)

	As of March 31, 2016 (A)		As of March 31, 2015 (B)		Increase (Decrease) (A) – (B)
	Amount	%	Amount	%	Amount
Due from banks, etc.	45,769,105	22.33	33,034,939	16.04	12,734,166
Call loans	978,837	0.47	1,961,526	0.95	(982,689)
Receivables under securities borrowing transactions	7,923,229	3.86	8,374,084	4.06	(450,855)
Money held in trust	3,561,110	1.73	3,491,637	1.69	69,472
Domestic stocks	1,878,626	0.91	2,146,168	1.04	(267,541)
Foreign stocks	0	0.00	31,103	0.01	(31,102)
Domestic bonds	1,293,411	0.63	1,288,771	0.62	4,639
Securities	144,076,834	70.32	156,169,792	75.86	(12,092,958)
Japanese government bonds	82,255,654	40.14	106,767,047	51.86	(24,511,392)
Japanese local government bonds	5,856,509	2.85	5,525,117	2.68	331,392
Commercial paper	204,995	0.10	226,986	0.11	(21,991)
Japanese corporate bonds	10,362,715	5.05	10,756,050	5.22	(393,334)
Japanese stocks	1,390	0.00	935	0.00	455
Other securities	45,395,569	22.15	32,893,656	15.97	12,501,913
Foreign bonds	19,829,503	9.67	18,817,706	9.14	1,011,797
Investment trusts	25,520,966	12.45	13,967,716	6.78	11,553,249
Loans	2,542,049	1.24	2,783,985	1.35	(241,936)
Others	25,516	0.01	49,436	0.02	(23,920)
Total	204,876,683	100.00	205,865,404	100.00	(988,721)

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.

## 7. Unrealized Gains (Losses) on Financial Assets

### (1) Held-to-maturity Securities

(Millions of yen)

	As of March 31, 2016 (A)		As of March 31, 2015 (B)		Increase (Decrease) (A) – (B)	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Japanese government bonds	47,897,398	2,063,032	60,906,077	2,068,297	(13,008,679)	(5,264)
Japanese local government bonds	341,147	3,954	744,647	12,740	(403,500)	(8,786)
Japanese corporate bonds	3,717,263	110,702	4,687,255	134,478	(969,992)	(23,776)
Others	96,744	30,670	136,597	52,860	(39,853)	(22,190)
Foreign bonds	96,744	30,670	136,597	52,860	(39,853)	(22,190)
<b>Total</b>	<b>52,052,553</b>	<b>2,208,359</b>	<b>66,474,578</b>	<b>2,268,377</b>	<b>(14,422,024)</b>	<b>(60,017)</b>

Note: Net unrealized gains (losses) shown above are 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 March 31, 2016 (A)		As of March 31, 2015 (B)		Increase (Decrease) (A) – (B)	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Bonds	46,724,064	2,037,834	56,937,219	1,639,058	(10,213,155)	398,775
Japanese government bonds	34,358,255	1,744,753	45,860,969	1,382,034	(11,502,713)	362,719
Japanese local government bonds	5,515,361	125,743	4,780,469	118,971	734,892	6,772
Commercial paper	204,995	—	226,986	—	(21,991)	—
Japanese corporate bonds	6,645,451	167,337	6,068,794	138,053	576,657	29,284
Others	45,562,334	1,834,648	33,584,091	3,437,503	11,978,242	(1,602,854)
Foreign bonds	19,732,759	1,967,868	18,681,109	3,150,835	1,051,650	(1,182,967)
Investment trusts	25,520,966	(128,070)	13,967,716	264,906	11,553,249	(392,977)
<b>Total</b>	<b>92,286,398</b>	<b>3,872,483</b>	<b>90,521,311</b>	<b>5,076,562</b>	<b>1,765,087</b>	<b>(1,204,078)</b>

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. Net unrealized gains (losses) shown above are calculated by deducting acquisition cost from the amount on the balance sheet (fair value).

3. Of net unrealized gains (losses) shown above, ¥35,341 million is included in the statement of income as losses for the fiscal year ended March 31, 2016 and ¥591,487 million is included in the statement of income as profit for 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 fiscal year ended March 31, 2016 and 2015.

## 7. Unrealized Gains (Losses) on Financial Assets

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

(Millions of yen)

	As of March 31, 2016 (A)		As of March 31, 2015 (B)		Increase (Decrease) (A) – (B)	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Money held in trust classified as available-for-sale	3,561,110	883,889	3,491,637	1,170,895	69,472	(287,006)
Domestic stocks	1,878,626	829,857	2,146,168	1,125,491	(267,541)	(295,634)
Foreign stocks	0	(0)	31,103	1,212	(31,102)	(1,212)
Domestic bonds	1,293,411	54,032	1,288,771	44,191	4,639	9,840

Notes: 1. The amount on the balance sheet shown above is stated at the average market price of the final month for the fiscal year for equity securities and at the market price on the balance sheet date for other securities.

2. Net unrealized gains (losses) shown above are 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 fiscal year ended March 31, 2016 and 2015 amounted to ¥1,588 million and ¥549 million, respectively.

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

(Millions of yen)

	As of March 31, 2016 (A)		As of March 31, 2015 (B)		Increase (Decrease) (A) – (B)	
	Notional amount	Net deferred gains (losses)	Notional amount	Net deferred gains (losses)	Notional amount	Net deferred gains (losses)
Interest rate swaps	3,987,422	(409,837)	2,940,067	(288,184)	1,047,355	(121,652)
Currency swaps	3,651,466	(182,201)	2,913,732	(659,599)	737,733	477,398
Foreign exchange forward contracts	80,937	(13,267)	157,221	(26,672)	(76,283)	13,404
Total	7,719,826	(605,306)	6,011,021	(974,456)	1,708,805	369,150

Notes: 1. Net deferred gains (losses) are those before application of tax effect accounting.

2. Hedged instruments are available-for-sale securities.

### Total (2) + (3) + (4)

(Millions of yen)

	As of March 31, 2016 (A)	As of March 31, 2015 (B)	Increase (Decrease) (A) – (B)
Total net unrealized gains (losses)	4,186,407	4,681,513	(495,106)

Note: Total net unrealized gains (losses) exclude gains (losses) which are included in the statements of income because of the application of fair value hedge accounting.

## 8. General and Administrative Expenses

(Millions of yen, %)

	For the fiscal year ended				Increase (Decrease) (A) – (B)
	March 31, 2016 (A)		March 31, 2015 (B)		
	Amount	%	Amount	%	Amount
Personnel expenses	123,243	11.58	122,091	10.96	1,152
Salaries and allowances	101,439	9.53	99,941	8.97	1,498
Others	21,804	2.04	22,149	1.98	(345)
Non-personnel expenses	865,169	81.31	917,455	82.38	(52,286)
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	609,431	57.27	602,446	54.09	6,985
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd. (*)	9,862	0.92	18,967	1.70	(9,105)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	64,465	6.05	103,695	9.31	(39,230)
Rent for land, buildings and others	11,849	1.11	11,122	0.99	727
Expenses on consigned businesses	52,635	4.94	62,396	5.60	(9,761)
Depreciation and amortization	36,666	3.44	34,601	3.10	2,064
Communication and transportation expenses	19,676	1.84	19,991	1.79	(314)
Maintenance expenses	12,347	1.16	16,037	1.44	(3,690)
IT expenses	22,292	2.09	22,425	2.01	(132)
Others	25,942	2.43	25,772	2.31	170
Taxes and dues	75,591	7.10	74,107	6.65	1,483
Total	1,064,004	100.00	1,113,654	100.00	(49,650)

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



## 9. Loans

### (1) Loans by Industry

(Millions of yen, %)

	As of March 31, 2016 (A)		As of March 31, 2015 (B)		Increase (Decrease) (A) – (B)
	Amount	%	Amount	%	Amount
Agriculture, forestry, fisheries, and mining	—	—	—	—	—
Manufacturing	51,808	2.03	83,042	2.98	(31,234)
Utilities, information/communications, and transportation	83,769	3.29	91,092	3.27	(7,323)
Wholesale and retail	—	—	18,286	0.65	(18,286)
Finance and insurance	1,525,987	60.02	1,759,281	63.19	(233,293)
Construction and real estate	12,112	0.47	2,000	0.07	10,112
Services and goods rental/leasing	26,132	1.02	8,670	0.31	17,461
Central and local governments	638,140	25.10	614,202	22.06	23,937
Others	204,099	8.02	207,409	7.45	(3,310)
Total	2,542,049	100.00	2,783,985	100.00	(241,936)

Note: Of “Finance and insurance,” loans to the Management Organization for Postal Savings and Postal Life Insurance were ¥1,216,710 million and ¥1,486,308 million as of March 31, 2016 and March 31, 2015, respectively.

### (2) Loans to Individuals

(Millions of yen, %)

	As of March 31, 2016 (A)	As of March 31, 2015 (B)	Increase (Decrease) (A) – (B)
Total loans (a)	2,542,049	2,783,985	(241,936)
Loans to individuals (b)	200,799	207,409	(6,610)
(b) / (a)	7.89%	7.45%	0.44%

# 10. Balances by Type of Deposit

## (1) Ending Balances

	As of March 31, 2016 (A)		As of March 31, 2015 (B)		(Millions of yen, %)
	Amount	%	Amount	%	Increase (Decrease) (A) – (B)
					Amount
Liquid deposits	63,834,943	35.88	61,053,645	34.35	2,781,297
Transfer deposits	13,874,601	7.80	11,747,374	6.61	2,127,226
Ordinary deposits, etc.	49,571,866	27.86	48,912,826	27.52	659,039
Savings deposits	388,475	0.21	393,443	0.22	(4,968)
Fixed-term deposits	113,852,874	64.00	116,453,033	65.52	(2,600,158)
Time deposits	11,441,153	6.43	13,569,920	7.63	(2,128,766)
TEIGAKU deposits, etc.	102,410,683	57.57	102,881,558	57.89	(470,874)
Other deposits	184,168	0.10	204,097	0.11	(19,929)
Subtotal	177,871,986	100.00	177,710,776	100.00	161,209
Negotiable certificates of deposit	—	—	—	—	—
Total	177,871,986	100.00	177,710,776	100.00	161,209
Deposits including accrued interest	179,307,785		179,009,556		298,229

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. Balances by Type of Deposit

### (2) Average Balances

(Millions of yen, %)

	For the fiscal year ended				Increase (Decrease) (A) – (B)
	March 31, 2016 (A)		March 31, 2015 (B)		
	Amount	%	Amount	%	Amount
Liquid deposits	62,432,860	35.10	61,057,460	34.35	1,375,399
Transfer deposits	12,413,131	6.97	11,365,224	6.39	1,047,907
Ordinary deposits, etc.	49,627,508	27.90	49,296,826	27.73	330,681
Savings deposits	392,220	0.22	395,409	0.22	(3,189)
Fixed-term deposits	115,247,660	64.79	116,441,954	65.52	(1,194,294)
Time deposits	12,339,989	6.93	14,163,314	7.96	(1,823,325)
TEIGAKU deposits, etc.	102,906,340	57.85	102,276,763	57.55	629,577
Other deposits	187,548	0.10	211,981	0.11	(24,433)
Subtotal	177,868,069	100.00	177,711,397	100.00	156,671
Negotiable certificates of deposit	—	—	—	—	—
Total	177,868,069	100.00	177,711,397	100.00	156,671
Deposits including accrued interest	179,226,520		178,911,788		314,731

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 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.

# 11. Employees' Retirement Benefits

(1) Employees' retirement benefit plans adopted by the Bank

The lump-sum retirement payment plan

(2) Projected benefit obligation

(Millions of yen)

	As of March 31, 2016 (A)	As of March 31, 2015 (B)	Increase (Decrease) (A) – (B)
Unfunded projected benefit obligation	134,970	132,898	2,072
Unrecognized net actuarial losses	4,395	6,053	(1,657)
Unrecognized prior service cost	10,354	11,515	(1,161)
Net amount recorded on the balance sheet	149,720	150,466	(746)

(3) Total retirement benefit costs and components

(Millions of yen)

	For the fiscal year ended		Increase (Decrease) (A) – (B)
	March 31, 2016 (A)	March 31, 2015 (B)	
Total retirement benefit costs related to the defined-benefit plan	6,345	7,496	(1,150)
Service cost	7,443	7,455	(11)
Interest cost on projected benefit obligation	931	1,004	(73)
Amortization of net actuarial losses	(1,025)	(1,032)	6
Amortization of prior service cost	(1,161)	(96)	(1,064)
Others	157	165	(7)

(4) The major assumptions used in the calculation of projected benefit obligation

	As of March 31, 2016	As of March 31, 2015
Discount rate	0.7%	0.7%

## 12. Deferred Tax Assets/Liabilities

(Millions of yen)

	As of March 31, 2016 (A)	As of March 31, 2015 (B)	Increase (Decrease) (A) – (B)
Deferred tax assets	268,307	404,320	(136,013)
Reserve for possible loan losses	131	126	4
Reserve for employees' retirement benefits	45,887	48,718	(2,830)
Depreciation	9,720	11,179	(1,458)
Accrued interest on deposits	574	560	13
Unrealized losses of money held in trust	1,698	1,901	(203)
Net deferred losses on hedges	185,373	315,120	(129,746)
Accrued enterprise taxes	3,786	6,966	(3,179)
Other	21,134	19,747	1,386
Deferred tax liabilities	(1,479,594)	(1,845,009)	365,415
Net unrealized gains on available-for-sale securities	(1,468,886)	(1,831,326)	362,440
Other	(10,707)	(13,682)	2,975
Net deferred tax assets (liabilities)	(1,211,286)	(1,440,688)	229,402

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

(Millions of yen, %)

	As of March 31, 2016 (A)	As of March 31, 2015 (B)	Increase (Decrease) (A) – (B)
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	2,645,437	2,931,915	(286,477)
Total (b)	2,645,437	2,931,915	(286,477)
Non-performing loan ratio (a) / (b)	–%	–%	–%

## 14. Reserve for Possible Loan Losses

(Millions of yen)

	As of March 31, 2016 (A)	As of March 31, 2015 (B)	Increase (Decrease) (A) – (B)
Total	1,030	1,055	(24)
General reserve for possible loan losses	277	315	(37)
Specific reserve for possible loan losses	753	740	13

# 15. Capital

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

	(Millions of yen, %)		
	As of March 31, 2016 (A)	As of March 31, 2015 (B)	Increase (Decrease) (A) – (B)
Core Capital: instruments and reserves (a)	8,511,796	8,280,501	231,294
Core Capital: regulatory adjustments (b)	12,471	6,491	5,979
Total capital (a) - (b) = (c)	8,499,325	8,274,010	225,315
Total amount of risk-weighted assets (d)	32,218,529	21,533,490	10,685,038
Credit risk-weighted assets	29,253,213	18,490,222	10,762,991
Market risk equivalent / 8%	—	—	—
Operational risk equivalent / 8%	2,965,316	3,043,268	(77,952)
Capital adequacy ratio (c) / (d)	26.38%	38.42%	(12.04)%

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

	(Billions of yen, %)		
	As of March 31, 2016 (A)	As of March 31, 2015 (B)	Increase (Decrease) (A) – (B)
Amount of loss (a)	598.0	770.5	(172.4)
Japanese yen	178.8	200.6	(21.7)
U.S. dollars	366.2	506.7	(140.5)
Capital (b)	8,499.3	8,274.0	225.3
Loss-to-capital ratio (a) / (b)	7.03%	9.31%	(2.27)%

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.

## 16. Number of Employees, Branches and Post Offices

### (1) Number of Employees, etc.

	As of March 31, 2016 (A)	As of March 31, 2015 (B)	Increase (Decrease) (A) – (B)
Directors	12	8	4
Executive officers	23	26	(3)
Employees	12,905	12,889	16

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

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 employees.

### (2) Number of Branches and Post Offices

	As of March 31, 2016 (A)	As of March 31, 2015 (B)	Increase (Decrease) (A) – (B)	
Branches	12	12	–	
Sub branches	222	222	–	
Bank Agent	Directly operated post offices	19,875	19,898	(23)
	Contracted post offices	4,004	4,035	(31)
Total	24,113	24,167	(54)	

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.



## 17. Selected Business Results

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

	For the fiscal year ended		Increase (Decrease) (A) – (B)
	March 31, 2016 (A)	March 31, 2015 (B)	
Number of contracts (thousands)	1,164	1,061	103
Sales amount (millions of yen)	427,085	377,000	50,085

	As of March 31, 2016 (A)	As of March 31, 2015 (B)	Increase (Decrease) (A) – (B)
Number of investment trust accounts (thousands)	696	665	31
Net assets (millions of yen)	1,135,550	1,118,791	16,759

### (2) Variable Annuities Policies

	For the fiscal year ended		Increase (Decrease) (A) – (B)
	March 31, 2016 (A)	March 31, 2015 (B)	
Number of policies	17,220	11,987	5,233
Sales amount (millions of yen)	92,270	66,914	25,355

	As of March 31, 2016 (A)	As of March 31, 2015 (B)	Increase (Decrease) (A) – (B)
Number of policies (cumulative)	82,776	65,556	17,220
Sales amount (cumulative) (millions of yen)	437,722	345,452	92,270

## 17. Selected Business Results

### (3) Credit Cards

(Thousands)

	For the fiscal year ended		Increase (Decrease) (A) – (B)
	March 31, 2016 (A)	March 31, 2015 (B)	
Number of cards issued	65	60	5

	As of March 31, 2016 (A)	As of March 31, 2015 (B)	Increase (Decrease) (A) – (B)
Number of cards issued (cumulative) (outstanding)	1,285	1,573	(288)

### (4) Mortgage Loans (as Intermediary)

(Millions of yen)

	For the fiscal year ended		Increase (Decrease) (A) – (B)
	March 31, 2016 (A)	March 31, 2015 (B)	
Amount of new credit extended	36,369	34,833	1,535

	As of March 31, 2016 (A)	As of March 31, 2015 (B)	Increase (Decrease) (A) – (B)
Amount of new credit extended (cumulative)	343,350	306,981	36,369

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

## (Reference) Asset Balance by Portfolio

(Billions of yen)

	As of March 31, 2016 (A)	As of March 31, 2015 (B)	Increase (Decrease) (A) – (B)
Base Portfolio (*)	136,388.7	149,590.4	(13,201.7)
Short-term assets	47,708.0	35,342.7	12,365.3
Japanese government and government backed bonds	87,266.3	112,557.1	(25,290.8)
Loans (**)	1,414.3	1,690.5	(276.2)
Satellite Portfolio (*)	61,563.6	48,072.0	13,491.6
Japanese local government bonds	5,856.5	5,525.1	331.3
Japanese corporate bonds, etc.	6,848.1	6,232.6	615.5
Foreign securities (****)	45,446.3	32,947.8	12,498.4
Loans (***)	1,127.7	1,093.4	34.2
Money held in trust (stocks), etc.	2,284.9	2,272.9	11.9

\* Base Portfolio is the Bank's fundamental portfolio, which the Bank manages with the aim to ensure stable income by investing mostly in Japanese government bonds while managing interest rate and liquidity risks. Satellite Portfolio is designed to achieve higher returns by primarily bearing credit and market risks. Satellite Portfolio is invested in corporate bonds, foreign securities, stocks, which are included in money held in trust, and other instruments.

\*\* Loans in Base Portfolio are mainly loans to the Management Organization for Postal Savings and Postal Life Insurance (including loans to the Japanese local governments which were loaned before the privatization of the Bank on October 1, 2007)

\*\*\* Loans in the Satellite Portfolio are mainly syndicated loans and loans to the Japanese local governments which were loaned after the privatization of the Bank on October 1, 2007.

\*\*\*\* Foreign securities include foreign currency-denominated monetary claims bought.

# (Reference) Securitized Products Exposure

As of March 31, 2016 and March 31, 2015, 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 March 31, 2016				As of March 31, 2015			
		Acquisition cost (A)	Net unrealized gains (losses) (B)	(B) / (A)	Credit ratings	Acquisition cost (A)	Net unrealized gains (losses) (B)	(B) / (A)	Credit ratings
Domestic	Residential mortgage-backed securities (RMBS)	1,280.1	71.0	5.54%	AAA~AA	1,158.1	53.9	4.66%	AAA~AA
	Subprime loan related	—	—	—	—	—	—	—	—
	Collateralized loan obligations (CLO)	94.2	3.0	3.22	AA~A	94.3	3.7	4.00	AA
	Other securitized products	71.9	0.0	0.03	AAA	23.2	0.0	0.00	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—	—	—	—	—	—
	Collateralized debt obligations (CDO)	2.7	0.1	6.46	AAA	4.5	0.2	4.46	AAA
	Subtotal	1,449.1	74.2	5.12		1,280.2	57.9	4.52	
Overseas	Residential mortgage-backed securities (RMBS)	253.3	(4.3)	(1.71)	AAA	330.8	36.3	10.99	AAA
	Subprime loan related	—	—	—	—	—	—	—	—
	Subtotal	253.3	(4.3)	(1.71)		330.8	36.3	10.99	
Total		1,702.5	69.8	4.10		1,611.0	94.3	5.85	

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.

**The information in this document contains forward-looking statements regarding estimations, forecasts, targets and plans in relation to the operating results, financial condition and overall management and business of the Bank as a whole ("forward-looking statements"). Any forward-looking statements contained herein are made based upon, among other things, the Bank's current estimations, perceptions, evaluations and assumptions regarding its business and industry, general economic conditions, and various other future events and circumstances. Forward-looking statements are accordingly subject to various risks and uncertainties including changes in interest rates, foreign currency fluctuations, etc. and are not guarantees of future performance. The Bank's actual results may differ materially from those expressed or implied in any forward-looking statements.**