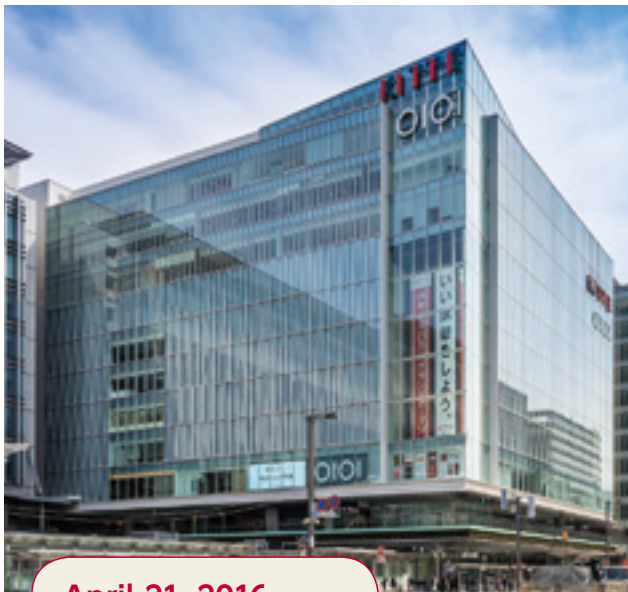


2017

JAPAN POST GROUP Annual Report

Year ended March 31, 2017

Japan Post Group Pictorial Highlights in fiscal year ended March 31, 2017



April 21, 2016
Opening of KITTE HAKATA



June 17, 2016
Opening of KITTE NAGOYA



June 13, 2016
Japan Post Bank Co. corporate ads "Yu-chan"



May 22, 2016
Commemorative event for the children's tree-planting campaign "Tohoku Regeneration Green Wave"



July 8, 2016

Collaborative promotion with the AEON Group



July 31, 2016

55th Festival of 10 Million People's Radio Exercise and Minna no Taiso ("Exercise for Everyone")



September 2016

Held "Autumn Message Festa 2016 in KITTE"

September 2016

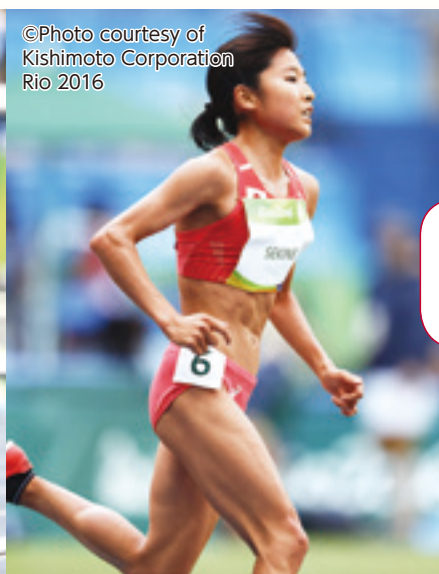
Japan Post Insurance Co. corporate ads "Life is Full of Dreams"



©Photo courtesy of
Kishimoto Corporation
Rio 2016

Women's 5000m

Ayuko Suzuki



©Photo courtesy of
Kishimoto Corporation
Rio 2016

Women's 10000m

Hanami Sekine

August 2016

Competed in the 31st Olympic Games Rio de Janeiro 2016

*Japan Post Co. is the Japan Olympic Committee's Official Partner in Postal Services



November 27, 2016

36th All Japan Industrial Teams Women's Ekiden (Queens Ekiden in Miyagi)



©Photo courtesy of
Kishimoto Corporation



November 5 to 6, 2016

Won first place in the corporate mascot
category of the Yuru-chara Grand Prix



December 8 to 10, 2016

EcoPro 2016 - International Exhibition on
Environment and Energy



January 23, 2017
Started trial settlement service for "mijica"



January 18, 2017
Japan Post Group advertising campaign



January 27, 2017
Joined the Iku-Boss Corporate Alliance organized by the specified non-profit corporation Fathering Japan



March 23, 2017
Japanese Post Co. and Honda Motor Co., Ltd. started looking into collaboration toward the establishment of social infrastructure

Corporate mascot of
Japan Post Insurance Co.

Kampo-kun

March 10, 2017
Name decided for the new corporate mascot of Japan Post Insurance Co.



1. Message from the President



I am pleased to present the Japan Post Group's Annual Report for the fiscal year ended March 31, 2017.

This year the Japan Post Group marks the 10th anniversary of its privatization. On this occasion, we would like to express our deepest gratitude for your support to the present.

Toll Holdings Limited, which the Japan Post Group acquired in 2015, recorded a sudden decline in business results due to a downturn in the Australian economy that exceeded our initial expectations, a sharp decline in resource prices and other factors. Accordingly, in the fiscal year ended March 31, 2017 we recorded a ¥400.3 billion impairment loss for the entire amount of Toll's goodwill and trademark rights and a portion of its tangible fixed assets. As a result, the Japan Post Group recorded a consolidated net loss of ¥28.9 billion.

The entire management team regards this enormous impairment and net loss as an extremely serious matter. From a different perspective, however, we believe this impairment is especially significant because it also allows us to completely liquidate the negative legacy at Toll, making it easier for us to carry out forward-looking operations.

We will make our utmost efforts to achieve a recovery in business results to ensure this impairment serves as a step toward a fresh start for the Japan Post Group and a turning point for improved profits allowing us to regain the trust of our shareholders and other stakeholders. In undertaking these efforts, we ask for your understanding, ongoing patronage and support.

This report for the fiscal year ended March 31, 2017 summarizes the Japan Post Group's business conditions and results, which we sincerely hope will give you a deeper understanding of the Japan Post Group.

Priority Issues for the Year Ended March 31, 2017

As the second year of our Medium-term Management Plan, the fiscal year ended March 31, 2017 was positioned as a year for "Leaping ahead for growth and development" toward being a "Total Lifestyle Support Group." Accordingly, we strived to provide services, mainly postal, banking and insurance services through the post office network, that meet the additional needs of customers, local communities and society.

Regarding the postal and logistics business, as a

response to our ever-expanding parcel delivery business, we worked to enhance customers' convenience of receiving postal items. These efforts included expanding and promoting services that enable customers to receive products purchased via internet mail order at convenience stores and at "HAKO POST" receiving lockers. Furthermore, we upgraded our Yu-Packet service, favorably acclaimed as one of our small-package delivery services. Regarding the "MyPost" digital message service, we made efforts for collaboration with the Social Security and Tax Number System portal site, promoted by the Japanese government

and for responding to one-stop services.

Regarding the post offices business, we expanded our offering of collaborative financial products, which included increasing the number of post offices handling medical insurance with eased underwriting conditions. In real estate development, "KITTE HAKATA" started business on April 21 and "KITTE NAGOYA" on June 17, 2016. At the same time, we held numerous events such as the Christmas event "WHITE KITTE" as part of efforts to attract numerous customers.

In our international logistics business, we established management improvement measures to build a foundation for a recovery and future growth in business results. These measures centered on reforming Toll's management and lowering its costs by reducing staff and consolidating divisions under Toll's new management team.

In our banking business, Japan Post Bank Co., Ltd. upgraded its asset product lineup to meet customers' diversifying asset management needs. Additionally, Japan Post Bank Co. promoted initiatives for collaboration with regional financial institutions and for invigorating regional economies. In investments, Japan Post Bank Co. worked to diversify and sophisticate its investments by taking such measures as expanding its global allocation of assets and commencing private equity and real estate investments.

In our life insurance business, Japan Post Insurance Co., Ltd. created new characters and implemented commemoration events to celebrate the milestone of the 100th anniversary of Postal Life Insurance Services. Japan Post Insurance Co. also accelerated its business alliance with The Dai-ichi Life Insurance Company, Limited and enhanced the efficiency of its insurance claim payment examination operations utilizing the artificial intelligence, (AI) "Watson" technology.

Through the promotion of the preceding initiatives, in the fiscal year ended March 31, 2017 the Japan Post Group recorded net ordinary income of ¥795.2 billion and a net loss attributable to Japan Post Holdings of ¥28.9 billion on a consolidated basis. Once again, our management team takes this loss extremely seriously.

Priority Issues for the Year Ending March 31, 2018

The fiscal year ending March 31, 2018 will be a year for completing the Medium-term Management Plan. We also position this year as a year for drawing a roadmap for further sustainable growth and development as we aim to be a "Total Lifestyle Support Group."

Regarding the postal and logistics business, we will raise productivity and improve profit-making capabilities centering on growing e-commerce markets with our best effort to optimize and sophisticate our network, while continuing to improve profitability for Yu-Pack and other services by ensuring appropriate pricing for quality services. We will also

maintain efforts to reorganize our postal and logistics networks.

Regarding the post offices business, we will expand our revenue base by promoting total lifestyle support while also providing existing financial services.

In our international logistics business, we will continue to position Toll as the centerpiece in developing our global business. We will work to improve Toll's management through measures that include revising organizational structures by consolidating and simplifying divisions while also improving service quality.

In our banking business, Japan Post Bank Co. will strengthen its fee business by expanding sales of investment trusts, undertaking the settlement business and collaborating with regional financial institutions. Japan Post Bank Co. will also promote alternative investments as well as expand investment targets and methods to further sophisticate and diversify its investments.

In our life insurance business, Japan Post Insurance Co. will develop products that respond to customer needs and strengthen sales emphasizing coverage, promote operational and system reforms using the "Watson" technology and alongside these measures expand alternative investments and strengthen its investment structure.

As a Group-wide initiative, we will consider strategic investments such as M&A, strengthen corporate governance and promote work-style reforms.

On a different front, we appreciate the support by many people for the Japan Post Group Women's Athletics Team, which is now in its third year, and two members of the team participated in the Rio de Janeiro Olympics. The team also earned its first victory in the 36th All Japan Industrial Teams Women's Ekiden (Queens Ekiden in Miyagi). Going forward, the team is working as one toward attaining further goals, such as participation in the 2020 Tokyo Olympic Games, so we ask you to continue giving the team your full support.

In the fiscal year ending March 31, 2018 as well, 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 achieve growth and development toward becoming a "Total Lifestyle Support Group."

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

July 2017

Masatsugu (Mat) Nagato

President & CEO

Representative Executive Officer

Japan Post Holdings Co., Ltd.

2017 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, 2017.

Japan Post Group Overview

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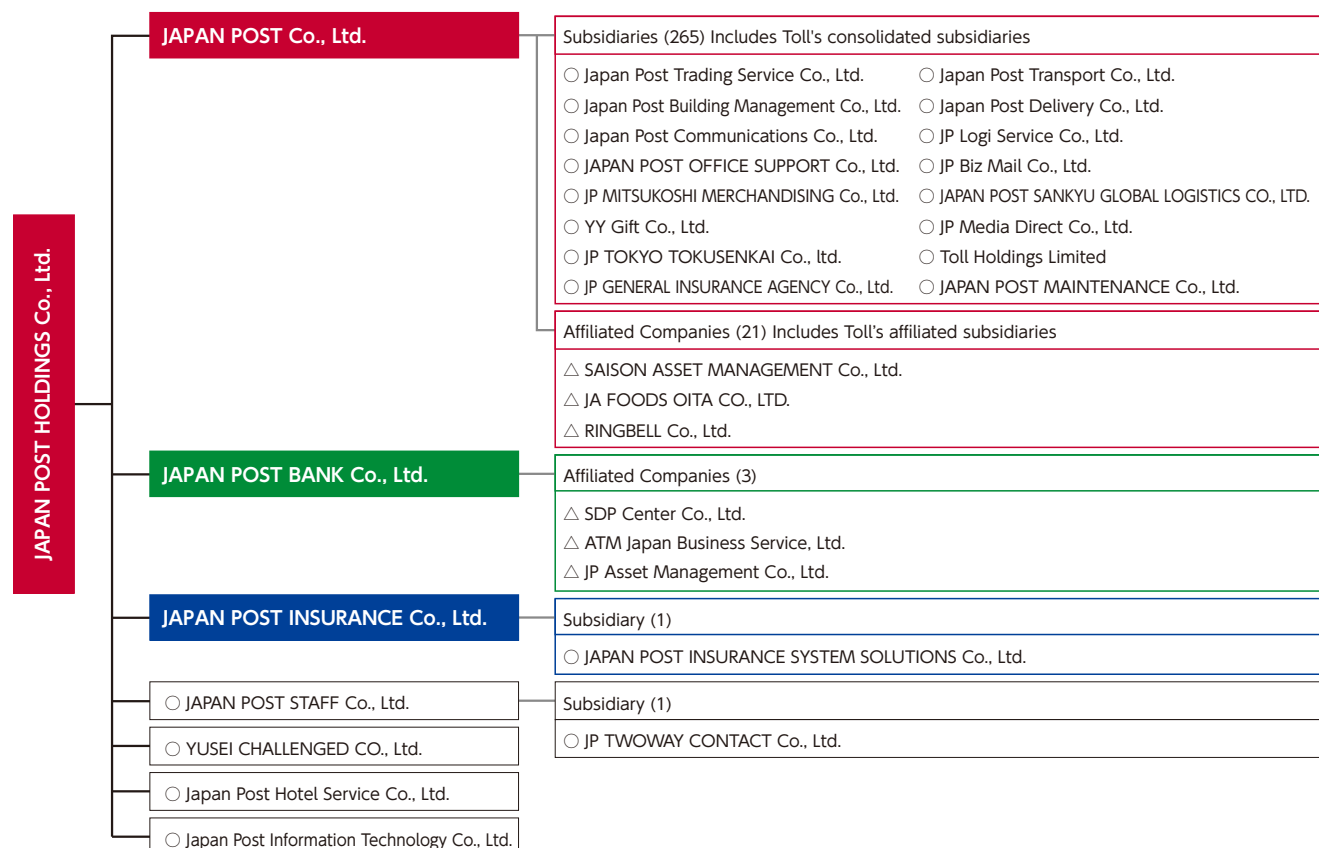
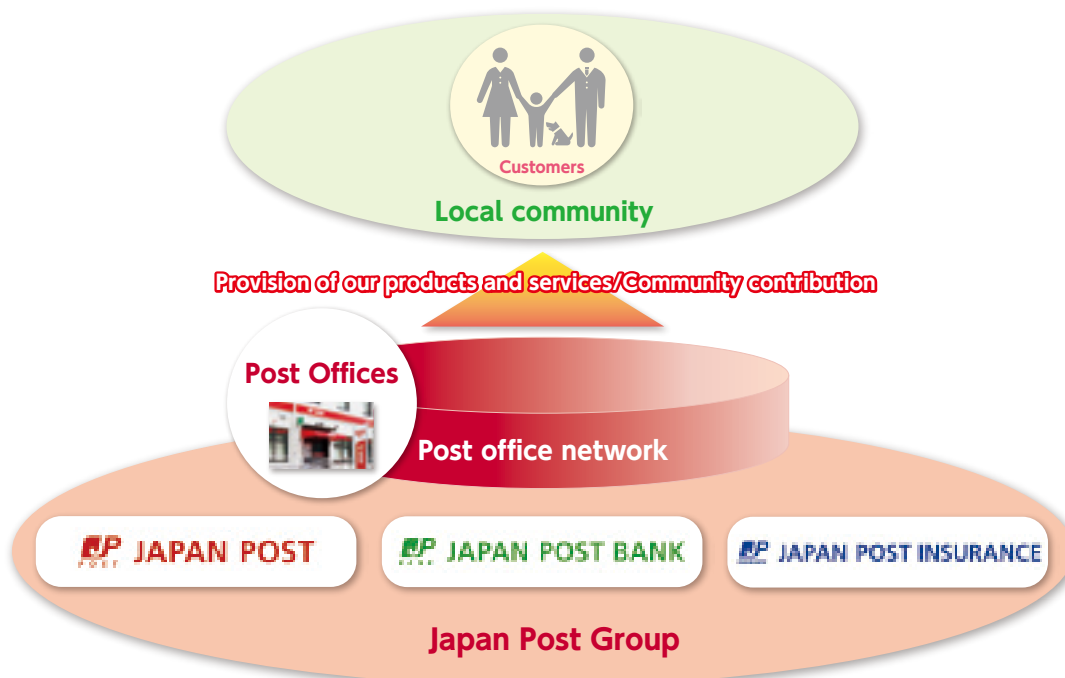
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1. The Operations of the Japan Post Group

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 strive 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.



(Notes) ○ and △ denote consolidated subsidiaries and equity method affiliates, respectively (as of March 31, 2017)

② Nationwide Post Office Network

With 24,421 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, 2017)

Directly operated post offices (including branch offices)	20,158
Contracted post offices	4,263
Total	24,421

Note: Includes 67 directly operated post offices and 285 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
860

Including **188**
contracted post offices

4 Japan Post Bank branches
4 Japan Post Insurance branches

Kinki area

Number of post offices
3,458

Including **355**
contracted post offices

44 Japan Post Bank branches
10 Japan Post Insurance branches

Chugoku area

Number of post offices
2,263

Including **509**
contracted post offices

11 Japan Post Bank branches
6 Japan Post Insurance branches

Okinawa area

Number of post offices
199

Including **24**
contracted post offices

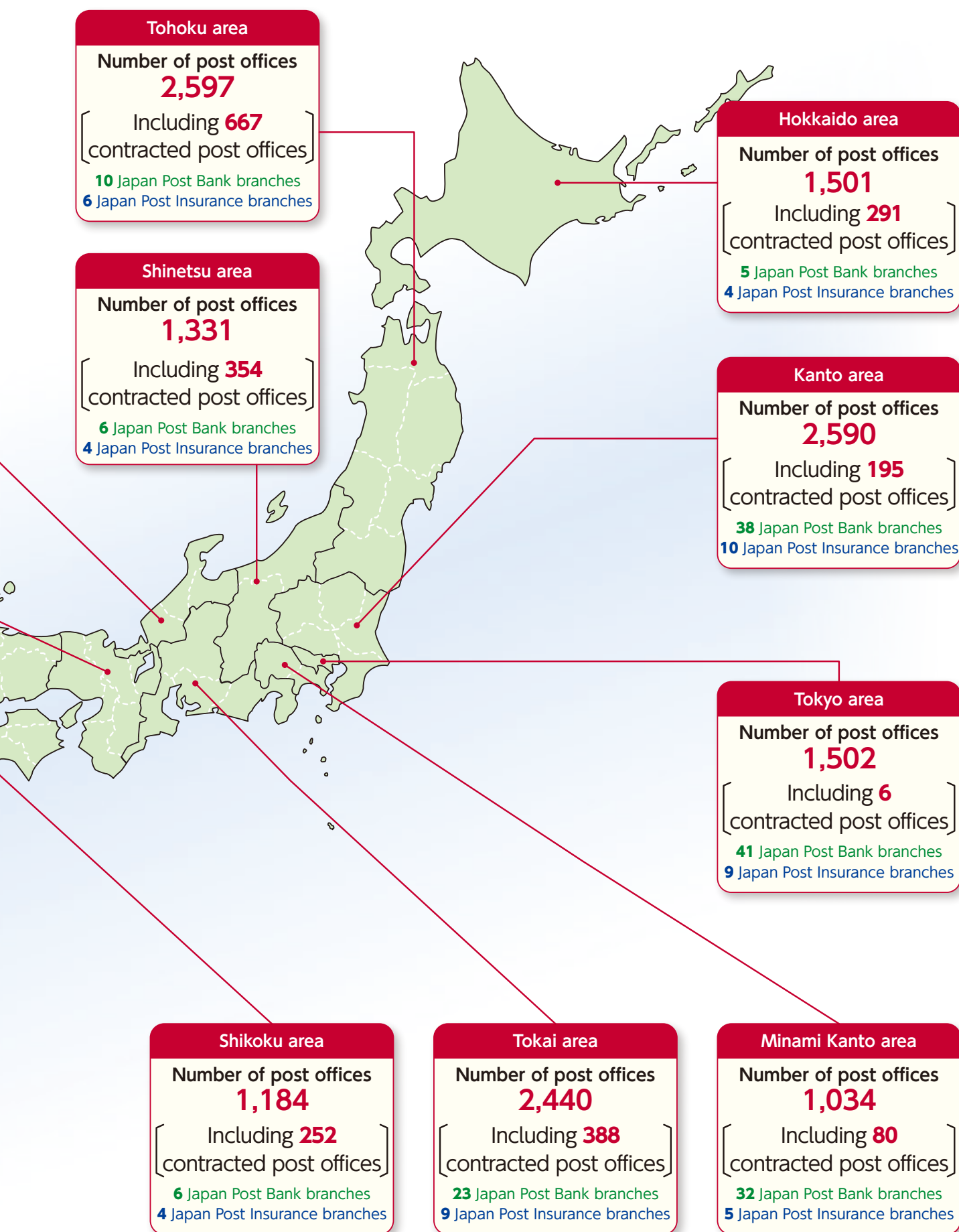
1 Japan Post Bank branch
1 Japan Post Insurance branch

Kyushu area

Number of post offices
3,462

Including **954**
contracted post offices

13 Japan Post Bank branches
10 Japan Post Insurance branches



2. Japan Post Group Financial Review

1

Consolidated Summary (April 1, 2016 to March 31, 2017)

The Japan Post Group's consolidated net ordinary income was ¥795.2 billion and net loss attributable to Japan Post Holdings Co. was ¥28.9 billion. At the end of the fiscal year, total assets amounted to ¥293,162.5 billion and net assets totaled ¥14,954.5 billion.

Consolidated Financial Highlights (April 1, 2016 to March 31, 2017)

Consolidated Results of Operations

Ordinary income (Year ended March 31, 2017) ¥13,326,534 million (Year ended March 31, 2016) ¥14,257,541 million		Net ordinary income (Year ended March 31, 2017) ¥795,237 million (Year ended March 31, 2016) ¥966,240 million		Net income (loss) attributable to Japan Post Holdings Co. (Year ended March 31, 2017) ¥(28,976) million (Year ended March 31, 2016) ¥425,972 million	
Net income (loss) per share (Note 1) (Year ended March 31, 2017) ¥(7.04) (Year ended March 31, 2016) ¥97.26		Diluted net income per share (Note 2) (Year ended March 31, 2017) — (Year ended March 31, 2016) —			
Return on equity (Year ended March 31, 2017) (0.2)% (Year ended March 31, 2016) 2.9%		Net ordinary income/Total assets (Year ended March 31, 2017) 0.3% (Year ended March 31, 2016) 0.3%		Net ordinary income/Ordinary income (Year ended March 31, 2017) 6.0% (Year ended March 31, 2016) 6.8%	

(Reference) Equity in earnings (losses) of affiliates
 Year ended March 31, 2017: ¥1,670 million
 Year ended March 31, 2016: ¥1,070 million

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

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 ¥293,162.5 billion, a year-on-year increase of ¥1,215.4 billion. Assets included securities of ¥202,320.5 billion and loans of ¥12,125.0 billion.

Consolidated total liabilities at the end of the fiscal year were ¥278,207.9 billion, a year-on-year increase of ¥1,436.9 billion. Liabilities included deposits of ¥178,004.3 billion and policy

reserves of ¥72,525.1 billion.

Net assets decreased by ¥221.5 billion from the end of the previous fiscal year to ¥14,954.5 billion. Net assets included net unrealized gains (losses) on available-for-sale securities of ¥3,105.1 billion.

As of March 31, 2017, the consolidated capital adequacy ratio (domestic standard) was 23.80%.

Total assets (As of March 31, 2017) ¥293,162,545 million (As of March 31, 2016) ¥291,947,080 million		Total liabilities (As of March 31, 2017) ¥278,207,964 million (As of March 31, 2016) ¥276,770,992 million		Net assets (As of March 31, 2017) ¥14,954,581 million (As of March 31, 2016) ¥15,176,088 million	
Equity ratio (Note 1) (As of March 31, 2017) 4.6% (As of March 31, 2016) 4.7%		Net assets per share (As of March 31, 2017) ¥3,268.19 (As of March 31, 2016) ¥3,327.37		Consolidated capital adequacy ratio (domestic standard) (Note 2) (As of March 31, 2017) 23.80% (As of March 31, 2016) 27.47%	

(Reference) Equity
 As of March 31, 2017: ¥13,451,766 million
 As of March 31, 2016: ¥13,697,749 million

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

2. The consolidated capital adequacy ratio (domestic standard) has been 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, 2016 to March 31, 2017)

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 ¥303.8 billion, net ordinary income was ¥228.8 billion and net income was ¥207.0 billion.

Results of Operations

Operating income (Year ended March 31, 2017) ¥303,808 million (Year ended March 31, 2016) ¥309,975 million	Net operating income (Year ended March 31, 2017) ¥226,964 million (Year ended March 31, 2016) ¥231,417 million	Net ordinary income (Year ended March 31, 2017) ¥228,831 million (Year ended March 31, 2016) ¥232,919 million	Net income (Year ended March 31, 2017) ¥207,015 million (Year ended March 31, 2016) ¥94,311 million
Net income per share (Note 1) (Year ended March 31, 2017) ¥50.29 (Year ended March 31, 2016) ¥21.53		Diluted net income per share (Note 2) (Year ended March 31, 2017) — (Year ended March 31, 2016) —	
Return on equity (Year ended March 31, 2017) 2.6% (Year ended March 31, 2016) 1.1%	Net ordinary income/Total assets (Year ended March 31, 2017) 2.7% (Year ended March 31, 2016) 2.7%	Net operating income/Operating income (Year ended March 31, 2017) 74.7% (Year ended March 31, 2016) 74.7%	

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, 2015.

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, 2017) ¥8,261,109 million (As of March 31, 2016) ¥8,418,459 million	Net assets (As of March 31, 2017) ¥8,057,856 million (As of March 31, 2016) ¥8,057,703 million
Equity ratio (As of March 31, 2017) 97.5% (As of March 31, 2016) 95.7%	Net assets per share (As of March 31, 2017) ¥1,957.71 (As of March 31, 2016) ¥1,957.32

(Reference) Equity
 As of March 31, 2017: ¥8,057,856 million
 As of March 31, 2016: ¥8,057,703 million

3 Summary of Financial Results of Group Companies (April 1, 2016 to March 31, 2017)

1. Results of Operations (Year ended March 31, 2017)

	Japan Post Co. (Consolidated)	Japan Post Bank Co. (Non-consolidated)	Japan Post Insurance Co. (Consolidated)
Ordinary income	¥3,765.8 billion	¥1,897.2 billion	¥8,659.4 billion
Net ordinary income	¥52.2 billion	¥442.0 billion	¥279.7 billion
Net income (loss)	¥(385.2) billion	¥312.2 billion	¥88.5 billion

(Reference: Year ended March 31, 2016)

Ordinary income	¥3,648.4 billion	¥1,968.9 billion	¥9,605.7 billion
Net ordinary income	¥42.3 billion	¥481.9 billion	¥411.5 billion
Net income	¥47.2 billion	¥325.0 billion	¥84.8 billion

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

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

2. Financial Position (As of March 31, 2017)

	Japan Post Co. (Consolidated)	Japan Post Bank Co. (Non-consolidated)	Japan Post Insurance Co. (Consolidated)
Total assets	¥5,091.3 billion	¥209,568.8 billion	¥80,336.7 billion
Total liabilities	¥4,297.1 billion	¥197,788.7 billion	¥78,483.5 billion
Net assets	¥794.2 billion	¥11,780.0 billion	¥1,853.2 billion

(Reference: As of March 31, 2016)

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

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

Please refer to pages 28 through 29 and pages 124 through 125 for information on Japan Post Co., pages 38 through 39 and page 125 for information on Japan Post Bank Co., and pages 51 through 52 and page 125 for information on Japan Post Insurance Co.