

# Performance Data

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# 1. Japan Post Business Performance

## I Postal and Logistics Business Performance

### 1 Consigned Volume of Mail in fiscal year ended March 31, 2016

Fiscal years ended March 31

(Unit: 1,000 items, %)

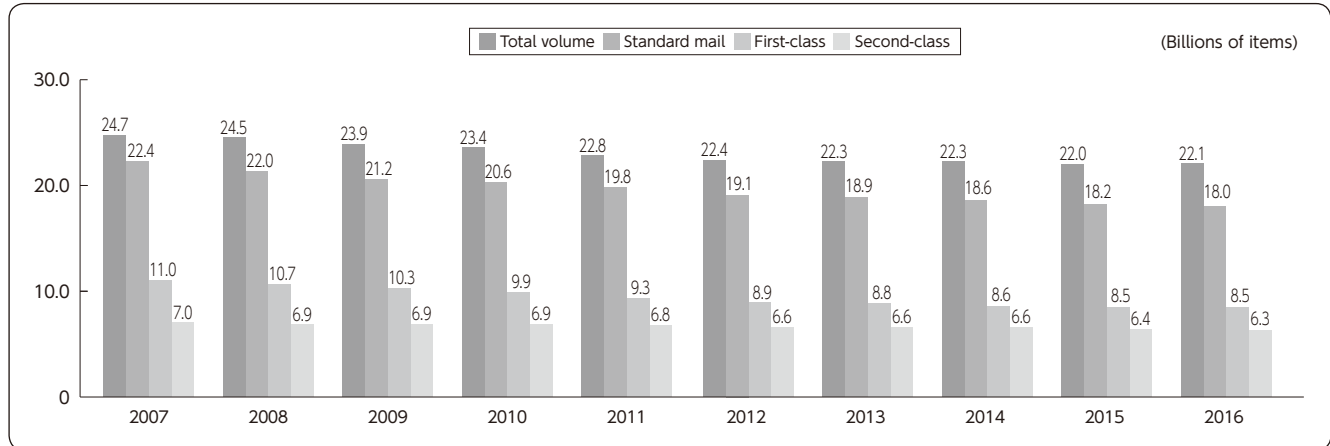
Category	2014		2015		2016	
	Volume	Year-on-year change	Volume	Year-on-year change	Volume	Year-on-year change
Total	22,324,419	(0.1)	22,035,617	(1.3)	<b>22,082,281</b>	<b>0.2</b>
Mail	18,571,775	(1.5)	18,188,628	(2.1)	<b>18,029,855</b>	<b>(0.9)</b>
Domestic	18,524,615	(1.5)	18,142,041	(2.1)	<b>17,980,998</b>	<b>(0.9)</b>
Standard mail	18,054,960	(1.6)	17,661,265	(2.2)	<b>17,426,341</b>	<b>(1.3)</b>
First-class	8,569,925	(2.6)	8,531,556	(0.4)	<b>8,463,874</b>	<b>(0.8)</b>
Second-class	6,640,507	0.5	6,398,122	(3.7)	<b>6,315,097</b>	<b>(1.3)</b>
Third-class	241,483	(4.5)	230,229	(4.7)	<b>220,464</b>	<b>(4.2)</b>
Fourth-class	21,484	(0.9)	19,931	(7.2)	<b>18,802</b>	<b>(5.7)</b>
New Year's postcards	2,532,433	(3.1)	2,431,779	(4.0)	<b>2,351,237</b>	<b>(3.3)</b>
Election mail	49,128	(15.4)	49,648	1.1	<b>56,866</b>	<b>14.5</b>
Special mail	469,655	1.5	480,777	2.4	<b>554,657</b>	<b>15.4</b>
International (dispatched)	47,160	(1.5)	46,587	(1.2)	<b>48,857</b>	<b>4.9</b>
Standard mail	34,548	(8.7)	29,503	(14.6)	<b>24,913</b>	<b>(15.6)</b>
Parcels	1,797	39.0	3,038	69.0	<b>4,758</b>	<b>56.6</b>
EMS	10,815	23.3	14,047	29.9	<b>19,187</b>	<b>36.6</b>
Parcels	3,752,644	7.7	3,846,989	2.5	<b>4,052,425</b>	<b>5.3</b>
Yu-Pack	428,437	12.1	485,044	13.2	<b>513,024</b>	<b>5.8</b>
Yu-Mail	3,324,206	7.2	3,361,944	1.1	<b>3,539,401</b>	<b>5.3</b>

Notes: 1. Sums of individual items may not match totals due to rounding.

2. The number of Yu-Pack parcels includes EXPACK parcels. EXPACK service was discontinued at the end of March 2010.

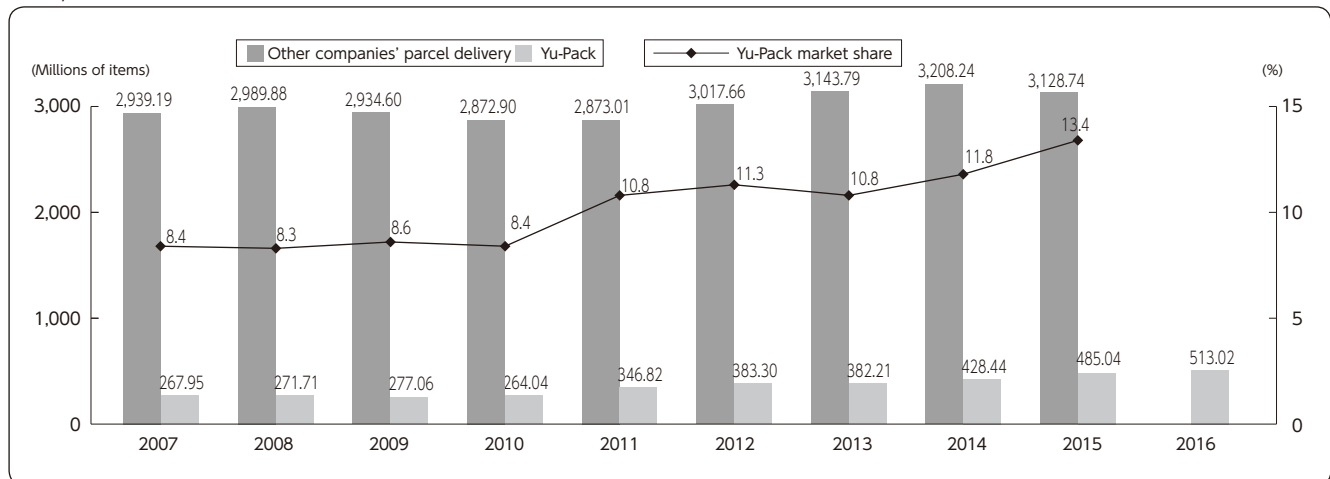
## 2 Total Consigned Volume of Mail

Fiscal years ended March 31



## 3 Yu-Pack and Other Companies' Parcel Delivery Volume and Market Share

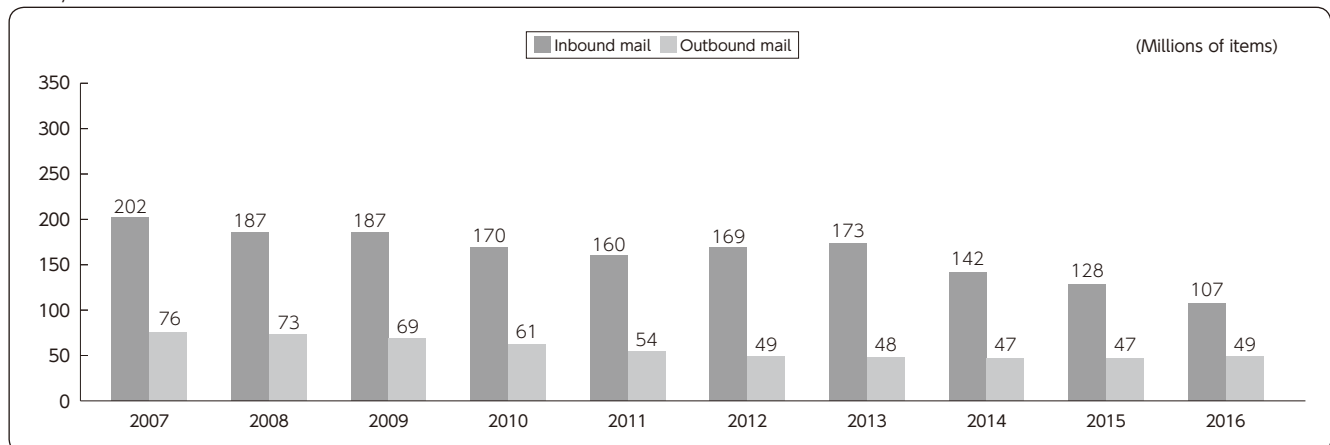
Fiscal years ended March 31



Notes: 1. For fiscal year ended March 31, 2016, other companies' parcel delivery volume has not yet been announced (as of June 30, 2016).  
2. The number of Yu-Pack parcels includes EXPACK parcels.

## 4 Volume of International Mail

Fiscal years ended March 31



## 5 Daily Mail Delivery Volume and Points

Fiscal years ended March 31

	2014	2015	2016
Daily mail delivery volume	About 62 million items	About 61 million items	About 61 million items
Daily delivery points	About 31 million points	About 31 million points	About 30 million points

## 6 Postal Service Quality Survey (Days to Arrival)

Beginning in fiscal 1999, an annual survey has been conducted to determine the percentage of mail delivered within the targeted number of days, with the results made public. The purposes of the survey are to supply accurate information concerning the quality of postal services and further improve the quality of services.

All post offices display a Service Level Table that provides information to the public regarding the times needed for mail to reach its destination. Survey results are shown as the percentage of total items sent that were delivered within the number of days prescribed in the Service Level Table.

### ■ Nationwide Achievement Rate of Average Days to Delivery

Fiscal years ended March 31

	2014	Year-on-year change	2015	Year-on-year change	2016	Year-on-year change
Nationwide average	98.6%	0.1%	98.6%	0.0%	<b>98.6%</b>	<b>0.0%</b>
For mail within the same prefecture	99.0%	0.1%	99.1%	0.1%	<b>98.8%</b>	<b>(0.3)%</b>
For mail to a neighboring prefecture	98.0%	0.0%	97.8%	(0.2%)	<b>98.2%</b>	<b>0.4%</b>
For mail to other prefectures	98.0%	0.2%	98.0%	0.0%	<b>98.6%</b>	<b>0.6%</b>

Note: The percentage of New Year's postcards accepted by December 25, 2015 and delivered on January 1, 2016 reached 99.8% as compared to the target figure of 99.5%.

## 7 Outsourced Operations

In addition to postal operations, Japan Post Co. has documentary stamp sales business activities.

### ■ Documentary Stamp Sales

Sales of documentary stamps for the Japanese national government were as follows.

Fiscal years ended March 31

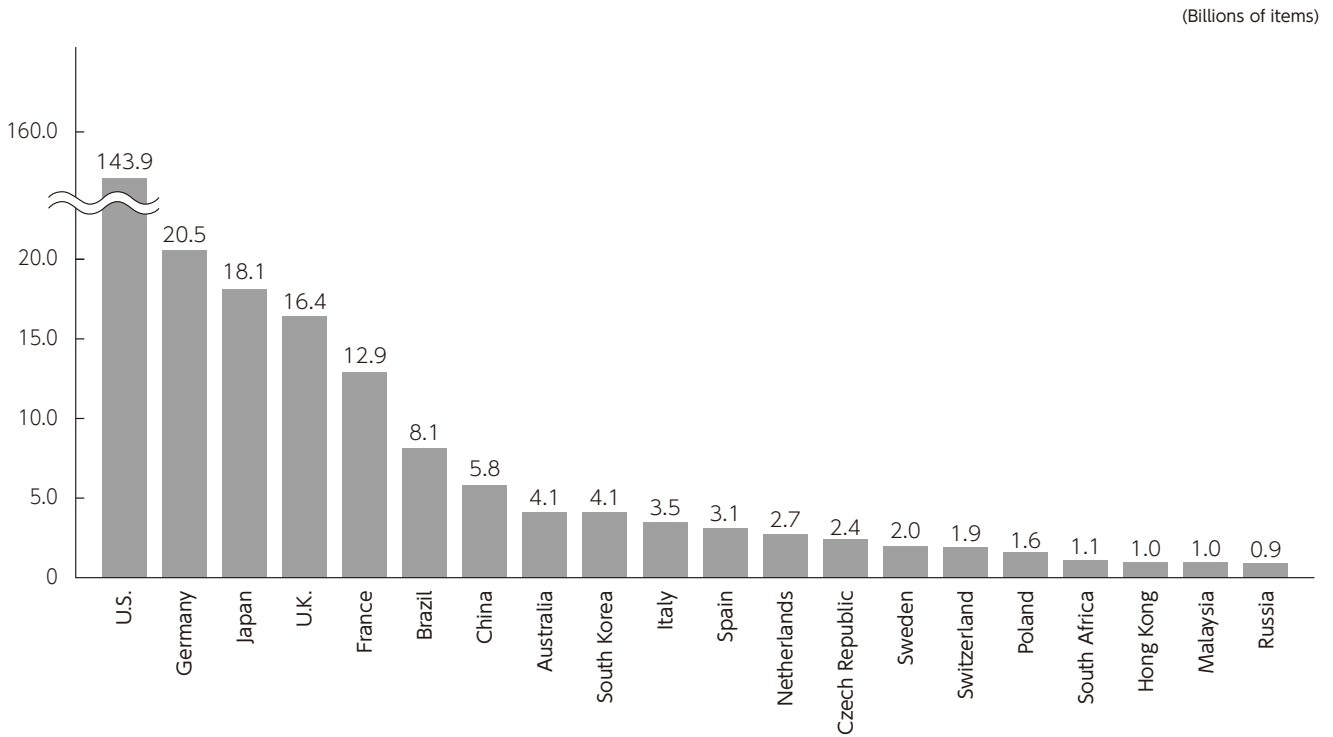
(Millions of yen)

Category	2014	2015	2016
Revenue stamps	829,309	757,658	<b>761,932</b>
Automobile weight tax documentary stamps	666,614	655,200	<b>671,497</b>
Unemployment insurance documentary stamps	480	473	<b>455</b>
Health insurance documentary stamps	3,255	3,600	<b>3,572</b>
Patent documentary stamps	91,711	90,807	<b>94,394</b>
Total	1,591,369	1,507,738	<b>1,531,850</b>

Note: Figures shown are gross sales for each category of documentary stamp. These proceeds are submitted to the Japanese national government after deduction of handling fees (including consumption and other taxes).

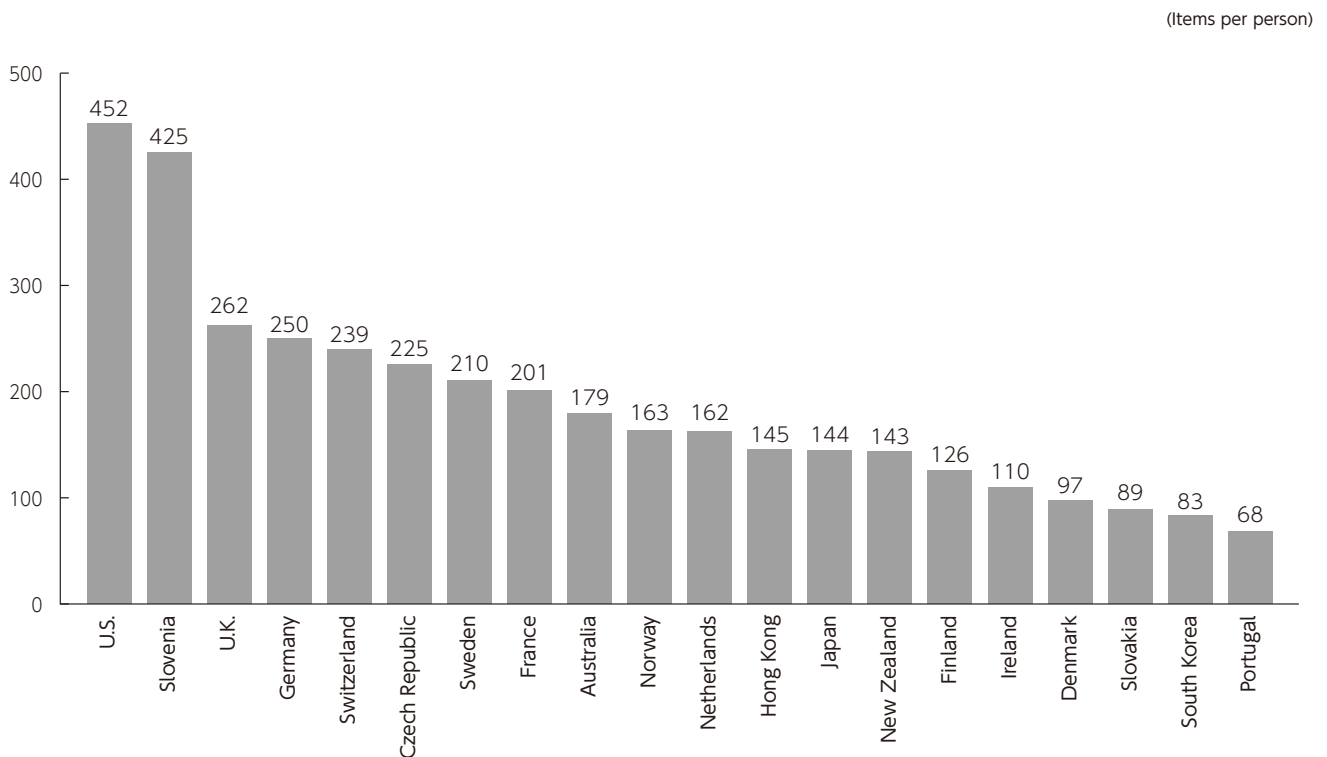
## Reference: Postal Services in Other Countries

### 1. Volume of Mail Received (Top 20 Countries in 2014)



Notes: 1. Source: Universal Postal Union Postal Statistics (2014)  
2. "Mail volume" is the total for all domestic mail items.

### 2. Annual Mail Volume Per Capita (Top 20 Countries in 2014)



Notes: 1. Source: Universal Postal Union Postal Statistics (2014)  
2. "Mail volume" is the total for all domestic mail items.

## Reference: International Comparison of Postage Rates

### ■ Comparison of Domestic Postage Rates

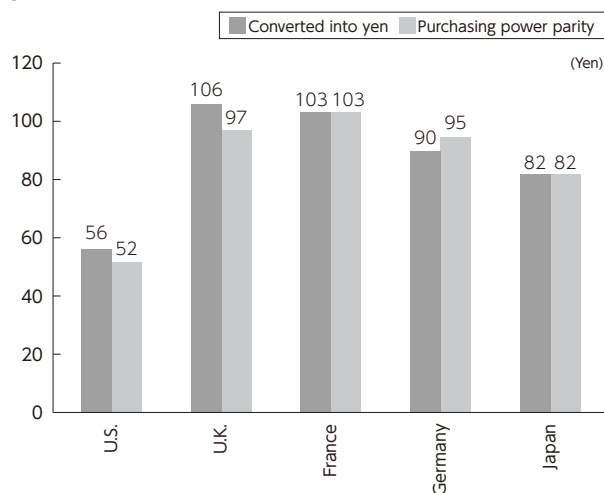
Domestic postage rates (letters and postcards) in Japan are generally lower than major European countries (U.K., France, Germany).

In the United States, postage rates for both domestic letters

and postcards are lower than in Japan. The reason is that the volumes of mail handled in the United States are approximately eight times greater than in Japan (the amount of mail sent per capita is roughly threefold higher), thereby resulting in higher delivery efficiency.

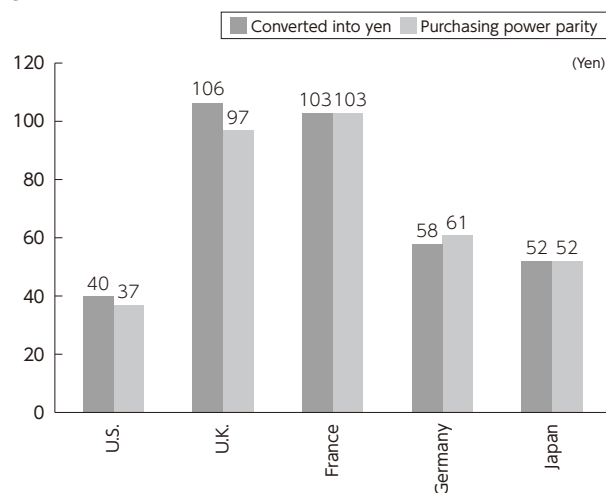
### ■ Comparison of Domestic Letter and Postcard Postage Rates in Selected Countries

#### ● Letter rate



Prepared by Japan Post Co., Ltd. from various publicly disclosed materials

#### ● Postcard rate



Prepared by Japan Post Co., Ltd. from various publicly disclosed materials

	U.S.	U.K.	France	Germany	Japan
Local currency	\$0.49	£0.64	€0.80	€0.70	¥82
Yen equivalent	¥56	¥106	¥103	¥90	¥82
Purchasing power parity	¥52	¥97	¥103	¥95	¥82

	U.S.	U.K.	France	Germany	Japan
Local currency	\$0.35	£0.64	€0.80	€0.45	¥52
Yen equivalent	¥40	¥106	¥103	¥58	¥52
Purchasing power parity	¥37	¥97	¥103	¥61	¥52

Notes: 1. Only Japanese postage rates include consumption tax.

2. Yen conversions use the exchange rate as of March 31, 2016 (Bank of Tokyo-Mitsubishi UFJ TTS rate).

3. Purchasing power parities use exchange rates that make price levels equal in Japan and the other countries. Calculations are based on Purchasing Power Parities (2015 average OECD Main Economic Indicators).

	Exchange rate	Purchasing power parity
\$1 (U.S.)	¥113.68	¥106.00
£1 (U.K.)	¥165.92	¥151.43
€1 (France)	¥129.20	¥129.27
€1 (Germany)	¥129.20	¥135.20

### ■ Comparison of International (Air) Postage Rates

The following table shows postage rates for air mail sent in both directions between Japan and four major countries. Postage rates

for mail sent from Japan are cheaper in all cases.

	Letter (25 g)		Postcard	
	Local currency	Yen equivalent	Local currency	Yen equivalent
Japan to the four other countries	—	¥110	—	¥70
U.S. to Japan	\$1.20	¥136	\$1.20	¥136
U.K. to Japan	£2.25	¥373	£1.05	¥174
France to Japan	€2.50	¥323	€1.25	¥162
Germany to Japan	€1.50	¥194	€0.90	¥116

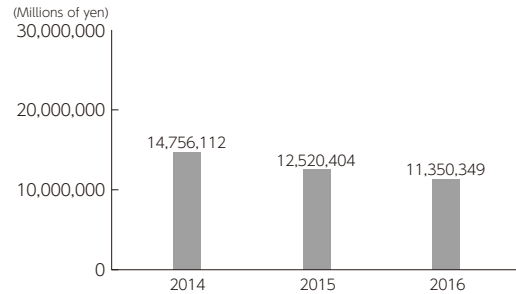
Note: Yen conversions use the exchange rate as of March 31, 2016 (Bank of Tokyo-Mitsubishi UFJ TTS rate).

## II Post Office Business Performance

### 1 TEIGAKU and Time Deposits Handled

Of the *TEIGAKU* and time deposits provided by Japan Post Bank, the funds newly deposited by customers through Japan Post Co. are as follows.

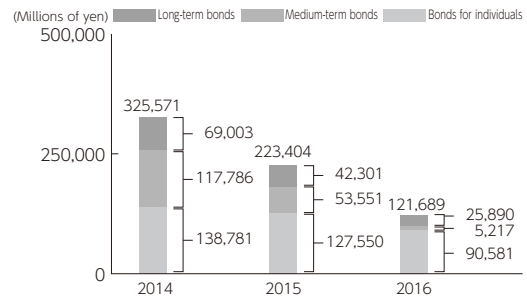
Fiscal years ended March 31



### 2 Sales of Japanese Government Bonds

Of the Japanese Government Bonds sold by Japan Post Bank, total sales handled through Japan Post Co. are as follows.

Fiscal years ended March 31

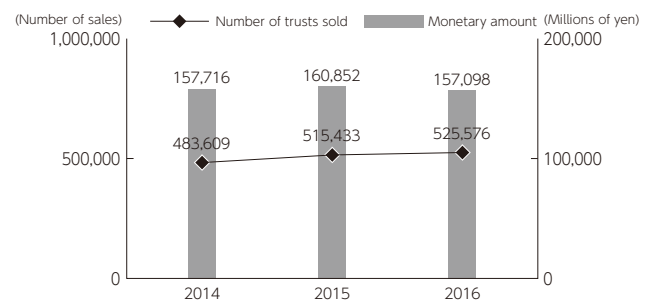


### 3 Investment Trust Sales

Of the investment trust products sold by Japan Post Bank, total sales handled through Japan Post Co. are as follows.

\* Including no-load products from fiscal year ended March 31, 2016

Fiscal years ended March 31

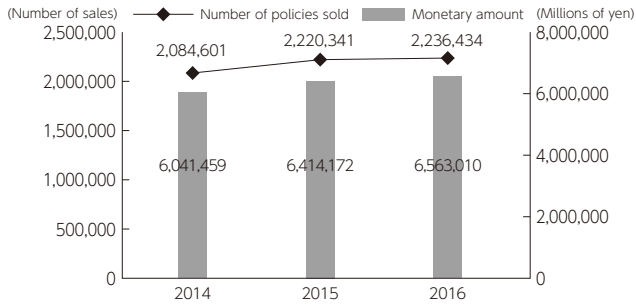


## 4 Life Insurance and Annuity Sales

Of the life insurance and annuity products sold by Japan Post Insurance, total sales of newly contracted policies handled through Japan Post Co. are as follows.

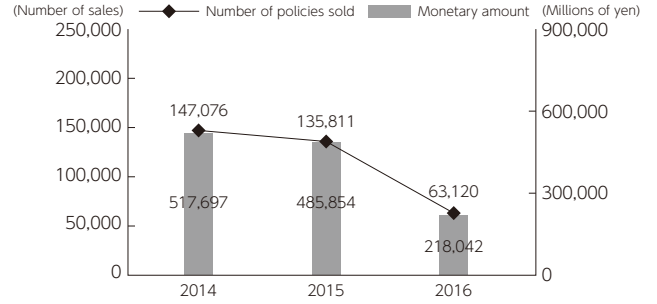
### ■ Individual Insurance

Fiscal years ended March 31



### ■ Individual Annuities

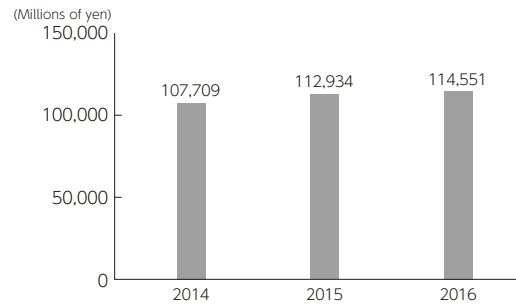
Fiscal years ended March 31



## 5 Merchandise Business

The sales of products and services sold through merchandise businesses such as catalog sales of Japan Post Co. are as follows.

Fiscal years ended March 31





# 2. Japan Post Bank Business Performance

## 1 Key Financial Indicators

Fiscal years ended March 31

(Millions of yen)

	2014	2015	2016
Ordinary income	2,076,397	2,078,179	1,968,987
Operating profit (before provision for general reserve for possible loan losses)	472,687	519,998	385,897
Net operating profit	472,687	519,998	385,897
Net ordinary income	565,095	569,489	481,998
Net income	354,664	369,434	325,069
Capital stock	3,500,000	3,500,000	3,500,000
Shares outstanding (thousands of shares)	150,000	150,000	4,500,000
Net assets	11,464,524	11,630,212	11,508,150
Total assets	202,512,882	208,179,309	207,056,039
Deposits	176,612,780	177,710,776	177,871,986
Loans	3,076,325	2,783,985	2,542,049
Securities	166,057,886	156,169,792	144,076,834
Capital adequacy ratio (non-consolidated, domestic standard) (%)	56.81	38.42	26.38
Dividend payout ratio (%)	26.50	50.00	28.83
Employees (persons)	12,963	12,889	12,905

Notes:

- Japan Post Bank Co. implemented a 30-for-1 common stock split effective August 1, 2015.
- The balance of deposits including accrued interest at the end of fiscal 2016 is ¥179,307,785 million (¥179,009,556 million at the end of fiscal 2015 and ¥177,734,274 million at the end of fiscal 2014).
- The capital adequacy ratio (non-consolidated, domestic standard) is calculated based on standards stipulated by Article 14-2 of the Banking Act for the purpose of determining whether banks have sufficient equity capital given their holdings of assets and other instruments (Notification No. 19, the Financial Services Agency of Japan, 2006).
- The dividend payout ratio is calculated by dividing the total dividend payment for the period by net income.
- The number of employees excludes Japan Post Bank employees assigned to other companies by the Bank but includes employees assigned to the Bank by other companies. The figures do not include part-time employees.

## 2 Balances by Type of Deposit

### 1. Balances at the End of Fiscal Period

(Millions of yen, %)

		March 31, 2014		March 31, 2015		March 31, 2016	
		Amount	%	Amount	%	Amount	%
Domestic operations	Liquid deposits	60,200,571	34.08	61,053,645	34.35	63,834,943	35.88
	Transfer deposits	10,925,669	6.18	11,747,374	6.61	13,874,601	7.80
	Ordinary deposits, etc.	48,878,529	27.67	48,912,826	27.52	49,571,866	27.86
	Savings deposits	396,371	0.22	393,443	0.22	388,475	0.21
	Fixed-term deposits	116,157,689	65.76	116,453,033	65.52	113,852,874	64.00
	Time deposits	14,781,463	8.36	13,569,920	7.63	11,441,153	6.43
	TEIGAKU deposits, etc.	101,374,092	57.39	102,881,558	57.89	102,410,683	57.57
	Other deposits	254,519	0.14	204,097	0.11	184,168	0.10
	Subtotal	176,612,780	100.00	177,710,776	100.00	177,871,986	100.00
	Negotiable certificates of deposit	—	—	—	—	—	—
Total	176,612,780	100.00	177,710,776	100.00	177,871,986	100.00	
International operations	Total	—	—	—	—	—	—
Total	176,612,780	100.00	177,710,776	100.00	177,871,986	100.00	
Deposits including accrued interest		177,734,274		179,009,556		179,307,785	

Notes:

- Liquid deposits = Transfer deposits + Ordinary deposits, etc. + Savings deposits  
Ordinary deposits, etc. = Ordinary deposits + Special deposits (equivalent to ordinary savings)
- 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)
- "Transfer deposits" correspond to "Current deposits" and "TEIGAKU deposits" to "Other deposits" in liabilities in accordance with the Ordinance for Enforcement of the Banking Act.
- 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.
- 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.

### 2. Average Balances

Fiscal years ended March 31

(Millions of yen, %)

		2014		2015		2016	
		Amount	%	Amount	%	Amount	%
Domestic operations	Liquid deposits	60,550,882	34.21	61,057,460	34.35	62,432,860	35.10
	Transfer deposits	10,591,337	5.98	11,365,224	6.39	12,413,131	6.97
	Ordinary deposits, etc.	49,559,468	28.00	49,296,826	27.73	49,627,508	27.90
	Savings deposits	400,075	0.22	395,409	0.22	392,220	0.22
	Fixed-term deposits	116,144,774	65.63	116,441,954	65.52	115,247,660	64.79
	Time deposits	16,818,118	9.50	14,163,314	7.96	12,339,989	6.93
	TEIGAKU deposits, etc.	99,324,145	56.12	102,276,763	57.55	102,906,340	57.85
	Other deposits	268,336	0.15	211,981	0.11	187,548	0.10
	Subtotal	176,963,992	100.00	177,711,397	100.00	177,868,069	100.00
	Negotiable certificates of deposit	—	—	—	—	—	—
Total	176,963,992	100.00	177,711,397	100.00	177,868,069	100.00	
International operations	Total	—	—	—	—	—	—
Total	176,963,992	100.00	177,711,397	100.00	177,868,069	100.00	
Deposits including accrued interest		177,981,354		178,911,788		179,226,520	

### 3 Loans by Category

#### 1. Balances at the End of Fiscal Period

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Domestic operations			
Loans on notes	—	—	—
Loans on deeds	2,830,118	2,549,816	2,318,798
Overdrafts	246,206	234,169	219,951
Notes discounted	—	—	—
Subtotal	3,076,325	2,783,985	2,538,749
International operations			
Loans on notes	—	—	—
Loans on deeds	—	—	3,300
Overdrafts	—	—	—
Notes discounted	—	—	—
Subtotal	—	—	3,300
Total	3,076,325	2,783,985	2,542,049

#### 2. Average Balances

Fiscal years ended March 31  
(Millions of yen)

	2014	2015	2016
Domestic operations			
Loans on notes	—	—	—
Loans on deeds	3,185,218	2,740,220	2,462,009
Overdrafts	232,891	232,114	219,899
Notes discounted	—	—	—
Subtotal	3,418,109	2,972,334	2,681,909
International operations			
Loans on notes	—	—	—
Loans on deeds	13,340	—	2,614
Overdrafts	—	—	—
Notes discounted	—	—	—
Subtotal	13,340	—	2,614
Total	3,431,450	2,972,334	2,684,524

### 4 Balances by Type of Securities

#### 1. Balances at the End of Fiscal Period

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Domestic operations			
Japanese government bonds	126,391,090	106,767,047	82,255,654
Japanese local government bonds	5,550,379	5,525,117	5,856,509
Commercial paper	333,979	226,986	204,995
Japanese corporate bonds	11,050,163	10,756,050	10,362,715
Japanese stocks	935	935	1,390
Other securities	—	—	—
Subtotal	143,326,547	123,276,136	98,681,264
International operations			
Other securities	22,731,338	32,893,656	45,395,569
Foreign bonds	14,532,618	18,817,706	19,829,503
Investment trusts	8,120,582	13,967,716	25,520,966
Foreign stocks	—	—	—
Subtotal	22,731,338	32,893,656	45,395,569
Total	166,057,886	156,169,792	144,076,834

#### 2. Average Balances

Fiscal years ended March 31  
(Millions of yen)

	2014	2015	2016
Domestic operations			
Japanese government bonds	135,713,497	116,413,435	92,933,962
Japanese local government bonds	5,652,880	5,570,677	5,517,565
Commercial paper	552,167	293,887	222,965
Japanese corporate bonds	11,237,582	10,999,777	10,334,756
Japanese stocks	935	935	1,118
Other securities	29,917	—	—
Subtotal	153,186,980	133,278,712	109,010,368
International operations			
Other securities	19,197,622	26,849,989	40,072,765
Foreign bonds	12,929,369	16,653,595	19,778,504
Investment trusts	6,191,298	10,117,574	20,224,805
Foreign stocks	—	—	—
Subtotal	19,197,622	26,849,989	40,072,765
Total	172,384,603	160,128,701	149,083,133

## 5 Over-the-Counter Sales of Japanese Government Bonds

Fiscal years ended March 31 (Millions of yen)

	2014	2015	2016
Long-term bonds	73,867	45,243	28,127
Medium-term bonds	123,770	56,805	5,815
Bonds for individuals	152,288	139,475	98,331
Total	349,927	241,524	132,275

## 6 Domestic Exchanges

Fiscal years ended March 31 (Millions of yen)

	2014		2015		2016	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
Sent	21,642	17,697,182	24,252	21,769,194	26,793	23,586,237
Received	53,810	13,621,048	67,192	15,415,275	79,485	17,625,900

Note: All remittances are transferred through the Zengin Data Telecommunication System (Zengin System).

## 7 Transfer Deposits

Fiscal years ended March 31 (Millions of yen)

	2014		2015		2016	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
In-payment	1,182,252	59,028,061	1,171,772	68,295,736	1,170,468	64,521,205
Transfers	107,492	87,321,165	112,041	81,957,838	110,268	84,498,625
Out-payment	123,361	50,848,174	120,517	56,831,965	119,168	51,293,715

## 8 Ordinary Remittances and Postal Orders (TEIGAKU KOGAWASE)

Fiscal years ended March 31 (Millions of yen)

	2014		2015		2016	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
Ordinary remittances	2,023	40,309	1,607	34,492	1,224	26,028
Postal orders (TEIGAKU KOGAWASE)	16,671	9,254	16,679	9,288	15,867	8,945

## 9 Foreign Exchanges

Fiscal years ended March 31 (Millions of U.S. dollars)

	2014		2015		2016	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
	372	1,263	352	1,112	334	1,223

Note: Foreign exchanges represent the total of international remittances and purchases and sales of traveler's checks (purchases only in Fiscal years ended March 31, 2014).

## 10 Investment Trusts Sales (Contract Basis)

Fiscal years ended March 31 (Millions of yen)

	2014	2015	2016
Number of contracts (thousands)	952	1,061	1,164
Sales amount	339,685	377,000	427,085

Note: Figures have been rounded off.

(Millions of yen)

	March 31, 2014	March 31, 2015	March 31, 2016
Number of investment trust accounts (thousands)	644	665	696
Net assets	977,638	1,118,791	1,135,550

## 11 Other Businesses

Fiscal years ended March 31

### Credit Cards

(Thousands)

	2014	2015	2016
Number of cards issued	70	60	65

(Thousands)

	March 31, 2014	March 31, 2015	March 31, 2016
Outstanding	1,976	1,573	1,285

### Mortgage Loans (as intermediary)

(Millions of yen)

	2014	2015	2016
Amount of new credit extended	24,438	34,833	36,369

(Millions of yen)

	March 31, 2014	March 31, 2015	March 31, 2016
Amount of new credit extended (cumulative)	272,148	306,981	343,350

Japan Post Bank acts as the intermediary for Suruga Bank Ltd.'s mortgage loan business.

### Variable Annuities Policies

(Millions of yen)

	2014	2015	2016
Number of policies	12,214	11,987	17,220
Sales amount	69,286	66,914	92,270

(Millions of yen)

	March 31, 2014	March 31, 2015	March 31, 2016
Number of policies (cumulative)	53,569	65,556	82,776
Sales amount (cumulative)	278,537	345,452	437,722

# 3. Japan Post Insurance Business Performance (Non-consolidated)

## 1 Sound Management Indicators

### 1. Core Profit

Core profit is a basic periodic earnings indicator for life insurance companies. Core profit is determined by insurance-related income and expenses such as insurance premiums and others, insurance claims and others, and operating expenses, as well as investment-related income and expenses, which consist primarily of interest and dividend income.

Our core profit for the year ended March 31, 2016 was ¥464.2 billion.

**Core Profit ¥464.2 billion**

(Non-Consolidated Core Profit)

### 2. Consolidated Solvency Margin Ratio

Life insurance companies accumulate policy reserves to provide for anticipated payment of insurance claims and others. They also cover exposure to risks that can be predicted under normal conditions within the scope of these policy reserves.

The solvency margin ratio is an indicator by which the regulatory agency determines whether or not an insurance company has the sufficient financial resources for its obligations to pay benefits in the event a normally unforeseeable risk should materialize, such as a major catastrophe or a stock market collapse.

If the ratio is less than 200%, the regulatory agency will take prompt corrective action. On the other hand, if the ratio is greater than or equal to 200%, it indicates that the insurance company has satisfied one of the standards for sound management.

Our consolidated solvency margin ratio as of March 31, 2016 was 1,570.3%, indicating a high degree of management soundness. We will continue to take the actions needed to maintain adequate financial resources to fulfill our obligations.

**Consolidated Solvency Margin Ratio 1,570.3%**

(Billions of yen)

Years ended March 31	2014	2015	2016
Core income (1)	¥ 11,240.1	¥ 10,185.7	<b>¥ 9,653.5</b>
Insurance premiums and others	5,911.6	5,956.7	<b>5,413.8</b>
Investment income (Note 1)	1,458.3	1,366.0	<b>1,308.7</b>
Reversal of policy reserves (Note 2)	3,736.8	2,719.2	<b>2,805.7</b>
Core expenses (2)	10,758.0	9,670.3	<b>9,189.2</b>
Insurance claims and others	10,160.8	9,059.5	<b>8,550.4</b>
Provision for policy reserves and others	4.6	1.4	<b>0.1</b>
Investment expenses (Note 1)	5.7	5.2	<b>6.2</b>
Operating expenses	513.0	512.4	<b>537.0</b>
Core profit ((1)-(2)) A	482.0	515.4	<b>464.2</b>
Net capital gains B	61.7	64.1	<b>4.4</b>
Other one-time profits C	(80.3)	(86.4)	<b>(55.6)</b>
Ordinary profit A+B+C	463.5	493.1	<b>413.0</b>

Notes: 1. Excluding the amount regarding net capital gains

2. Excluding the amount regarding other one-time profits (reversal of contingency reserve and others)

(Billions of yen)

As of March 31	2014	2015	2016
Total amount of solvency margin (A)	¥ 5,134.7	¥ 5,706.1	<b>¥ 5,547.8</b>
Capital stock, etc.	1,334.2	1,387.5	<b>1,438.8</b>
Reserve for price fluctuations	614.2	712.1	<b>782.2</b>
Contingency reserve	2,588.7	2,498.7	<b>2,374.8</b>
Catastrophe loss reserve	—	—	—
General reserve for possible loan losses	0.0	0.0	<b>0.0</b>
(Net unrealized gains (losses) on available-for-sale securities (before taxes) + Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)	238.9	703.5	<b>505.3</b>
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	(3.4)	(10.0)	<b>(3.4)</b>
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)	3.3	7.9	<b>6.9</b>
Excess of continued Zillmerised reserve	358.5	406.2	<b>442.9</b>
Capital raised through debt financing	—	—	—
Amounts within "excess of continued Zillmerised reserve" and "capital raised through debt financing" not calculated into the margin	—	—	—
Deductions	—	—	—
Other	—	—	—
Total amount of risk (B)	631.8	694.0	<b>706.5</b>
$\sqrt{(R_1^2 + R_5^2 + R_6^2 + R_8^2 + R_9^2) + (R_2 + R_3 + R_7)^2} + R_4 + R_6$			
Insurance risk $R_1$	168.4	163.7	<b>159.0</b>
General Insurance risk $R_5$	—	—	—
Catastrophe risk $R_6$	—	—	—
Underwriting risk of third-sector insurance $R_8$	99.9	88.5	<b>78.2</b>
Small amount and short-term insurance risk $R_9$	—	—	—
Anticipated yield risk $R_2$	198.1	184.4	<b>170.7</b>
Minimum guarantee risk $R_7$	—	—	—
Investment risk $R_3$	355.7	443.1	<b>476.0</b>
Business management risk $R_4$	16.4	17.5	<b>17.6</b>
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,625.1%	1,644.2%	<b>1,570.3%</b>

Note: These figures are calculated based on the provisions set forth in public notification No. 23 issued by the Financial Services Agency in 2011 and Articles 86-2 and 88 of the Ordinance for Enforcement of the Insurance Business Act.

For the above figures as of March 31, 2016, the total amount of solvency margin was partially amended in accordance with the Cabinet Office Ordinance No. 16 of 2016 (The figures as of March 31, 2014 and 2015 provided above were determined based on existing standards.).

### 3. Status of Accumulation of Internal Reserves

Life insurance companies accumulate contingency reserve and reserve for price fluctuations for the purpose of ensuring the soundness and stability of management in the future. These reserves provide protection against risks associated with changes in the operating environment of the life insurance industry. Such changes include fluctuations in prices of financial assets, the occurrence of a major catastrophe and other events.

As of March 31, 2016, we had a contingency reserve of ¥2,374.8 billion and a reserve for price fluctuations of ¥782.2 billion, a total of ¥3,157.1 billion.

In addition, as of March 31, 2016, we have additional policy reserves to cover for a negative spread and other risks amounting to ¥6,011.5 billion.

(Billions of yen)

As of March 31	2014	2015	2016
Total	¥ 3,203.0	¥ 3,210.8	<b>¥ 3,157.1</b>
Contingency reserve	2,588.7	2,498.7	<b>2,374.8</b>
Reserve for price fluctuations	614.2	712.1	<b>782.2</b>

Total of Contingency Reserve and Reserve for Price Fluctuations **¥3,157.1 billion**

### 4. Consolidated Real Net Assets

"Consolidated real net assets" is calculated by subtracting liabilities, other than contingency reserve, reserve for price fluctuations and other liabilities with equity characteristics, from total assets measured at market value. The regulatory agency uses consolidated real net assets as an indicator of an insurance company's financial soundness at the end of a fiscal period. A negative figure might lead to an order to suspend operations or other regulatory action. (Such regulatory action is not generally taken if the amount after subtracting unrealized losses associated

with held-to-maturity securities and policy-reserve-matching bonds is positive and liquid assets have been set aside.)

As of March 31, 2016, we had ¥14,649.5 billion in consolidated real net assets, an amount deemed to be sufficient.

(Billions of yen)

As of March 31	2014	2015	2016
Real net assets	¥ 9,446.9	¥ 11,521.1	<b>¥ 14,649.5</b>

Consolidated Real Net Assets **¥14,649.5 billion**

### 5. Net Unrealized Gains (Losses) on Securities

Net unrealized gains and losses on assets reflect the differential between market value and book value.

As of March 31, 2016, Japan Post Insurance Co. recorded a net unrealized gain on securities of ¥9,573.3 billion.

We recorded a ¥163.9 billion net unrealized gain on money held in trust and a ¥561.5 billion overall net unrealized gain on available-for-sale securities. Although net unrealized gains on available-for-sale securities are not recorded on the Statements of Income, an amount deducting the tax-effect amount is recorded on the Consolidated Balance Sheets as "Net unrealized gains (losses) on available-for-sale securities" within net assets.

(Billions of yen)

As of March 31	2014	2015	2016
	Net unrealized gains (losses) (before tax effects)		
Total	¥ 4,534.4	¥ 6,494.0	<b>¥ 9,573.3</b>
Held-to-maturity securities	3,169.7	4,537.1	<b>7,513.0</b>
Policy-reserve-matching bonds	1,099.1	1,175.2	<b>1,498.7</b>
Available-for-sale securities (before tax effects)	(Note 1) 265.5	(Note 2) 781.7	<b>(Note 3) 561.5</b>
Money held in trust	82.5	355.2	<b>163.9</b>

Notes: 1. After applying tax-effect accounting, a gain of ¥184.7 billion  
2. After applying tax-effect accounting, a gain of ¥558.0 billion  
3. After applying tax-effect accounting, a gain of ¥405.4 billion

Net Unrealized Gains (Losses) On Securities **¥9,573.3 billion**

(Unrealized gain)

## 6. Risk-Monitored Loans

Loans with repayment conditions that are not normal are termed risk-monitored loans. None of Japan Post Insurance's loans fall into this category.

## 2 Policyholder Dividends

Insurance premiums of life insurance policies are calculated based on assumed mortality rates, assumed rates of return and projected expenses for policy administration. If there is a positive difference between the assumed and actual figures, the surplus will be returned to policyholders in the form of dividends ("policyholder dividends") in accordance with the terms of their respective policies.

For the year ended March 31, 2016, we posted a provision for reserve for policyholder dividends of ¥178.0 billion.

- For Japan Post Insurance Policies, we accounted for provision for reserve for policyholder dividends of ¥7.5 billion.
- For Postal Life Insurance Policies, we posted provision for reserve for policyholder dividends of ¥170.4 billion under the reinsurance agreement concluded with the Management Organization, based on the performance of the segment related to reinsurance. Policyholder dividends on Postal Life Insurance Policies are determined by the Management Organization.

**Provision for Reserve for Policyholder Dividends    ¥178.0 billion**

## 3 Embedded Value (EV)

Embedded value ("EV") is one of the corporate value indicators for life insurance companies.

The profit-loss structure in the life insurance business involves a loss at the time of sale and profit over a policy's duration. A loss occurs temporarily at the time of sale, caused by a considerable amount of expenses generally incurred with the sale of a policy. Future profit is generated as the policy's long duration serves to provide revenues over a long period of time, covering these initial expenses.

Under the current statutory accounting practices in Japan, gains and losses are recognized as they occur in each fiscal year. EV, on the other hand, is used to represent the present value of gains and losses that cover the entire duration. EV is the sum of the adjusted net worth (ANW), which reflects gains/losses from business activities in the past, and the value of in-force covered business (VIF), which is the present value of the expected future profits from the in-force covered business.

Since the end of the year ended March 31, 2013, Japan Post Insurance Co. has been disclosing EV calculated on the basis of the European Embedded Value Principles ("EEV Principles") as additional information supplementary to the financial data provided under the current statutory accounting practices.

The EV of Japan Post Insurance as of March 31, 2016 was ¥2,718.3 billion, a decrease of ¥782.9 billion from March 31, 2015.

(Billions of yen)

As of March 31	2015	2016
EV	¥ 3,501.3	<b>¥ 2,718.3</b>
Adjusted net worth	1,739.6	<b>1,894.3</b>
Value of in-force covered business	1,761.6	<b>824.0</b>

Years ended March 31	2015	2016
Value of new business*	¥ 134.2	<b>¥ 118.2</b>

\* Value of new business is the present value of the future profits, as at the time of sale, expected from the new business obtained during the said fiscal year.

Note: For the EV as of March 31, 2016, we have revised the allocation of unrealized gains/losses on securities and certain other assets in respect of insurance policies, such that the unrealized gains/losses are included within the VIF rather than the ANW. For consistency, the EV as of March 31, 2015 is revised to reflect equivalent allocation of unrealized gains/losses. As a result, the total EV is unchanged by the revision.

(Reference) EV based on the ultimate forward rate<sup>(Note)</sup>

the EVs measured by using the ultimate forward rate as of March 31, 2015 and March 31, 2016 was ¥3,613.7 billion and ¥3,151.0 billion, respectively and the values of new business for the fiscal year ended March 31, 2015 and the fiscal year ended March 31, 2016 was ¥154.9 billion and ¥143.5 billion, respectively.

Note: The risk-free rate is an important assumption for the valuation of life insurance liabilities. Regarding the level of interest rates at longer durations, for which sufficiently liquid markets and reliable data are not available, we take an approach utilizing an ultimate forward rate assumed to converge over a period of time to a fixed ultimate level, commonly set based on macroeconomic or other methods instead of by the previous method of setting the assumed forward rate to be constant at and beyond the last duration for which market data are available.

**Embedded Value (EV)    ¥2,718.3 billion**

(Reference) EV based on the ultimate forward rate: ¥3,151.0 billion

\*We requested a third party (actuarial firm) with actuarial expertise and knowledge to review the methodology and assumptions used to calculate the EV results and obtained a written opinion verifying the validity. For details of this third-party opinion, please refer to our website. The calculation of EV is based on many assumptions, including future outlook, which involves certain risks and uncertainties. Since actual performance may differ materially from the assumptions, we strongly recommend that users exercise caution.

## 4 Insurance Policies

During the year ended March 31, 2016, Japan Post Insurance sold 2.39 million individual insurance policies with a total policy amount of ¥7,168.4 billion. Annualized premiums of individual insurance policies amounted to ¥485.3 billion, whereas annualized premiums related to third-sector amounted to ¥49.5 billion.

As of March 31, 2016, we had 15.35 million individual insurance policies in force with a total policy amount of ¥44,406.2 billion. Annualized premiums of individual insurance policies amounted to ¥2,863.5 billion (or ¥5,031.4 billion when reinsured Postal Life Insurance Policies (Insurance) are included), whereas annualized

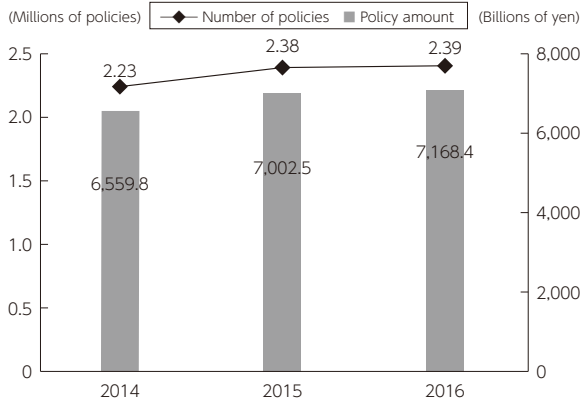
premiums related to third-sector amounted to ¥293.4 billion (or ¥738.7 billion when reinsured Postal Life Insurance Policies are included).

Regarding the Postal Life Insurance Policies received from the Management Organization in the form of reinsurance, as of March 31, 2016, policies reinsured by Japan Post Insurance amounted to 16.97 million insurance policies with an insured amount of ¥46,114.5 billion and 2.58 million annuity policies with an annuity amount of ¥932.1 billion.

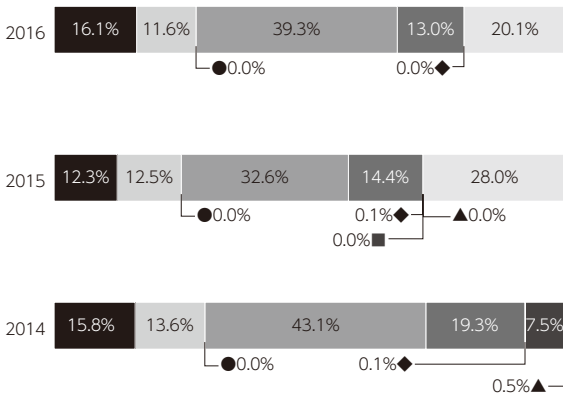
### New Policies

#### Number of Policies, Policy Amount and Composition by Product (Individual Insurance)

For the years ended March 31



For the years ended March 31



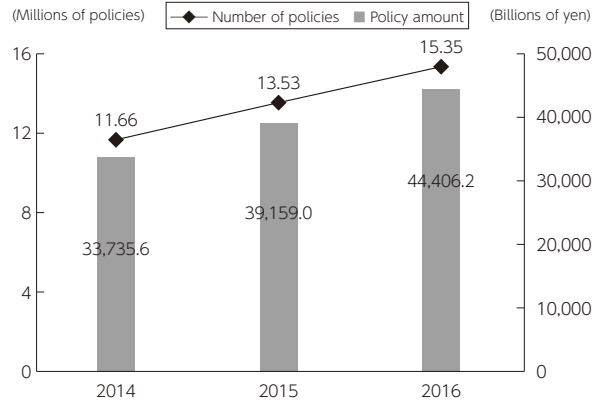
- Ordinary whole life insurance
- Special whole life insurance
- Whole life insurance with nursing care benefit
- Ordinary term insurance
- Ordinary endowment insurance
- Special endowment insurance
- ◆ Designated endowment insurance
- Educational endowment insurance
- ▲ Educational endowment insurance with scholarship annuity
- Educational endowment insurance (H24)
- ▲ Others

Note: The number of policies and policy amounts do not include the Postal Life Insurance Policies that Japan Post Insurance has received from the Management Organization in the form of reinsurance.

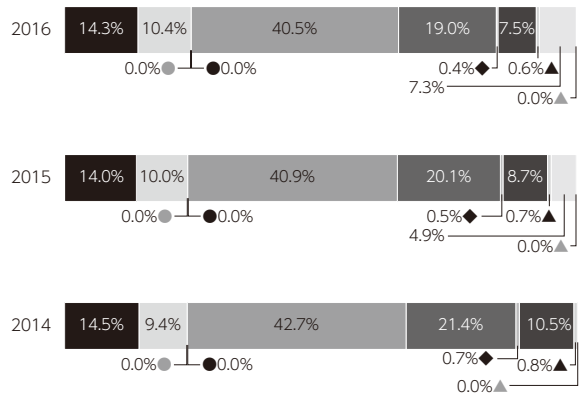
### Policies in Force

#### Number of Policies, Policy Amount and Composition by Product (Individual Insurance)

As of March 31



As of March 31





## 5 Performance Overview

### 1. Assets

As of March 31, 2016, total assets of Japan Post Insurance amounted to ¥81.5 trillion, a decrease of ¥3.3 trillion from ¥84.9 trillion at the end of the previous fiscal year.

In terms of investment, we continued to invest primarily in yen-denominated interest-bearing assets that provide stable interest income. We also invested in risk assets, such as foreign securities and stocks, while enforcing adequate risk management.

#### Corporate and government bonds [Decrease]

For corporate and government bonds, Japan Post Insurance invested primarily in long-term and super-long-term bonds capturing a rise in interest rates, in view of their value as assets that secure stable income. However, as domestic interest rates shifted downward, we limited our investments.

As a result, corporate and government bonds amounted to ¥59.8 trillion, a decrease of ¥4.4 trillion from ¥64.2 trillion at the previous fiscal year-end.

#### Foreign securities [Increase]

For foreign securities, in view of the trends of both domestic and foreign interest rates, with the aim of raising investment income, Japan Post Insurance increased investments with a focus on hedged foreign bonds.

As a result, foreign securities amounted to ¥3.6 trillion, an increase of ¥1.7 trillion from ¥1.9 trillion at the previous fiscal year-end.

#### Money held in trust [Increase]

For money held in trust, investments were carried out with close attention paid to market trends. With the aim of raising investment income, Japan Post Insurance increased investments, centering on domestic stocks.

As a result, money held in trust amounted to ¥1.6 trillion, an increase of ¥0.2 trillion from ¥1.4 trillion at the previous fiscal year-end.

#### Loans [Decrease]

For loans, Japan Post Insurance provided loans including syndicated loans, loans to local governments and policy loans. The amount of loans decreased due to the repayment of loans to the Management Organization.

As a result, loans amounted to ¥8.9 trillion, a decrease of ¥0.9 trillion from ¥9.9 trillion at the previous fiscal year-end.

### 2. Asset Management Yield

Years ended March 31	2014	2015	2016
Yield	1.71%	1.70%	1.62%

Note: Asset management yield includes capital gains and losses, etc.

#### ■ Composition of Assets (Non-Consolidated)

As of March 31  
(Billions of yen)

