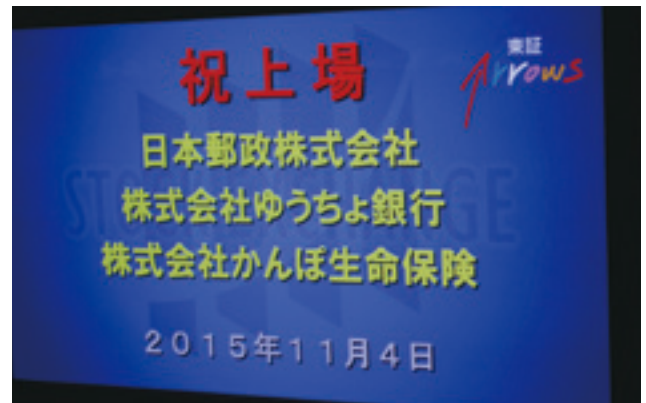


2016

JAPAN POST GROUP Annual Report

Year ended March 31, 2016

Japan Post Group Pictorial Highlights in fiscal year ended March 31, 2016



November 4, 2015

Listed on the First Section of the Tokyo Stock Exchange



May 28, 2015

Completed the acquisition of Toll Holdings Limited by Japan Post



August 2, 2015

Festival of 10 Million People's Radio Exercise and *Minna no Taiso* ("Exercise for Everyone")



January 30, 2016

Japan Post Group advertising campaign





April 3, 2015 Launched Smart Letter



April 9, 2015
Commenced HAKO POST



August 12 to 29, 2015
Held "Hakkiyoi KITTE"



September 18 to 21, 2015
Held "Message Festa 2015 in KITTE"



November 11, 2015
Completed JP Tower Nagoya



October 29, 2015
Commenced verification testing for Watch Over Service



December 13, 2015
Queen's Ekiden in Miyagi



February 22, 2016
Began selling the first investment trust product of JP Asset Management Co., Ltd.



March, 2016
The new corporate ads "Life is Full of Dreams"



March 16, 2016
Held inauguration press conference of the new president of Japan Post Holdings Co., Ltd.

1. Message from the President



**Aiming to Be a Group to Totally Support Customers' Lifestyles
("Total Lifestyle Support Group")**

I am pleased to present the Japan Post Group's Annual Report for the year ended March 31, 2016.

I am Masatsugu Nagato and assumed the position of President & CEO of Japan Post Holdings Co., Ltd. on April 1, 2016. I will lead the way to raise the corporate value of the Group working in unison. I will make my utmost efforts giving all my heart and mind and look forward to your support.

First of all, let me express my deepest sympathies to the persons afflicted by the 2016 Kumamoto earthquakes and I pray for the quickest possible recovery of the affected region.

On November 4, 2015, Japan Post Holdings Co., Ltd., Japan Post Bank Co., Ltd. (Yucho) and Japan Post Insurance Co., Ltd. (Kampo) listed on the First Section of the Tokyo Stock Exchange. As a publicly listed corporate group, we will now work more than ever to strengthen our corporate governance while aiming to achieve continuous corporate growth and raising medium- and long-term corporate value.

After our public listing as well, we will continue striving to be a "Total Lifestyle Support Group", offer even better services to our customers and grow well into the future.

To realize these objectives, we will provide customers with a wide range of services, mainly universal postal, banking and insurance services through the post office network. In undertaking these businesses, the Group will work in unison in implementing initiatives for continuously serving customers, local communities and society as a whole through being closely involved in the overall daily lives of our customers.

Fiscal year 2016, the year ending March 31, 2017 marks our first fiscal year following our public listing. Having achieved a public listing at last, the Japan Post Group is about to weigh anchor at port, hoist its sails and embark toward the vast expanse of the open ocean.

This report for fiscal year 2015 summarizes the Japan Post Group's business conditions and results, which I sincerely hope will give you a deeper understanding of the Japan Post Group.

Initiatives in fiscal year 2015

During fiscal year 2015, based on initiatives and results for fiscal year 2014, we formulated the Group strategies for overcoming three new challenges, which are 1) pursuit of greater profitability, 2) improvement of productivity and 3) strengthening corporate governance and redistribution of profits as appropriate for listed companies, as well as for realizing further growth and development.

Regarding our postal and logistics business, domestically we commenced HAKO POST, a service with which users can receive Yu-Pack parcels delivered at lockers installed in post offices and other places, and rolled out Smart Letter on a nationwide basis. By offering these services, we strengthened our initiatives within the

expanding e-commerce market. As for international businesses, we started accepting parcels addressed to the United States in our U-Global Express (international parcel delivery service) and expanded our international logistics business counting on Toll Holdings Limited, of which we completed our acquisition, as a platform.

In our post offices business, we promoted efforts to expand the number of post offices handling cancer insurance. Additionally, we are striving to provide services that are even closer to the community and contribute to regional revitalization. As an example of one such service, in collaboration with IBM and Apple, we commenced verification testing for a new life support service for the elderly.

In real estate development, JP Tower Nagoya was



completed and we also proceeded with preparations for the start of business at KITTE Hakata and KITTE Nagoya. Moreover, we promoted our other building leasing business and housing sales business, including JP noie.

In our banking business, Japan Post Bank Co., Ltd. worked to provide products and services that further raise the level of customer satisfaction, including by making its ATMs available for use by bankcards of all regional banks throughout Japan. Additionally, Japan Post Bank Co., together with Sumitomo Mitsui Trust Bank, Limited and Nomura Holdings, Inc., established JP Asset Management Co., Ltd. and began selling investment trust products that can be purchased with a sense of reassurance even by those customers who are considering making their first investment.

In our life insurance business, Japan Post Insurance Co., Ltd. commenced sales of ordinary endowment insurance (short-term payment type) and raised the upper limit of the age range for enrolling in whole life insurance to enable even more people to use its insurance. Japan Post

Insurance Co. also formed a business alliance with The Dai-ichi Life Insurance Company, Limited. In this manner, Japan Post Insurance Co. implemented initiatives for continuously raising corporate value and for ensuring it can contribute to social and economic development in communities, societies and overseas countries.

In working toward the sophistication of its asset management to expand earnings, Japan Post Bank Co. focused on employing specialists and increasing the balance in its satellite portfolio. Japan Post Insurance Co. also promoted the diversification of its assets under management by assuring soundness while taking on asset management risk.

Through the promotion of the preceding initiatives, in fiscal year 2015 the Japan Post Group recorded net ordinary income of ¥966.2 billion and net income attributable to Japan Post Holdings of ¥425.9 billion on a consolidated basis, as the overall Group's earnings grew steadily.

Priority Issues for fiscal year 2016

In November 2015, Japan Post Holdings, Japan Post Bank Co., and Japan Post Insurance Co. made a simultaneous public listing. The Act for Partial Revision of the Postal Service Privatization Act and Others enacted in 2012 clearly expressed the direction of postal service privatization, which is to continue providing universal postal, banking and insurance services through the post office network that is deeply rooted in local communities. In response, centering on the post office network, the Japan Post Group companies, including Japan Post Holdings, Japan Post Co., Japan Post Bank Co. and Japan Post Insurance Co., will remain organically linked with each other into the future even after the stock market listing and the Group will work in unison to enhance corporate value.

Fiscal year 2016 corresponds with the year for transitioning from the Establishment period to the Growth and development period in the Japan Post Group Medium-term Management Plan. As the second year of this plan, we have positioned this year as a time for "Leaping ahead for growth and development" toward being a "Total Lifestyle Support Group".

The Japan Post Group will continue efforts focused on the following three points giving consideration to the recent management environment as its works to raise corporate value as a publicly listed group.

The first is "expansion of profitability toward further growth and development of the Group."

We will improve our total life support services and pursue greater profitability. As specific measures, we will strengthen the profit-making capabilities of our three core businesses such as by sophisticating the asset management of Japan Post Bank, which accounts for the bulk of the Group's profits; promote the development of new products and services; and maximize the potential strengths of the post office network.

The second is "improvement of productivity to strengthen the Group's management foundation." We will make efforts to strengthen our management vitality to ensure the continued growth and development of the group. We will focus on appropriate manpower management, enhance the efficiency of our operations via the deployment of cutting-edge IT, and review our operational procedures and clerical work flows and implement business process reengineering (BPR).

The third is "corporate governance and a capital strategy appropriate for listed companies." We will strengthen governance of the entire Group and aim for

continuous and stable redistribution of profits. Additionally, we will nurture partnerships with various stakeholders by deploying our public and regional characteristics as a "Total Lifestyle Support Group".

During fiscal year 2016, we will accelerate every initiative toward the successful completion of our Medium-term Management Plan. The Japan Post Group will continue to take on challenges to meet customer expectations and achieve growth and development toward becoming a "Total Lifestyle Support Group".

In closing, I ask for your continued patronage and support for the Japan Post Group as we move ahead with our endeavors.

July 2016

Masatsugu (Mat) Nagato

President & CEO

Representative Executive Officer

Japan Post Holdings Co., Ltd.



2016 JAPAN POST GROUP Annual Report

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This Annual Report is a translation of the Disclosure Document (the written explanation in Japanese of the Company's business and financial conditions) that was prepared pursuant to Article 52-29 of the Banking Act and Article 271-25 of the Insurance Business Act. This Annual Report is not prepared for the purpose of soliciting any shares of the Company and its subsidiaries or any other marketable securities. This Annual Report contains forward-looking statements regarding future performance and other matters.

These forward-looking statements do not constitute guarantees of future performance and are subject to risks and uncertainties. Therefore, these statements are subject to the impact of a wide range of future risk factors that include changes in preconditions concerning the business environment, economic circumstances and economic trends, changes in laws and regulations, the occurrence of large-scale disasters, changes in the value of assets held, reputation and rumor risk and other risks. Accordingly, it should be noted that actual business results and other matters could differ from the details contained in this Annual Report.

Figures and percentages shown in this Annual Report have been rounded off, except for financial numbers in the accounting statements, etc., that have been truncated without rounding. As a consequence, sums of figures may not match the totals presented.

Figures and percentages, with exceptions as specifically indicated, are as of March 31, 2016.

Japan Post Group Overview

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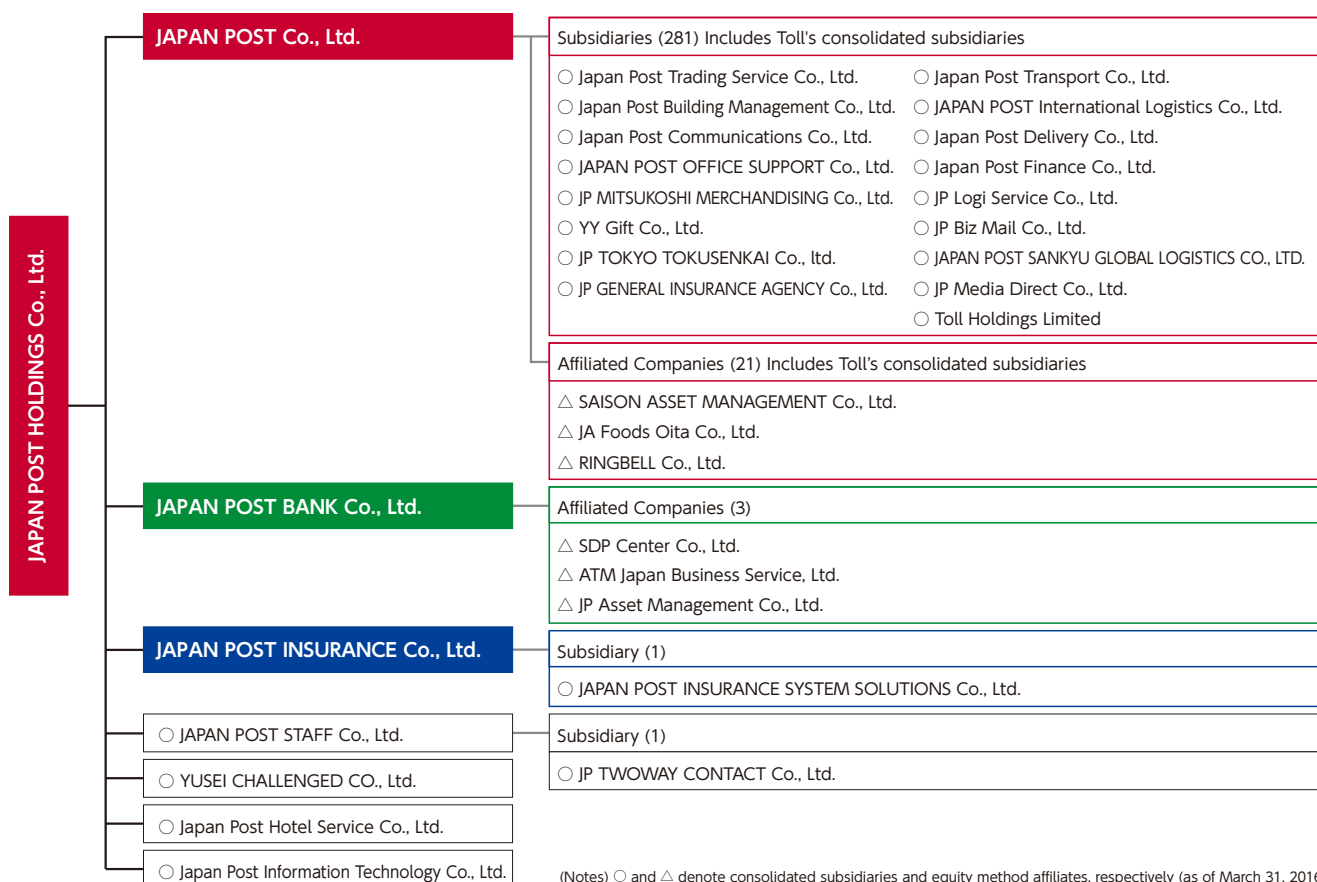
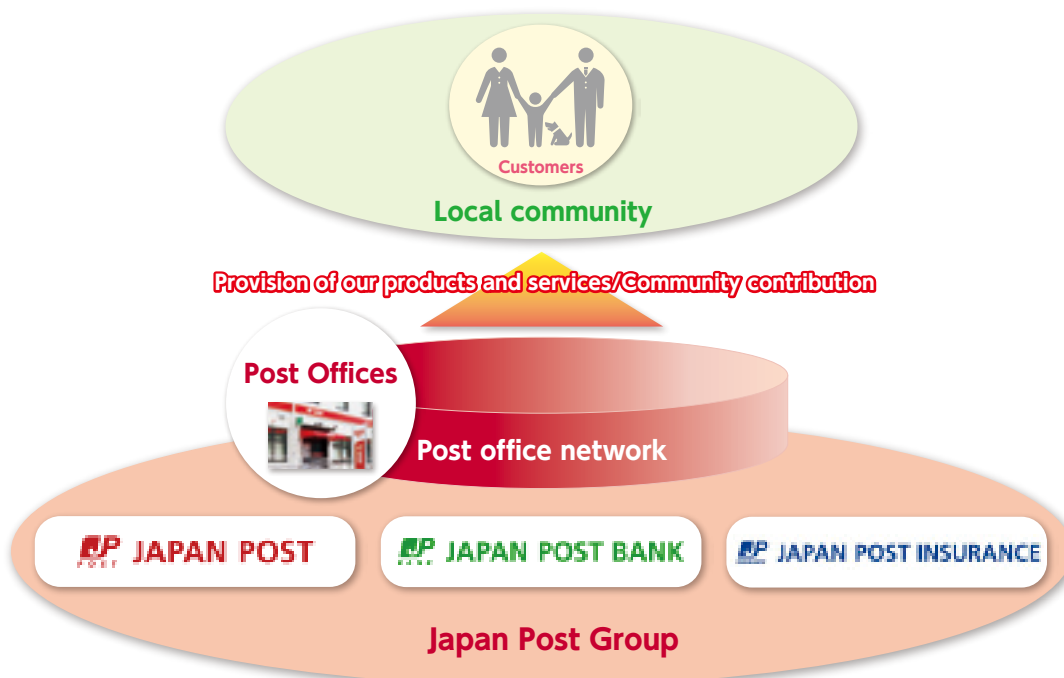
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1. The Operations of the Japan Post Group

① Japan Post Group Structure

The Japan Post Group provides a variety of products and services, mainly our postal, banking and insurance products and services, which represent our three core businesses that we operate through our nationwide post office network. In undertaking these businesses, we will striving to be a “Total Lifestyle Support Group” closely involved in the overall daily lives of our customers while continuously serving customers, local communities and society as a whole.



② Nationwide Post Office Network

With 24,452 locations, our network of post offices covers all of Japan's 1,741 cities, towns, and villages*. These post offices, which serve as bases for various postal, banking, and insurance services that are offered by the Japan Post Group, have been an integral part of local communities for many years, and the Japanese public has come to greatly appreciate this extensive network.

The Group looks forward to taking advantage of these post offices to provide convenient new services to residents of the communities we serve while ensuring their ability to access postal, banking, and insurance services in a unified manner throughout Japan.

*Includes Tokyo's 23 special wards (as of April 5, 2014).

■ Post Offices in Japan (As of March 31, 2016)

Directly operated post offices (including branch offices)	20,165
Contracted post offices	4,287
Total	24,452

Note: Includes 68 directly operated post offices and 258 contracted post offices that are temporarily closed.

■ Number of Japan Post Bank branches	234
■ Number of Japan Post Insurance branches	82

Hokuriku area

Number of post offices
859

Including **187**
contracted post offices

4 Japan Post Bank branches
4 Japan Post Insurance branches

Kinki area

Number of post offices
3,461

Including **356**
contracted post offices

44 Japan Post Bank branches
10 Japan Post Insurance branches

Chugoku area

Number of post offices
2,271

Including **516**
contracted post offices

11 Japan Post Bank branches
6 Japan Post Insurance branches

Okinawa area

Number of post offices
200

Including **23**
contracted post offices

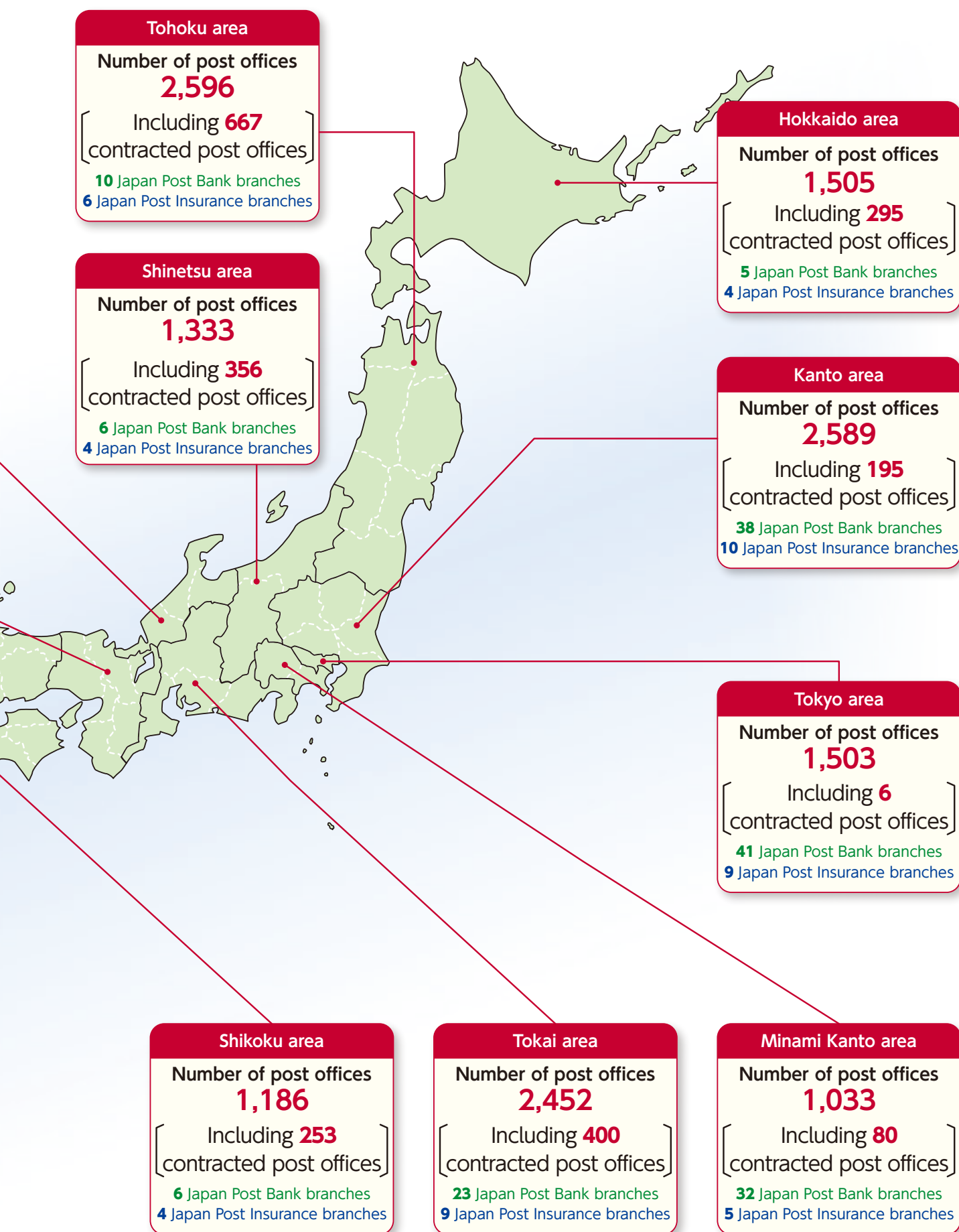
1 Japan Post Bank branch
1 Japan Post Insurance branch

Kyushu area

Number of post offices
3,464

Including **953**
contracted post offices

13 Japan Post Bank branches
10 Japan Post Insurance branches



2. Japan Post Group Financial Review

1 Consolidated Summary (April 1, 2015 to March 31, 2016)

The Japan Post Group's consolidated net ordinary income was ¥966.2 billion and net income attributable to Japan Post Holdings Co. was ¥425.9 billion. At the end of the fiscal year, total assets amounted to ¥291,947.0 billion and net assets totaled ¥15,176.0 billion.

Consolidated Financial Highlights (April 1, 2015 to March 31, 2016)

Consolidated Results of Operations

Ordinary income (Year ended March 31, 2016) ¥14,257,541 million (Year ended March 31, 2015) ¥14,258,842 million		▶	Net ordinary income (Year ended March 31, 2016) ¥966,240 million (Year ended March 31, 2015) ¥1,115,823 million		▶	Net income attributable to Japan Post Holdings Co. (Year ended March 31, 2016) ¥425,972 million (Year ended March 31, 2015) ¥482,682 million	
Net income per share (Note 1)	(Year ended March 31, 2016) ¥ 97.26 (Year ended March 31, 2015) ¥107.26		Diluted net income per share (Note 2)	(Year ended March 31, 2016) — (Year ended March 31, 2015) —			
Return on equity	(Year ended March 31, 2016) 2.9% (Year ended March 31, 2015) 3.4%	Net ordinary income/Total assets	(Year ended March 31, 2016) 0.3% (Year ended March 31, 2015) 0.4%	Net ordinary income/Ordinary income	(Year ended March 31, 2016) 6.8% (Year ended March 31, 2015) 7.8%		

(Reference) Equity in earnings (losses) of affiliates
 Year ended March 31, 2016: ¥1,070 million
 Year ended March 31, 2015: ¥(561) million

Notes: 1. Japan Post Holdings Co. implemented a 30-for-1 common stock split effective August 1, 2015. Net income per share has been calculated assuming the stock split was implemented on April 1, 2014.

2. Because there was no potential common stock, the amount for diluted net income per share is omitted.

Consolidated Financial Position

Consolidated total assets at the end of the fiscal year were ¥291,947.0 billion, a year-on-year decrease of ¥3,902.7 billion. Assets included securities of ¥207,720.3 billion and loans of ¥11,520.4 billion.

Consolidated total liabilities at the end of the fiscal year were ¥276,770.9 billion, a year-on-year decrease of ¥3,777.2 billion. Liabilities included deposits of ¥176,090.1 billion and policy

reserves of ¥74,934.1 billion.

Net assets decreased by ¥125.4 billion from the end of the previous fiscal year to ¥15,176.0 billion. Net assets included net unrealized gains (losses) on available-for-sale securities of ¥3,318.1 billion.

As of March 31, 2016, the consolidated capital adequacy ratio (domestic standard) was 27.47%.

Total assets (As of March 31, 2016) ¥291,947,080 million (As of March 31, 2015) ¥295,849,794 million		Total liabilities (As of March 31, 2016) ¥276,770,992 million (As of March 31, 2015) ¥280,548,232 million		Net assets (As of March 31, 2016) ¥15,176,088 million (As of March 31, 2015) ¥15,301,561 million	
Equity ratio (Note 1)	(As of March 31, 2016) 4.7% (As of March 31, 2015) 5.2%	Net assets per share (Note 2)	(As of March 31, 2016) ¥3,327.37 (As of March 31, 2015) ¥3,399.74	Consolidated capital adequacy ratio (domestic standard) (Note 3)	(As of March 31, 2016) 27.47% (As of March 31, 2015) 40.40%

(Reference) Equity capital
 As of March 31, 2016: ¥13,697,749 million
 As of March 31, 2015: ¥15,298,833 million

Notes: 1. Equity ratio = [(Net assets – Stock acquisition rights – Non-controlling interests) / Total assets] × 100

2. Japan Post Holdings Co. implemented a 30-for-1 common stock split effective August 1, 2015. Net assets per share has been calculated assuming the stock split was implemented on April 1, 2014.

3. The consolidated capital adequacy ratio (domestic standard) is calculated in line with provisions of Article 52-25 of the Banking Act and on the basis of criteria for judging whether a bank holding company's capital adequacy ratio and that of its subsidiaries are appropriate in light of assets held (Financial Services Agency Notice No. 20, 2006).

2 Japan Post Holdings Co. (Non-consolidated) Financial Highlights (April 1, 2015 to March 31, 2016)

In addition to serving as a holding company, Japan Post Holdings Co. operates hotel and hospital businesses and also provides group shared services. Operating income was ¥309.9 billion, net ordinary income was ¥232.9 billion and net income was ¥94.3 billion.

Results of Operations

Operating income (Year ended March 31, 2016) ¥309,975 million (Year ended March 31, 2015) ¥251,919 million	Net operating income (Year ended March 31, 2016) ¥231,417 million (Year ended March 31, 2015) ¥147,187 million	Net ordinary income (Year ended March 31, 2016) ¥232,919 million (Year ended March 31, 2015) ¥149,298 million	Net income (Year ended March 31, 2016) ¥94,311 million (Year ended March 31, 2015) ¥131,181 million
Net income per share (Note 1) (Year ended March 31, 2016) ¥21.53 (Year ended March 31, 2015) ¥29.15	Diluted net income per share (Note 2) (Year ended March 31, 2016) — (Year ended March 31, 2015) —		
Return on equity (Year ended March 31, 2016) 1.1% (Year ended March 31, 2015) 1.5%	Net ordinary income/Total assets (Year ended March 31, 2016) 2.7% (Year ended March 31, 2015) 1.6%	Net operating income/Operating income (Year ended March 31, 2016) 74.7% (Year ended March 31, 2015) 58.4%	

Notes: 1. Japan Post Holdings Co. implemented a 30-for-1 common stock split effective August 1, 2015. Net income per share has been calculated assuming the stock split was implemented on April 1, 2014.

2. Because there was no potential common stock, the amount for diluted net income per share is omitted.

Financial Position

Total assets (As of March 31, 2016) ¥8,418,459 million (As of March 31, 2015) ¥9,107,178 million	Net assets (As of March 31, 2016) ¥8,057,703 million (As of March 31, 2015) ¥8,744,456 million
Equity ratio (As of March 31, 2016) 95.7% (As of March 31, 2015) 96.0%	Net assets per share (As of March 31, 2016) ¥1,957.32 (As of March 31, 2015) ¥1,943.21

(Reference) Equity capital
 As of March 31, 2016: ¥8,057,703 million
 As of March 31, 2015: ¥8,744,456 million

Note: Japan Post Holdings Co. implemented a 30-for-1 common stock split effective August 1, 2015. Net assets per share has been calculated assuming the stock split was implemented on April 1, 2014.

3 Summary of Financial Results of Group Companies (April 1, 2015 to March 31, 2016)

1. Results of Operations (As of March 31, 2016)

	Japan Post Co. (Consolidated)	Japan Post Bank Co. (Non-consolidated)	Japan Post Insurance Co. (Consolidated)
Ordinary income	¥3,648.4 billion	¥1,968.9 billion	¥9,605.7 billion
Net ordinary income	¥42.3 billion	¥48.9 billion	¥41.5 billion
Net income	¥47.2 billion	¥325.0 billion	¥84.8 billion

(Reference: As of March 31, 2015)

Ordinary income	—	¥2,078.1 billion	—
Net ordinary income	—	¥569.4 billion	—
Net income	—	¥369.4 billion	—

Note: Figures less than ¥0.1 billion are rounded down.

The consolidated figures for Japan Post Co. and Japan Post Insurance Co. are listed from the fiscal year ended March 31, 2016. Therefore, non-consolidated figures that were listed for the previous fiscal year are expressed with the symbol "—".

The amounts of net income attributable to Japan Post Co. and net income attributable to Japan Post Insurance Co. are used for net income of Japan Post Co. (Consolidated) and net income of Japan Post Insurance Co. (Consolidated), respectively.

2. Financial Position (As of March 31, 2016)

	Japan Post Co. (Consolidated)	Japan Post Bank Co. (Non-consolidated)	Japan Post Insurance Co. (Consolidated)
Total assets	¥5,651.3 billion	¥207,056.0 billion	¥81,545.1 billion
Total liabilities	¥4,406.4 billion	¥195,547.8 billion	¥79,662.2 billion
Net assets	¥1,244.9 billion	¥11,508.1 billion	¥1,882.9 billion

(Reference: As of March 31, 2015)

Total assets	—	¥208,179.3 billion	—
Total liabilities	—	¥196,549.0 billion	—
Net assets	—	¥11,630.2 billion	—

Note: Figures less than ¥0.1 billion are rounded down.

The consolidated figures for Japan Post Co. and Japan Post Insurance Co. are listed from the fiscal year ended March 31, 2016. Therefore, non-consolidated figures that were listed for the previous fiscal year are expressed with the symbol "—". Please refer to pages 30 through 31 and pages 128 through 129 for information on Japan Post Co., pages 40 through 41 and page 129 for information on Japan Post Bank Co., and pages 53 through 54 and page 129 for information on Japan Post Insurance Co.