

Aiming to Be a Group to Totally Support Customers' Lifestyles

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Overview of the Japan Post Group Medium-term Management Plan

As expressed by the Group Medium-term Management Plan announced on April 1, 2015, the Japan Post Group is implementing various strategies and measures aimed at attaining development into the future as a "Total Lifestyle Support Group" that can be useful to customers, communities and society by fully leveraging the Group's management resources and further vitalizing the post office network.

Under the Medium-term Management Plan, the Japan Post Group is taking into consideration the results of various initiatives implemented in the fiscal year ended March 31, 2015 and changes in the business environment to overcome the new "Three challenges" it faces, which are "Pursuit of greater profitability," "Improvement of productivity" and "Corporate governance and redistribution of profits to our customers as appropriate for listed companies," and has formulated strategies to achieve further growth and development of the Group. These efforts are based on the three pillars

Five strategies for business growth and development (vertical growth)

- 1 **Revival of the postal and logistics business**
 - Expansion of Yu-Mail services
Approximately 680 million parcels in the fiscal year ended March 31, 2018
 - Expansion of Yu-Mail services
Approximately 4.1 billion booklet parcels in the fiscal year ended March 31, 2018
 - Counting on Toll as a platform for the expansion of the international logistics business
- 2 **Vitalization of the post office network**
 - Community contributions
Secured provision of universal services
Full-scale implementation of the Post Office Watch Service
Contribution to the Hometown Tax (Furusato Nozei) system
 - Expansion/Improvement of products and services
Affiliated financial services: ¥20.0 billion in the fiscal year ended March 31, 2018
Merchandise sales: ¥20.0 billion in the fiscal year ended March 31, 2018 (consolidated net sales of ¥150.0 billion)
Real estate businesses: Stable operating income of ¥25.0 billion
- 3 **Further increase in Japan Post Bank's revenues**
 - Increase assets under management
Aim to grow balance of deposits by ¥3 tn and net balance of investment products by ¥1 tn within three years
 - Increase in fees and commissions
Expand growth fields such as investment products and ATM alliances
- 4 **Recovering from bottoming out of Japan Post Insurance's policies in force**
 - Increase new policies
Further increase new policies to the ¥50.0 billion level in the fiscal year ended March 31, 2017
 - Strengthened sale channels and improved products and services
Develop post office sales force and strengthen sales of endowment and whole life insurance policies
Develop endowment insurance with short-term premium payments and enhance services for elderly people
- 5 **Sophisticated asset management for revenue growth**
 - Realization of a sophisticated risk management system
Japan Post Bank: Increase the satellite portfolio balance
Japan Post Insurance: Accelerate diversification of investment assets

Consolidated business targets (the fiscal year ended March 31, 2018)

Consolidated net income*

*Including minority interests (profits or losses belonging to non-controlling shareholders)

➡ **Around ¥450 billion**

2014 2015 2017

New "Three challenges"

- Pursuit of greater profitability
- Improvement of productivity
- Corporate governance and redistribution of profits to our customers as appropriate for listed companies

Promote group strategies to accomplish growth and development

New Japan Post Group Network Creation Plan 2016⇒2017

Establishment period ➡

Overcome the new **"Three challenges"** and establish Group strategies to accomplish growth and development

- Business growth and development (vertical growth)
- Implement Group strategies that support network expansion and evolving functions (horizontal evolution)

1 Sales and service strategy

- Expanded sales activities to accept middle-to-small-size orders in the postal and logistics business
- Enhancement and expansion of our customer base in the post office business
- Promoting the use of our anchor products that are suitable for each stage of our customer's life cycle in the banking business
- Enhancement of sales capabilities through the channels (post offices and directly managed sales offices) in the insurance business

Five Group strategies

serving as Group's management policies, namely "Bolstering the earning power of our three core businesses and strengthening the Group's business foundation," "Fulfilling our obligation to provide universal services" and "Enhancing our corporate value in anticipation of the Group's stock listing." Specifically, we formulated "strategies for business growth and development (vertical growth)" and "Group strategies that support network expansion and the evolution of functions (horizontal evolution)." By implementing these strategies simultaneously, we aim to create a new postal network.

In other words, we will fully leverage the Group's integrated operations centering on the post office network, which is the Group's greatest strength. Meanwhile, each Group company will fully utilize its own respective strengths by carrying out business in accordance with changes in the environment.

Ideas on the redistribution of profits to shareholders (on a consolidated basis)

We will seek for the continuous and stable redistribution of profits to our shareholders in accordance with our performance.

➔ **Targeted payout ratio target: 50% or more** (by the fiscal year ended March 31, 2018*)

* Only a year-end dividend was paid for the fiscal year ended March 31, 2016. Considering there was less than six months between the public listing and the record date for the relevant year-end dividend, we aim to pay out 25% or more of net income as the amount for year-end dividends for the concerned fiscal year.

Continue evolution and development to create the new Japan Post Group network

"Total Lifestyle Support Group"

- Sustainable development in business
- Securing a stable income
- Maximizing the utility and community-focused natures of our services

Growth and development period

2

IT strategy

- Development and operation of the Group IT bases
- Support for the promotion of business strategies in each segment
- Expansion of services and the improvement of their quality
- Improved efficiency and operational quality
- Compliance and risk management
- Cost reduction
- Improvement of system reliability

3

Investment strategy

- Implementation of an infrastructure investment (facilities, equipment and systems) to strengthen our business foundation (¥1,090.0 billion)
- Promote real estate development (¥70.0 billion)
- Strategic investment that contributes to the growth of the Group making use of income from the stock sales (¥800.0 billion)

4

Efficiency and cost control strategy

- Investment policies for business efficiency
- Productivity improvements by reviewing operational procedures
- Cost controls under appropriate manpower management
- Efficient use of expenses

5

Human resource development strategies

- Promotion of diversity management (support for women to work actively, etc.)
- Development of human resources with strong sales capabilities (enhance training, etc.)
- Development of human resources with expertise
- Development of personnel who can play their expected roles

that support network expansion and the evolution of functions (horizontal evolution)

2. Operations of Japan Post Co.



Kunio Yokoyama
President & CEO
Japan Post Co., Ltd.

Message from the Company



I would like to express my appreciation to our customers for your ongoing use of our post offices.

For over 140 years since the founding of our postal operations in 1871, post offices have provided postal, banking and insurance services based on the concept of offering customers security while earning their trust.

Japan Post Co. aims to be an integrated lifestyle support corporate group that helps customers realize safe, secure, comfortable and enriched lives and lifestyles by providing each of them with a variety of products and services tailored to their diverse lifestyles and life stages.

Overview of the Year Ended March 31, 2017

In the fiscal year ended March 31, 2017, we aimed to create stable management foundations for sustainable growth by

further expanding earnings in this period of economic recovery and thoroughly enhancing cost management.

In response to expansion in the e-commerce market, we worked to expand services such as Yu-Pack and Yu-Packet primarily by enhancing the convenience of receiving parcels through increasing receipt at convenience stores and providing receiving lockers (HAKO POST) and by establishing a basic fee for Yu-Packet. We also sought to restructure the mail and logistics network, which included opening new regionalized post offices.

In terms of financial services, we enhanced the customer response capabilities of employees through training and increased the number of new contracts on the back of measures being implemented for the centenary of Japan Post Insurance Co. In the real estate business, we promoted our leasing building business in an effort to strengthen

earnings capacity, which included opening KITTE HAKATA.

Additionally, we thoroughly enhanced compliance based on our compliance program with the aim of maintaining and advancing the trust we have earned from customers.

As a result of an impairment test based on the latest financial forecasts of Toll Holdings Limited, a subsidiary, conducted following a decline in performance caused primarily by a decline in resource prices, an impairment loss was recorded on the consolidated financial statements for the fiscal year ended March 31, 2017. This led to a significant loss and played a large part in the loss posted in consolidated Group results. I take this loss extremely seriously.

As a result of the aforementioned, Japan Post Co. recorded consolidated operating income of ¥3,758.9 billion and net ordinary income of ¥52.2 billion. A net loss of ¥385.2 billion was posted due to an impairment loss of approximately ¥400.0 billion for goodwill, etc., at Toll.

Issues for the Future

The environment surrounding the company is changing every moment, characterized in particular by an increase in online selling and the diversification of customer needs related to service quality. On top of this, personnel expenses per employee are continuing to rise due mainly to tight conditions in the labor market. To ensure that we can smoothly and reliably provide customers with services in the future, we recognize the importance of responding properly to such a business environment and establishing stable management as an urgent management issue.

In light of these circumstances, in the fiscal year ended March 31, 2018, we aim to create stable management foundations to drive growth by further expanding earnings and thoroughly enhancing cost management while fulfilling our social mission.

In the e-commerce market, in particular, we will continue to promote highly efficient services for receiving items and work to build a sales structure that can respond collectively to a wide range of customer needs. Besides this, we will strive to restructure the mail and logistics network by opening new regionalized post offices.

In terms of postage fees, although we are endeavoring to boost productivity and reduce costs amid a continued decline in mail, a decline in financial performance of the mail business due mainly to rising personnel costs per unit recently prompted us to make a partial revision to postage fees in June 2017 to promote the stable provision of services. We ask for your understanding in this matter.

Further, we will strive to reinforce our earnings capabilities primarily by strengthening the customer responsiveness of our employees in conjunction with Japan Post Bank Co. and Japan Post Insurance Co., and by developing our affiliated financial services such as cancer insurance and our real estate business.

Japan Post Co. will also continue working to thoroughly enhance compliance with the aim of securing even greater trust from customers. With regard to our support of disaster recovery, we will cooperate closely with the companies of the Japan Post Group to support the daily lives of those affected by disasters such as through the reopening of post offices.

With regard to Toll, we are taking steps to stimulate business recovery, including an overhaul of the management team, a reduction in headcount and elimination/consolidation of divisions. With this business positioned as a key pillar for global development, we will also implement measures to improve management so that it can contribute to enhanced corporate value for the Group.

Going forward, all of us in Japan Post Co. are united in our efforts to provide even higher quality services. We appreciate your continued use of our post offices and patronage.

Operations of Japan Post Co.

Japan Post Co. is the company in the Japan Post Group that deals with postal, domestic distribution business and post office business as well as international logistics business.

In addition to impartially providing universal postal services at the lowest possible rates, we offer customers nationwide banking counter operations under consignment from Japan Post Bank Co. and insurance counter operations under consignment from Japan Post Insurance Co. through post offices.

Going forward, efforts will be made to maintain the level of the post office network, which is a shared asset of the Japanese people, and fully ensure major public benefits and contribute to local communities while making post office services even more convenient and promoting initiatives to comprehensively support the daily lives of local customers.

① Overview of Operations and Services

Postal and Domestic Distribution Business

In addition to providing domestic postal services at the fairest possible rates across Japan, we offer international postal services (letter, parcel and EMS*) in accordance with the Universal Postal Convention and other international postal agreements.

In response to the one-stop outsourcing needs of business customers, subsidiaries such as JP Biz Mail Co., Ltd. provide contracted one-stop total services that range from mail planning and preparation (printing) to mail insertions, sealing and sending.

Japan Post Co. is also commissioned by the Japanese government to sell documentary stamps and issues donation-added New Year's postcards.

Japan Post Co. provides Yu-Pack, Yu-Mail and other logistics services as well as services that accurately meet diverse customer needs in line with growth in the e-commerce market. In terms of increasingly diversified and sophisticated logistics needs, we are deploying third party logistics (3PL) services from the design, proposal and formation to operation of an optimal logistics strategy together with such subsidiaries as JP Logi Service Co., Ltd. and JP Media Direct Co., Ltd. and led by the logistics solutions center.

*EMS: Express Mail Service

Post Office Business

We provide merchandise business, real estate business and affiliated financial services at post offices nationwide, which serve as sales hubs for providing services to customers. These services include postal counter operations related to logistics business and banking counter operations and insurance counter operations.

● Postal Counter Operations Related to Logistics Business

We accept and deliver postal items, sell postage stamps, receive Yu-Pack, among other logistics services, and sell documentary stamps.

● Banking Counter Operations and Others

Under consignment from Japan Post Bank Co., we handle ordinary deposits, TEIGAKU deposits and time deposits, provide remittance and settlement services in addition to handling public pension payments and carrying out counter sales of Japanese Government Bonds and investment trusts.

● Insurance Counter Operations and Others

Under consignment from Japan Post Insurance Co., we solicit life insurance and handle premium payments.



New Year's postcards
(Nenga Town-Mail)



Kamo-Mail (Kamome Town)



Yu-Pack package (large box)



Yu-Pack package
(large pouch)



Yu-Pack package
(small pouch)



Yu-Pack package
(small box)

● Merchandise Business

We place catalogs listing specialty products from all regions of Japan or leaflets that feature products specific to a certain area in post offices and act as sales intermediary for the products listed as part of a catalog sales business. We also develop and sell original postal-related merchandise in addition to frame stamps as part of our post office sales business.

● Real Estate Business

As part of our strategic initiatives, we intend to make more effective use of the real estate held by Japan Post Co. to improve our profitability, including the development of office and retail properties, residential leasing, nursing homes and parking spaces that we plan to operate primarily for daycare facilities.

For example, Japan Post Co. completed development of JP Tower in central Tokyo and opened.

● Affiliated Financial Services

We sell cancer insurance, medical insurance with eased underwriting conditions, individual variable annuities, life insurance for companies (for management-level personnel) and automobile insurance under consignment from life insurance companies and non-life insurance companies other than Japan Post Insurance Co.

② Initiatives of Japan Post Co.

Amid continuous changes in the environment surrounding our operations, including the expansion of Internet shopping and proliferation of smartphones and tablets, we are working to respond accurately to the environment changes and secure profits along with enhancing productivity in order to establish stable management.

We actively rolled out sales activities for Yu-Pack and Yu-Mail, mainly in the e-commerce market, and worked to enhance the convenience of receiving postal items by providing receiving lockers ("HAKO POST"), enabling receipt at convenience stores and providing receiving services at post office counters. We introduced a basic postage fee (based on size) for Yu-Packet in October 2016 and expanded delivery services for small items.

In terms of financial services, we are striving to develop human resources through training in collaboration with Japan Post Bank Co. and Japan Post Insurance Co. We also increased the number of post offices that handle medical insurance with eased underwriting conditions in October 2016.

In addition, we opened KITTE HAKATA and JRJP Hakata Building in April 2016 and held a full opening for JP Tower NAGOYA in April 2017 as part of efforts to bolster our real estate business.

Going forward, we will continue working to enhance profits while maintaining sound management by meeting the needs of a greater number of customers.

International Logistics Business

Japan Post Co. provides express freight shipping in Oceania and Asia, domestic freight shipping services in Australia and New Zealand, a full range of international freight forwarding services, mainly for exports from Asia, and transport, warehousing and other 3PL logistics services in the Asia Pacific region through our subsidiary Toll Holdings Limited, an Australia-based logistics company.

Japan Post Co. also provides comprehensive logistics solutions mainly through Japan Post Sankyu Global Logistics Co., Ltd. to meet logistics needs centered on Japan, China and other parts of Asia.

In addition, we provide U-Global Express (UGX), an international small-lot delivery service centered on cross-border e-commerce, which is provided through a capital and business alliance with Hong Kong-based Lenton Group Limited and France-based GeoPost S.A. for Asia, Oceania and the Europe area, and a business alliance with FedEx Express for the United States.

(1) Extensive Products and Services Improving the convenience of Receiving

● Home Delivery BOX

Japan Post Co. has been working to popularize the use of mailboxes with large slots since October 2014 in an initiative for housing complexes. We recommend, as standard, mailboxes with slots large enough to accept Yu-Pack parcels with a thickness of 3.5cm and introduce manufacturers that make mailboxes for housing complexes that meet this standard on the Japan Post website.

Additionally, as an initiative for detached housing, we have started to install, as standard, home delivery boxes in houses built for sale in Koshigaya Lake Town in February 2017 that can accept home delivery parcels and registered mail with the cooperation of NASTA Co., Ltd. and Daiwa House Industry Co. Ltd.

● Receiving Service at Convenience Stores and Post Office Counters

Japan Post Co. has made it easier for more e-commerce businesses to use a mail receiving service at convenience stores and post office counters by teaming up with ECBEING CORP. in April 2016 and connecting with the Qoo10 Internet shopping mall run by the joint venture company Giosis in May 2016. FamilyMart convenience stores were added as a place to receive products purchased on

Rakuten's online shopping site in May 2016. Japan Post Co. is striving to vitalize the expanding e-commerce market and enhance customer convenience for receiving parcels.



● Expanded Post Office Features on LINE

Japan Post Co. has added more post office features to its LINE account (official account: *Yubinkyoku Posukuma*). In addition to a service enabling users to make New Year's postcards, it is now also possible to track Yu-Pack parcels, request mail redelivery and apply for parcel collection. Since redelivery and parcel collection services were previously only possible via telephone, the increased functionality on LINE has greatly improved convenience for customers.



Post office top screen on LINE

Created Basic Postage Fee for Yu-Packet (Size-based) ~Expanded Yu-Packet Service~

Japan Post's Yu-Packet service delivers mail to an individual's mailbox, making it easier to receive small parcels than with a home delivery service, and has thus been well received by many customers, particularly those engaged in Internet mail-order business. In an effort to make the Yu-Packet service easier for individual customers as well, we set up a tiered fee system for packages up to a thickness of 3cm and enabled posting in a postbox without the need for any procedures to be taken in advance.

Introduction of New Sized Cool Box for Cool EMS and Partial Revision to Fees for International Mail

The Cool EMS service is provided for small temperature-sensitive parcels by way of Express Mail Service (EMS) in response to demand. We introduced a new sized cool box that is bigger than previous sizes to accommodate customer requests to deliver larger items. In addition, we increased the number of post offices handling this service to 121 in 47 prefectures as of April 1, 2017. Fees for EMS and international surface (sea) parcel post in zone one (East Asia) were revised on June 1, 2016 to maintain stable service provision amid declining profitability caused by an increase in delivery costs paid to postal businesses overseas and domestic processing costs.



Conducted Trial of Japan Post Co.'s Health Promotion Service

Japan Post Co. conducted a trial for a health promotion service in Date City, Fukushima, from May to November 2016, with the aim to roll it out as a lifestyle service for elderly citizens using the post office network and as a community-based service.

The service supports the enhancement of people's health and helps build a society in which residents can live with vitality. By doing so, we aim to help extend a healthy lifespan and contribute to the resolution of issues concerning the aging society in Japan as well as energize and revitalize the region.

Japan Post Co. intends to improve the convenience of the service with a view to viable application based on the opinions of customers gained through the trial as well as the results.

Hometown Tax

Until March 2016, we provided a service in which we helped plan and procure thank-you gifts to people who donated to the local governments through the "Hometown Tax" (*furusato nozei*) system.

Since April 2016, we have been providing one-stop service from receipt of donation to delivery of the thank-you gift by linking with an exclusive site for the hometown tax.

Expanded Countries and Regions Handling International ePacket Light

International ePacket Light is designed mainly for cross-border e-commerce sellers. It permits confirmation of shipment status and postage items are delivered to the addressee's mailbox within around two weeks, making it suitable for light, relatively inexpensive content. We started this service on October 1, 2016 and increased the number of post offices handling it to 1,084 as of November 12, 2016. We currently began this service to 32 countries and regions from April 1, 2017.



Expanded Handling of Affiliated Financial Services

Japan Post Co. is steadily expanding the number of post offices handling various affiliated financial services so that more customers can use these. We have steadily increased the number of post offices offering Sumitomo Life's medical insurance with eased underwriting conditions from 1,000 to 1,467 since October 2016 (including one temporarily closed post office).

Going forward, we will respond to even more customer needs through local post offices.

Sales of Catalog Products

In terms of sales of catalog products, we deal in local foods delivered directly to our customer from the production area via Yu-Pack. In addition, we have been delivering JP Select's catalog nationwide featuring non-food items such as clothing and fashion accessories. In this way, we are selling products that meet various customer needs.

We also sold original framed stamps with the themes of cartoons, sports, vehicles, Japanese sites and seasonal traditions, including a 30-year anniversary framed stamp featuring Dragon

Quest and a framed stamp set featuring Mao Asada and Licca-chan dolls.



A framed stamp set featuring Mao Asada and Licca-chan dolls © TOMY

Cooperative Relationships

● Outline of Collaborative Promotion with the AEON Group

The AEON Group and the Japan Post Group entered into a comprehensive business alliance in 2006 and marked the 10th anniversary of this alliance in 2016. Both groups share the same values in terms of developing and administering community-based services and the alliance continues to move forward through the opening of post offices for AEON Group stores (16 post offices as of April 30, 2017).

● Implemented a Collaborative Project Related to Improving Service Quality at Vietnam Post Corporation

Japan Post Co. signed two consulting agreements with Vietnam Post Corporation on a project to improve post office operations in the Ho Chi Minh region and a project to formulate a plan to construct a new mail-sorting center. We sent experienced postmasters and other experts to the region and helped to improve the quality of post office operations and to formulate a future plan by utilizing the know-how of Japan Post Co. Going forward, we intend to cooperate in a variety of fields.



Operations following improvement



Guidance provided by experts



Guidance provided by experts

New Year's Postcards Initiatives

● Activities for 2017 New Year's Postcards

We started issuing inkjet printing New Year's postcards that are blank on the front and have Hello Kitty on the stamp part, which were well-received by customers.

In addition, *otoshidama* (New Year's gift money) stamp sheets provided as a prize have been restyled with a touch of pop culture in which the sheet resembles a picture book and a pair of roosters adorn the stamp part in keeping with the Year of the Rooster. The background boasts a vivid design using gold and silver while a special process has been used to cut out holes for the flower petals.

With a smartphone version of the postcard design kit, customers without a printer at home can print New Year's postcards on multifunctional copy machines at certain convenience stores while shopping which has increased convenience.

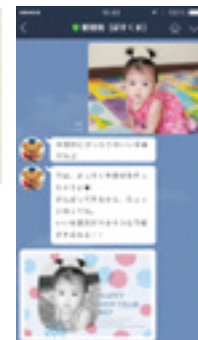
Once again this year, we provided a function allowing people to make a New Year's postcard soon after sending a photo to Japan Post's official LINE account, "Yubinkyoku Posukuma," and the service was highly popular among users.



Hello Kitty New Year's postcard
© 1976, 2017 SANRIO CO., LTD.
APPROVAL No. G580334



Otoshidama stamp sheet



Yubinkyoku Posukuma
©JAPAN POST Co., Ltd.

Real Estate Development Business

Japan Post Co.'s real estate business involves the development of office and retail properties for lease and residential properties for lease and sale. Our strategic initiatives include plans to make more effective use of our real estate and thereby improve profitability. In particular, we intend to redevelop some of our post offices, particularly those near central rail terminals in major cities.

In terms of retail building projects in our real estate business, KITTE, located in JP Tower, which opened in March 2013, has contributed to a more lively location in the Marunouchi area, Tokyo. KITTE Hakata, a large-scale retail building projects in front of Hakata Station, opened in April 2016 based on the theme "Anyone, Anytime, Every Day".

KITTE Nagoya, located in JP Tower Nagoya, has become a popular destination for local people from Nagoya thanks to a range of facilities offering exceptional convenience, including the Nagoya Central Post Office. The artwork GOLDFISH in the atrium has become a new meeting place for people and it has made a rather big splash on social network as well.

In terms of office properties, JP Tower (completed in May 2012), Sapporo Mitsui JP Building (completed in August 2014), Omiya JP Building (completed in August 2014), JP Tower Nagoya (completed in November 2015) and JRJP Hakata Building (completed in April 2016) are operating smoothly.

In terms of residential leasing, we completed and started operating the first series of rental housing JP noie Hatanodai in Shinagawa-ku, Tokyo, in May 2015, followed by JP noie Honhaneda in Ota-ku, Tokyo, in January 2016, and JP noie Nerima Nakamuraminami in Nerima-ku, Tokyo, in March 2017. Going forward, we plan push ahead with our real estate business not only for residential properties but also daycare facilities.

Our real estate business supports local communities turning shared visions into realities.



JP Tower



Event in the KITTE atrium



Event in the KITTE Nagoya atrium

(2) New Initiatives in the Fiscal Year Ended March 31, 2017 Collaborative Relationships

● Basic Agreement Related to Business Alliance with FamilyMart

In April 2016, we signed a basic agreement concerning a business alliance with FamilyMart Co., Ltd. We will make use of the infrastructure of both companies to provide even greater convenience for customers and contribute to the community.

● Started Looking into Collaboration Toward the Establishment of Social Infrastructure with Honda

Japan Post Co. and Honda Motor Co., Ltd. are pushing ahead with discussions aimed at contributing to the creation of a sustainable environment and will conduct demonstration testing on the use of environmentally responsible electric vehicles for postal delivery operations and charging stations at post offices.

Moreover, in order to maintain universally available services for postal businesses, the two companies will discuss how to secure a viable maintenance system and quality maintenance service.

Revision of Postage Fees

Aside from the period when the consumption tax was increased in the fiscal year ended March 2015, postage fees have remained unchanged for 23 years since the last revision in 1994 despite a continued decline in mail, with our efforts to enhance productivity and reduce costs through mechanization and other measures.

In recent years, however, the balance of payments in the postal business has worsened due to increasing personnel expenses per employee.

In addition, costs are increasing alongside an increase in large postal items due to the need for redelivery and to take the parcels back to the post office when residents are not at home.

In light of these circumstances, Japan Post Co. made the decision to conduct a partial revision of postage fees (fees for postcards excluding New Year's postcards and nonstandard-size items as well as freight cost for Yu-Mail) from June 2017 in order to maintain provision of stable services going forward, and in December 2016 we filed the notification of the fees with the Minister for Internal Affairs and Communications.

Announcement Related to the Issuance of Ordinary Stamps and Postcards with New Postage Fees

Japan Post Co. issued ordinary stamps and postcards at the new fee of ¥62 on May 15, 2017 in line with a revision of postage fees made on June 1, 2017.

The stamps and postcards are designed with Japan's nature as the theme.



Message Festa

We held an event called "Message Festa" in September 2016 and in February and March 2017, in which participants had the opportunity to experience the joy of letters. Over 100,000 customers had fun taking part in letter writing workshops, celebrity talk shows and commemorative photo sessions with Japan Post's *Posukuma* character and friends.



Letter Writing Workshop Program

Japan Post Co. distributed materials to elementary schools, junior high and high schools nationwide (including special support schools, etc.) that expressed interest in using the tools as part of experiential lessons in letter writing with the aim of encouraging communication between children by way of letter correspondence.

In the fiscal year ended March 31, 2017, approximately 2,780,000 elementary school students from around 12,300 schools, approximately 980,000 junior high schools students from around 4,100 schools and approximately 380,000 high school students from around 1,800 schools nationwide participated in the project.

Event Held on Letter Writing Day

Japan Post Co. held Letter Writing Day events at 27 AEON MALL locations nationwide in the fiscal year ended March 31, 2017 and at KITTE on July 23-24, 2017 with the aims of having Letter Writing Day (*Fumi no Hi*) on the 23rd of each month recognized by more people and building familiarity with writing letters.

Japan Post's character *Posukuma* and friends appeared in dance stage shows during one of the events held at AEON MALL Makuhari Shintoshin on November 12 and 13, and mingled with the many visitors. A letter writing workshop was also conducted at the event and some of the parents, whose children participated, expressed how good it was to see their children trying hard to show their feelings through words and pictures.

Rolled Out Product Advertisements

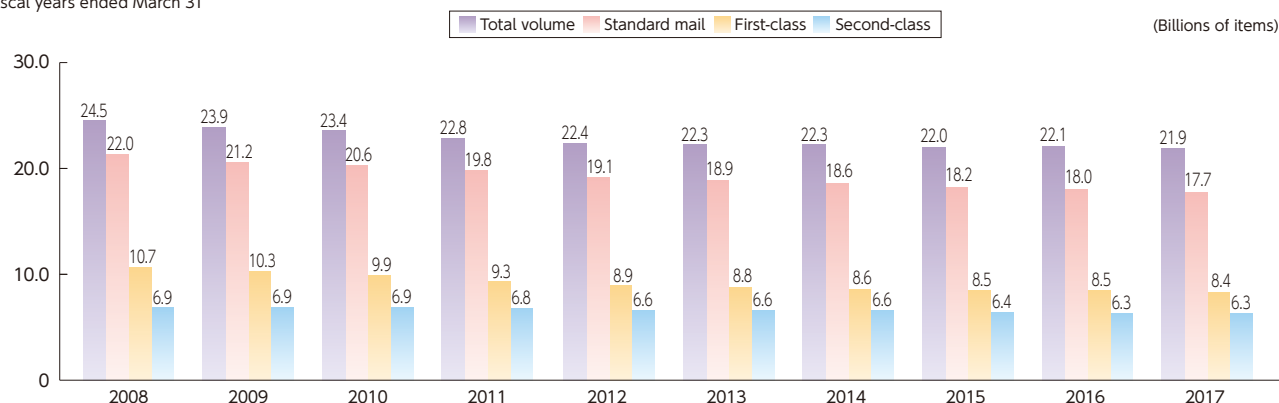
We rolled out a series of Yu-Pack advertisements (*Bakamajime na otoko*) featuring comedian Hitoshi Matsumoto and actress Tae Kimura. The advertisements have proven to be a hit, with each one featuring a different celebrity. In addition to Yu-Pack, we have also introduced advertisements for New Year's postcards and Japan Post's New Year's card printing service, for instance. Each commercial has ranked highly in likeability surveys. Our aim is to deploy advertising that makes an increasing number of people feel closer to our products and services.



③ Japan Post Co. Business Performance

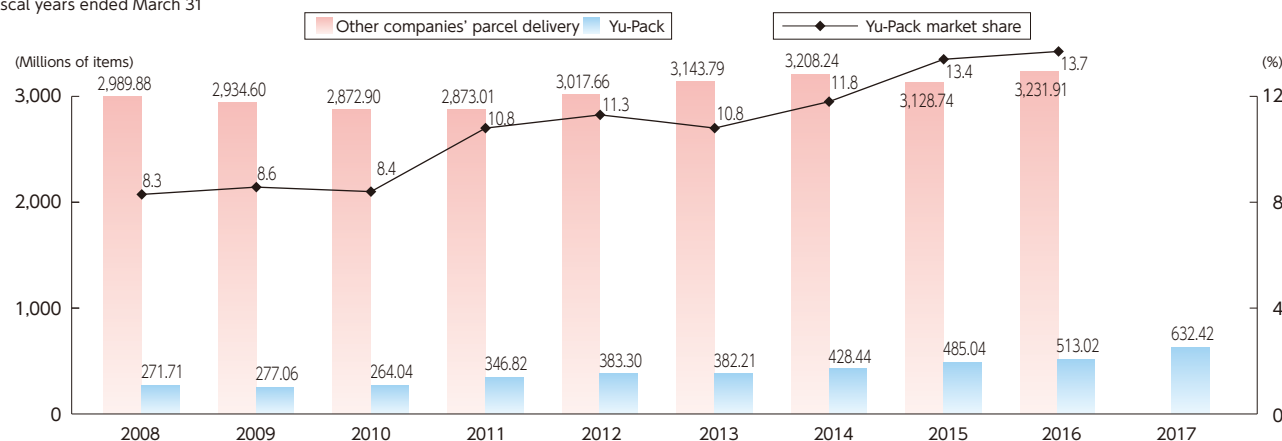
1 Total Consigned Volume of Mail

Fiscal years ended March 31



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

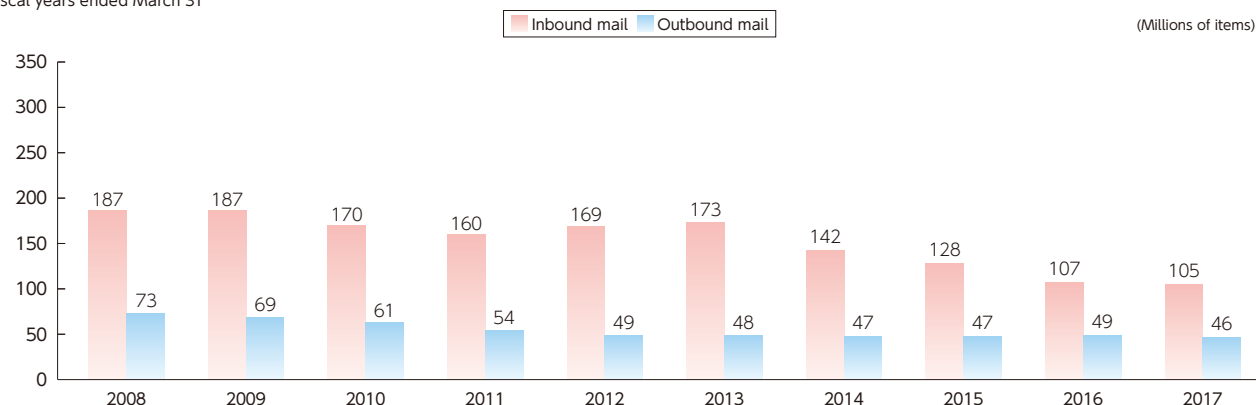
Fiscal years ended March 31



Notes: 1. Fiscal year ended March 31, 2017 other companies' parcel delivery volume has not yet been announced (as of June 30, 2017).
 2. The number of Yu-Pack parcels includes EXPACK parcels.
 3. The number of Yu-Pack parcels in fiscal year ended March 31, 2017 includes Yu-Pack parcels.
 4. Data for the fiscal year ended March 31, 2008 to the fiscal year ended March 31, 2016 have been sourced from statistics published by the Ministry of Land, Infrastructure, Transport and Tourism.

3 Volume of International Mail

Fiscal years ended March 31



④ Japan Post Co. (Consolidated) Financial Highlights

In the postal and domestic logistics business, operating income was ¥1,929.9 billion and net operating income was ¥12.0 billion mainly due to an increase in income from mails handled as affected by the revision in postage fee discounts, etc., and an increase in income from Yu-Pack and Yu-Mail handled, despite negative factors such as a decline in the volumes of new year's postcards and international mails handled, as well as the impact of the distribution of mails related to the social security and tax number system in the previous fiscal year.

In the post office business, operating income was ¥1,386.4 billion and net operating income was ¥63.3 billion due to an increase in commissions for business consignment mainly because of an increase in new policy sales at Japan Post Insurance Co., and an increase in income from merchandising business, etc.

In the international logistics business, operating income was ¥644.4 billion and net operating income was ¥5.6 billion due to a poor performance in domestic business in Australia.

Consolidated Results of Operations

■ Operating income

(Year ended March 31, 2017)

¥3,758,970 million

■ Net operating income

(Year ended March 31, 2017)

¥53,430 million

■ Net ordinary income

(Year ended March 31, 2017)

¥52,221 million

■ Net loss attributable to Japan Post Co.

(Year ended March 31, 2017)

¥(385,235) million

■ Net loss per share

(Year ended March 31, 2017)

¥(38,523.56)

■ Diluted net income per share ^(Note)

(Year ended March 31, 2017)

—

■ Return on equity

(Year ended March 31, 2017)

(37.9)%

■ Net ordinary income / Total assets

(Year ended March 31, 2017)

1.0%

■ Net operating income / Operating income

(Year ended March 31, 2017)

1.4%

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

Consolidated Financial Position

■ Total assets

(As of March 31, 2017)

¥5,091,375 million

■ Net assets

(As of March 31, 2017)

¥794,244 million

■ Equity ratio

(As of March 31, 2017)

15.5%

■ Net assets per share

(As of March 31, 2017)

¥79,086.81

(Reference)
Equity
As of March 31, 2017:
¥790,868 million

Results of Operations by Business Segment

Postal and domestic logistics business segment

■ Operating income

(Year ended March 31, 2017)

¥1,929,928 million

■ Net operating income

(Year ended March 31, 2017)

¥12,053 million

Post office business segment

■ Operating income

(Year ended March 31, 2017)

¥1,386,456 million

■ Net operating income

(Year ended March 31, 2017)

¥63,334 million

International logistics business segment

■ Operating income

(Year ended March 31, 2017)

¥644,416 million

■ Net operating income (Note)

(Year ended March 31, 2017)

¥5,642 million

Note: The amount presented in net operating income for international logistics business segment is EBIT of Toll excluding amortization of goodwill, etc.

3. Operations of Japan Post Bank Co.



Norito Ikeda

Director, President and Representative Executive Officer
Japan Post Bank Co., Ltd.

Message from the Company



I have spent one year as the head of Japan Post Bank Co. I would like to request your continued support for our endeavors to attain tangible growth, and consequently, greater corporate value.

Operating Performance for the Fiscal Year Ended March 31, 2017

For the fiscal year ended March 31, 2017, net income decreased by ¥12.8 billion year on year, to ¥312.2 billion. In the adverse business environment with yen interest rates remained at a low level, we experienced a decrease in net interest income. While net income decreased year on year, results were buoyed by such factors as an increase in net other operating income. Accordingly, net income exceeded our earnings forecasts of ¥300.0 billion by 4.0%, for the fiscal year ended March 31, 2017.

Japan Post Bank's Vision

Since having assumed the Bank's top position in April 2016, I have been steering the execution of our Medium-Term Management Plan while strongly calling for action on the part of executives and employees. I have been searching for an answer to the question of

how the Bank should look in its next stage. We have a number of competitors well-versed in business. Unless we are able to demonstrate our own unique presence, I feel a strong sense of danger about the possibility that we could become a "bank adrift," having the licenses to operate but no distinguishing characteristics. Thus, I decided to examine our strengths and weaknesses, find a future direction that ensures our sustainable growth and start moving toward that direction.

I believe the Bank's strengths are twofold. First, we have extensive operations covering locations throughout Japan and an extremely large base of account-holding customers. Second, we have in place an unparalleled financial infrastructure (backbone) to support transactions, comprising a nationwide post office network, ATM network and IT system, and back-office operations. Deliberations with the management team on how to leverage these strengths resulted in three pillars for business development: Customer-oriented financial services, Funds flow to regional communities, and Sophistication and diversification of investment management. We recognize that these three pillars represent a key driver of our business, and I believe my duty is to guide our proactive business promotion efforts based on this recognition.

Pillar 1: Customer-Oriented Financial Services

In the current low interest-rate environment, customers are calling for more sophisticated financial services and looking for greater levels of convenience, like those offered through FinTech (the fusion of financial services and technology). We will respond to these needs with two clear measures: supporting asset building and expanding settlement services.

In order to support customers' asset building efforts, we will first concentrate on offering products that are simple and easy to understand even for customers who are considering undertaking an investment for the first time and extending the target of our marketing operations to a broader group of people. Second, we will strengthen initiatives involving the Nippon Individual Savings Account (NISA) and the installment-type NISA scheduled for introduction in January 2018. Finally, we will enhance our product lineup for experienced individual investors. Amid the trend from savings toward asset-building, customers' asset building needs are clearly growing, and we have great expectations that this market will grow. We will collaborate more closely with post offices and nurture the investment trust sales business as another major source of revenue.

Looking next at settlement services, we will promote the expansion of an immediate transfer service. Simultaneously, in response to the growing needs for cashless transactions, we have also begun conducting experimental settlements of a prepaid Visa card called "mijica" in Sendai and Kumamoto with a plan to gradually expand the service area. Furthermore, aiming to enhance customer convenience, we have obtained regulatory approval of overdraft services on June 19, 2017. We intend to expand our fee businesses through these measures.

Pillar 2: Funds Flow to Regional Communities

The Bank's ongoing existence would be impossible in the absence of regional development. We need to find effective ways to circulate the deposits resulting from the careful savings of people and to contribute to the vitalization of regional economies. Thus, we have selected circulation of funds as our second pillar. We will strengthen our ongoing efforts to promote financing to local governments and PFI (private finance initiatives). As a new means of facilitating funds circulation, we have decided to participate in several regional funds, including "Kyushu Wide Area Reconstruction Assistance Investment Limited Partnership". In the future as well, we will proactively participate in funds to finance business succession and entries into new business fields by local companies. To do so, we need to uphold our philosophy of "co-work and co-sourcing" with regional financial institutions and must make efforts to deepen communications with them.

Pillar 3: Diversification and Sophistication of Investment Management

The Bank engages in asset liability management (ALM) in response to the changing market environment. In broad terms, the Bank's ALM strategy is based on the two pillars of a "base portfolio" that seeks to secure stable earnings by investing mainly in Japanese government bonds, and a "satellite portfolio" that pursues higher returns predominantly through the allocation of global assets.

Due to persistent historically low yen interest rates, investment gains from the base portfolio are tapering off, and we have aggressively shifted toward global asset allocation. As a result, the satellite portfolio balance increased from ¥61.5 trillion as of March 31, 2016, to ¥70.4 trillion as of March 31, 2017. We aim to form a portfolio that allows us to ensure stable earnings in the long term by expanding into the field of alternative investments, a new investment method targeting unconventional assets, such as private equities. Moreover, in addition to the instruments to hedge interest rate and foreign exchange risks, we have also obtained regulatory approval of methods of hedging credit risks.

Accelerating Our Expansion of ATM Installations

We initiated phased installation of our new, compact ATMs in convenience stores operated by our business partner FamilyMart. We will also push ahead with deployment of these new ATMs and redeployment of the existing ATMs to highly convenient locations. Anticipating an increase in foreign tourists, we added new functions, such as 16-language compatibility. In July 2017, we installed our compact ATM in the new headquarters of Shonai Bank in Tsuruoka City, Yamagata Prefecture, which is the first time to do so in another financial institution. We expect to respond to foreigner use, which is growing within Shonai Bank's service area.

Bolstering Our Business Foundation for Sustainable Growth

Dialogue with Shareholders

To build long-term relationships with shareholders and investors in Japan, we hold as many face-to-face meetings as can be allowed and briefings for individual investors at various locations around Japan. We also engage in bilateral communications with overseas investors at regular intervals, as we aim for overseas investors to hold our shares over the long term. We do our best to reflect the valued opinions of these shareholders and investors in our management, in an effort to further increase our corporate value.

Thorough Compliance

We conduct management based on the understanding that compliance is essential to a company's operations and work with Japan Post Co. to strengthen and enhance the internal control system. We will work to foster greater employee awareness not only of compliance but also of social common sense. We will continue to thoroughly enforce our compliance rules and establish an environment in which employees check each other for better compliance.

CSR (Corporate Social Responsibility) Initiatives

For the Bank, CSR means to attain sustainable growth by fulfilling customers' requests and society's needs. Accordingly, we undertake initiatives under the four activity themes of "reliable services," "environment," "diversity management" and "education."

Human Resource Development and Supporting Female Employees in the Workplace

Accumulating experience is the most important element of human resources development, and each employee needs to cultivate a field of expertise and establish his/her area of specialty. An important role of the management team in supporting such efforts is to foster communication in-house and provide greater motivation. Additionally, the Bank has set the numerical target of lifting the percentage of women in management employees to 14% or more by April 1, 2021. It is essential that achieving this target requires us to promote Work Style Reform. The entire Bank will work toward the target by fostering a system and corporate culture necessary to improve work efficiency.

In Conclusion

I have described a bank that leverages its strengths and outlined our vision for the future. It is crucial for us to take steady steps and unflinchingly perform each task because this is a long-term goal. We are determined to make constant and unfaltering management efforts while always keeping in mind that our stakeholders entrust the future of the Bank to us. I thank you for your continuous support and understanding.

Operations of Japan Post Bank Co.

Japan Post Bank Co. undertakes the banking business within the Japan Post Group.

The Bank provides a range of financial products and services through an extensive network of post offices and Japan Post Bank Co. branches.

Japan Post Bank Co. is dedicated to serving as “the most accessible and trustworthy bank in Japan,” with operations that are guided by the needs and wishes of our customers.

① Overview of Operations and Services

Main business lines of Japan Post Bank Co. are as listed below. At the end of March 2017, Japan Post Bank Co.'s total deposits from customers across Japan amounted to ¥179,434.6 billion.

(1) Deposits

We handle various types of deposits, including transfer deposits, ordinary deposits, ordinary savings deposits, time deposits, *TEIGAKU* deposits and separate deposits.

(2) Loans

We handle loans on deeds and overdrafts.

(3) Securities investment

We invest in Japanese government bonds, Japanese local government bonds, Japanese corporate bonds and other securities for accumulating payment reserves and for fund management.

(4) Domestic remittances

We handle remittances, fund transfers and transfers.

(5) Foreign remittances

We handle international remittances and provide foreign exchange services.

(6) Major associated services

* Agency services

- Services for the Bank of Japan as its revenue and government bond representative
- Handling public money for local governments
- Services under consignment from the Management Organization for Postal Savings and Postal Life Insurance
- Intermediary services for individual loans

* Counter sales of Japanese government bonds, investment trust products and insurance products

* Deposits for safekeeping

* Credit card services

* Operation and management of defined contribution pensions (only those related to individual annuities)

Note: The Management Organization for Postal Savings and Postal Life Insurance manages fixed-term deposits established prior to privatization. However, Japan Post Bank Co. is commissioned by that organization to handle withdrawals and other transactions.



② Initiatives of Japan Post Bank Co.

(1) Enhancing Products and Services Business Strategies (Super Regional & Super Global)

Japan Post Bank Co. employs a Super Regional & Super Global business model.

In addition to implementing regional approaches in tune with customers in every corner of Japan through the post-office network that covers the whole country, the Bank strives to ensure stable revenues through global investments as one of the largest institutional investors in Japan by increasing the level of sophistication of its investment on the basis of appropriate risk management.

● Strengthening Consultation-Based Marketing

In order to satisfy the diversifying asset management needs of customers, the Bank has been concentrating on enhancing its asset management product lineup and consultation-based marketing, and steadily expanding its asset management product balance. While doing so, we will work to establish and instill a way of business with a focus on fiduciary duty, which puts the interests of customers first, and propose asset management products, including investment trust products and variable annuity policies, matched to customers' asset management needs and investment experience.

● ATM Business Strategy

As for ATM operations, in addition to working on the strategic placement of ATMs, such as in highly convenient locations, the Bank has promoted its collaborations with regional financial institutions. As a result, ATMs of Japan Post Bank Co. now accept cash cards from all regional banks in Japan. Having also introduced in January 2017 compact ATMs with additional functions, such as 16-language compatibility, the Bank will make further progress in installing these compact ATMs in highly convenient locations, including in FamilyMart convenience stores nationwide, and aim to increase fee income going forward.

● 16 Language Options Provided by Compact ATMs

Our compact ATMs accommodate Japanese, English, Chinese (simplified characters), Chinese (traditional Chinese characters), Korean, Thai, Malay, Filipino, Indonesian, Vietnamese, French, German, Portuguese, Spanish, Russian, and Arabic.

● Revamping ATM Display

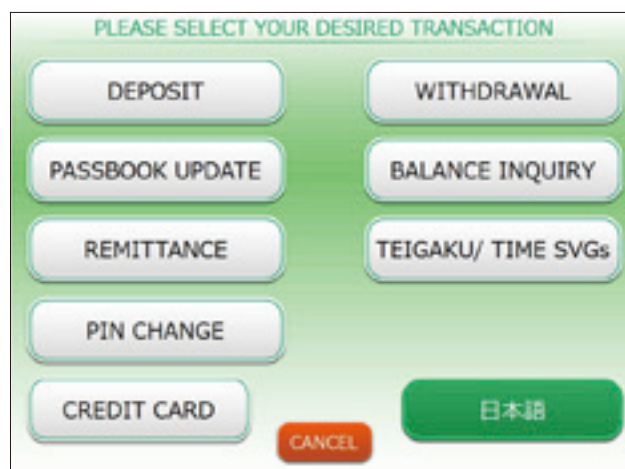
In January 2017, we adopted a color universal design*1 approach and revamped the design of the ATM display*2 accordingly. Our ATMs now ensure accessibility for many more customers, providing better readability and convenience.



Color Universal Design logo

*1 A color universal design is a design that takes into account the use of color to ensure readability for as many people as possible, regardless of individual differences in color perception.

*2 Excluding the guidance on available hours and fees



ATM display image (after revamping)

● Participating in Regional Revitalization Funds

Japan Post Bank Co. has decided to participate in the following funds*, with a view to forming an even deeper alliance with regional financial institutions and contributing to the development of the regional economy through collaboration and cooperation. By taking this opportunity, we will step up our ongoing efforts to make contributions to the regional revitalization and development.

* As of May 31, 2017

- Kyushu Wide Area Reconstruction Assistance Investment Limited Partnership
- Hokkaido Growth Companies Support Investment Limited Partnership
- KFG Regional Enterprise Support Investment Limited Partnership
- Chubu/Hokuriku Region Vitalization Investment Limited Partnership

● Further Strengthening Investment Structure

In order to increase the sophistication of our investment strategies as one of the largest institutional investors in Japan, we have been proactively recruiting external human resources with a high level of expertise in an effort to bolster our investment structure. Moreover, we are accelerating efforts to promote internationally diversified investment with consideration for risk diversification and aim to secure greater earnings by expanding our investment area to include alternative investments.

Increasing Security of Internet Banking Transactions

● One-time Password Authentication by Using One-time Tokens or E-mail

Japan Post Bank Co. is providing one-time password tokens free of charge to customers who use JAPAN POST BANK Direct.

The token is a small electronic device that displays a new one-time password every minute. The device provides an extra layer of security against cybercrimes that use malware to divert users to a fake website and steal personal identification numbers and passwords to gain illegal access to their bank accounts.

For customers who are not using the password token, we conduct user authentication by a one-time password sent via e-mail when they make an electronic fund transfer to an account of Japan Post Bank Co. or to an account of another financial institution.

We strongly recommend customers to register their cell phone and smartphone e-mail addresses in order to increase the level of security.

● Feature to Enable and Disable JAPAN POST BANK Direct

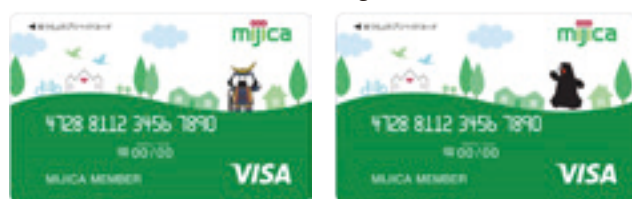
Customers can prevent illegal access by a third party to their JAPAN POST BANK Direct accounts by disabling these accounts when not in use and enable the service when conducting a transaction (excluding customers using the service from cell phones).

(2) New Initiatives in the Year Ended March 31, 2017

● Providing a Trial Settlement Service for “mijica,” a Local Version of the Visa Prepaid Card

In January 2017, Japan Post Bank Co. and Japan Post Co. started issuing “mijica,” a local version of the Visa Prepaid Card targeting a broad age group, at post offices handling this card and at the Bank’s branches in Sendai City and Kumamoto City. Through this service, we seek to contribute to the revitalization of the regional economy and promote cashless transaction settlement.

Card design



Sendai City

Kumamoto City

③ Asset Management

We implement expeditious risk management for the entire portfolio based on the economic conditions and monetary policies both in and outside Japan. In order to secure stable current profits, we continue to diversify risks and revenue sources through such measures as promotion of internationally diversified investments while performing appropriate risk control.

TOPICS

"Yu-chan" in Japan Post Bank Co.'s Corporate Advertisement

In June 2017, we launched the second nationwide corporate advertisement campaign on TV and other media, featuring Japanese actor Masahiro Motoki as our advertising character.

Masahiro Motoki once again acts as Yu-chan, a figurative character representing Japan Post Bank Co. and its aspiration to always remain by our customers' side.

The "Always Here into the Future" series is a story about a family and Yu-chan as their partner. In this series, he is too eager to remain by their side, sometimes annoying them. Yu-chan's bewildered reaction is comical but shows his caring for the family.

The "Always Here for Everyone" series depicts Yu-chan remaining by the side of everyone, regardless of nationality, gender and age. His cry from the bottom of his heart shows his wish to become a family with everyone.



"Always Here into the Future"



"Always Here for Everyone"

Providing Financial Education

We conduct school visits and provide financial lessons at elementary and junior high schools.

Utilizing proprietary teaching materials, we help nurture children the importance of financial management by giving them a sense of the value of money.

In the fiscal year ended March 31, 2017, we offered a total of 74 classes at 49 elementary and junior high schools.



Financial lesson held at a school



Student textbooks for each grade and allowance book (image)

Held the JAPAN POST BANK Piggy Bank Design Contest for Children

With the objectives of increasing children's interest in saving and fostering their artistic creativity by making piggy banks, we hold the JAPAN POST BANK Piggy Bank Design Contest for elementary school children. This contest was launched in 1975 to commemorate the 100th anniversary of the postal savings business, and we held the 41st contest in the fiscal year ended March 31, 2017.

For the 41st contest, we received 796,917 entries from 11,227 elementary schools across Japan. Among these piggy banks, which had already undergone judging at each school, 240 excellent works were picked in the primary judging using photographs. Winners of the Minister of Education, Culture, Sports, Science and Technology Award, Japan Post Bank Award, Post Office Award, Jury's Special Award and Amazing Design and Idea Award were then determined in the final judging of actual works.

Following the contest, an exhibition of the 240 award-winning works was held at seven venues across Japan in Tohoku, Kanto, Tokyo, Chubu, Kansai, Chugoku and Kyushu from December 2016 to February 2017.

Additionally, Japan Post Bank Co. donated ¥10 for every piggy bank entry received to the Japan Committee for UNICEF and the Japan International Cooperation Agency (JICA) (¥3,984,585 each, totaling ¥7,969,170). These donations are used to assist children suffering from poverty and illnesses in developing countries.



Minister of Education Award
"Wonderful World of Books"



JAPAN POST BANK Exhibition Award
"Vegetable Dinosaur"

Machiomoi® wa Hitoomoi Created Japan Post Bank Machiomoi Calendar 2017

We created our original Japan Post Bank Machiomoi Calendar 2017.

Starting with the 2013 edition, we have been creating this original series of calendars through a tie-up with the Machiomoi-cho* project. The theme, Machiomoi wa Hitoomoi (Love my hometown, love my people), represents our wish to be close to our customers and remain the most accessible and friendly financial institution in each community.

The calendar includes a section entitled "Welcome to Our Town. We are Machiomoi Post Office!" in which branch managers and postmasters of the post offices in towns featured in the calendar talk about the appeal and their feelings about their towns.

For the 2017 edition, we divided Japan into four blocks and created four calendars, one for each block. This upgraded edition covers all 47 prefectures in the country and evokes warm feelings in people seeing it, along with memories of towns that mean a lot to them.

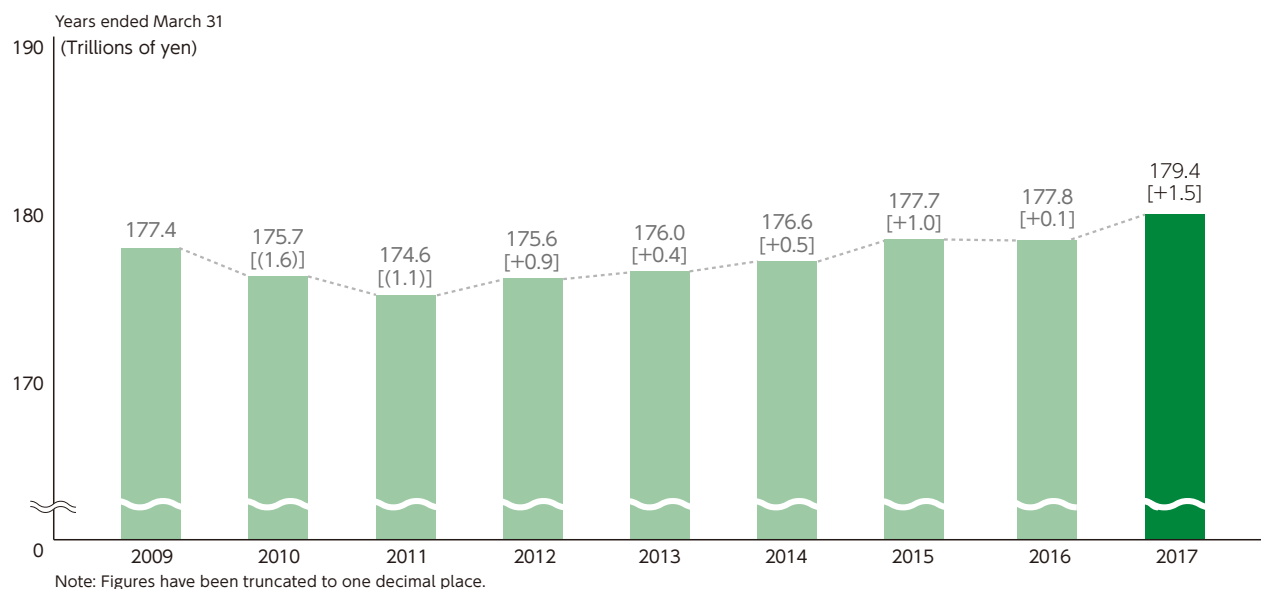
* Machiomoi-cho is a project in which creators in Japan use pictures, photographs, essays and videos to make "personal" memory books of their much-longed-for hometowns, towns in which they spent their school days or towns they now live in. These booklets and videos are displayed at exhibitions held at various locations in Japan.

Machiomoi-cho website: <http://machiomoi.net/> (in Japanese)

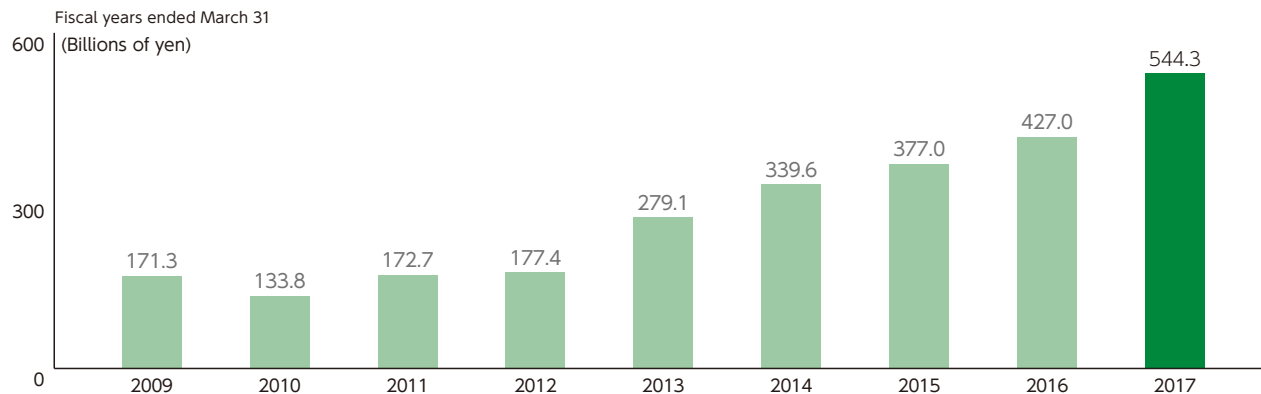


④ Japan Post Bank Co. Business Performance

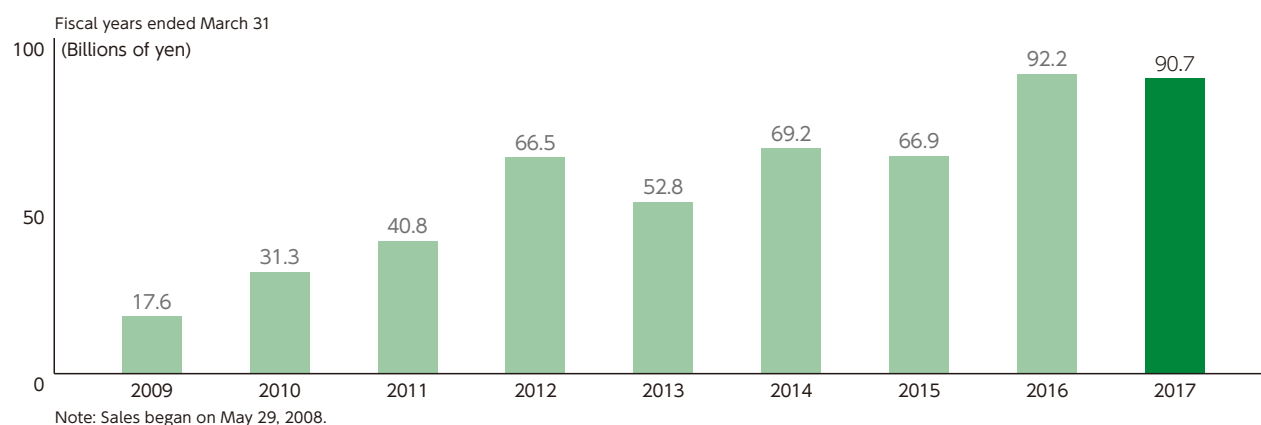
1 Deposit Balance



2 Investment Trusts Sales



3 Variable Annuity Policies Sales



⑤ Japan Post Bank Co. (Non-consolidated) Financial Highlights

As a result of efforts to strengthen its sales promotion capabilities in corporation with Japan Post Co., deposits at Japan Post Bank Co. totaled ¥179,434.6 billion. Ordinary income was ¥1,897.2 billion, net ordinary income was ¥442.0 billion and net income was ¥312.2 billion. Capital adequacy ratio (non-consolidated, domestic standard) was 22.22%.

Results of Operations

■ Ordinary income

(Year ended March 31, 2017)

¥1,897,281 million

■ Net ordinary income

(Year ended March 31, 2017)

¥442,085 million

■ Net income

(Year ended March 31, 2017)

¥312,264 million

■ Net income per share

(Year ended March 31, 2017)

¥83.28

■ Diluted net income per share (Note)

(Year ended March 31, 2017)

—

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

■ Return on equity

(Year ended March 31, 2017)

2.6%

■ Net ordinary income/ Total assets

(Year ended March 31, 2017)

0.2%

■ Ordinary income/ Ordinary expenses

(Year ended March 31, 2017)

76.6%

Financial Position

■ Total assets

(As of March 31, 2017)

¥209,568,820 million

■ Net assets

(As of March 31, 2017)

¥11,780,037 million

■ Equity ratio (Note 1)

(As of March 31, 2017)

5.6%

■ Net assets per share

(As of March 31, 2017)

¥3,142.05

■ Capital adequacy ratio (non-consolidated, domestic standard) (Note 2)

(As of March 31, 2017)

22.22%

Notes: 1. Equity ratio = [Net assets / Total assets] × 100

2. 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, 2006).

(Reference)

Equity

As of March 31, 2017:

¥11,780,037 million

4. Operations of Japan Post INSURANCE Co.



Mitsuhiro Uehira
Director and President, CEO,
Representative Executive Officer
Japan Post Insurance Co., Ltd.

Message from the Company



We would like to express our deep appreciation for your kind support for Japan Post Insurance Co., Ltd.

Postal Life Insurance, first established in 1916, celebrated its 100th anniversary in 2016. We again would like to express our deepest gratitude to our stakeholders for the generous support that they have rendered to us over the years.

Review of the Year Ended March 2017

We are currently working on our medium-term management plan covering three years from the year ended March 31, 2016. This plan lays out the roadmap towards full-scale growth in these three years, through developing products and services that will further enhance our strengths, while establishing the financial management base which will be necessary for growth.

The fiscal year ended March 31, 2017 presented a harsh operating environment due to the effects of the prolonged low interest rate environment. However, through various campaigns and enhancement measures commemorating the 100th anniversary of Postal Life Insurance, we were able to work as one and make some concrete progress towards the achievement of this medium-term management plan.

With regards to products and services, we promoted an initiative called "Kampo Platinum Life Service" to offer elderly customer-friendly services that emphasize a sense of security and trust by improving contacts with all customers from the perspective of our customers.

Furthermore, as a response to the low interest rates in markets, we cancelled the sales of a part of our high-savings products, and amended overall insurance premiums in line with the decrease in interest rates in

markets and prolonged lifespans. The amendments included restricted increases for policies with increases in premiums, while premiums were reduced for policies mainly with enrollment at an advanced age and products primarily with death benefits.

With regard to administration and systems, we introduced the “paperless application” method in April 2016, which utilizes tablet-type portable devices for business, replacing conventional application procedures by paper. Moreover, we renewed our core IT system in January 2017. Through these changes, we have accelerated product amendments, while enhancing system quality, development productivity, and business efficiency. Furthermore, in March 2017, we officially introduced IBM Watson into our operations related to insurance claim payment examination operations in order to further enhance the quality of our claim payment operations as well as expedite our payments.

Also, alongside promoting diversity management that creates a diverse and inclusive working environment, we are also promoting reforms of the work style, in order for all employees to be highly motivated, as well as to achieve a working environment that grows together with the Company.

Aside from the above measures, we have also signed a comprehensive business alliance agreement with Dai-ichi Life Holdings, Inc. In the international life insurance business, a trilateral memorandum regarding the sales of life insurance at post offices in Vietnam was signed among the two companies and Vietnam Post Corporation, in April 2016. In the asset management business, we have implemented measures such as the shared utilization of asset management companies, and joint investments in growth areas. Furthermore, in the domestic life insurance business, we have collaborated with NTT DATA Corporation in March 2017 to organize the first business contest in Japan's life insurance industry.

Going forward, through complementing and fusing each other's strengths, we aim for sustainable increases in the corporate value of our companies.

Regarding the business results for the fiscal year ended March 31, 2017, a stronger collaboration with Japan Post Co., Ltd. led to an even higher number of new individual insurance policies compared to the previous fiscal year, which marked a record-high since privatization, and annualized premiums from new policies reached ¥507.9 billion (a 4.7% increase year on year) for individual insurance and ¥55.7 billion (a 12.4% increase year on year) for third-sector insurance; 2.44 million individual insurance policies were sold (a 1.8% increase year on year) for the total policy amount of ¥7,847.4 billion (a 9.5% increase

year on year).

Looking at consolidated profit and loss, ordinary profit amounted to ¥279.7 billion and net income attributable to Japan Post Insurance Co. amounted to ¥88.5 billion, which exceeded the previous year's level.

In addition, consolidated solvency margin ratio, an indicator of financial soundness, remains high at 1,290.6% despite being lower than the previous year due to the diversification of asset management and other areas. Internal reserves within liability, combined with contingency reserve and reserve for price fluctuations, amounted to ¥3,042.7 billion, and we thereby were able to secure a strong financial base.

We appreciate all those who supported us in the realization of these solid results.

Future Outlook

The fiscal year ending March 31, 2018 marks the final year of our medium-term management plan.

Based on our management policy of aiming for the “No. 1 Japanese insurance company selected by customers,” we strive to deliver insurance services as a means of security through the nationwide post office network to customers throughout Japan, and continue to protect the livelihood of each and every one of our customers by the power of insurance. We will continue our efforts so as to gain trust and confidence from our customers.

In April 2017, we announced a “Basic Policy for Customer-First Business Operations,” believing the continuation of efforts will lead to our goal of “customer-first business operations.” By offering easy-to-understand products and heartfelt services to all customers, thoroughly implementing heartfelt communication with a human touch and putting this into practice every day, we will work to earn an even greater sense of trust and familiarity from customers.

In addition, there have been astonishing advancements in financial technologies recently, including developments in big data utilization and AI technology. We will aim for the sophistication and the enhancement of efficiency of business processes by proactively introducing and leveraging these new technologies.

We will continue to work, with all our employees united, toward contributing to the regional societies focusing on our network of post offices and toward the corporate vision of aiming to be the “No. 1 Japanese insurance company selected by customers” to stay trusted and loved by our customers for centuries to come.

In all our endeavors, we request and appreciate your continued support.

Overview of Operations

Japan Post Insurance Co. undertakes the insurance business within the Japan Post Group.

The company provides definitive security through agents (the post offices) as well as directly managed sales offices (branches). The management philosophy of Japan Post Insurance Co. is “Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being.”

① Overview of Insurance Products and Services

Provision of Insurance Products and Services

Japan Post Insurance Co. carries on the social mission of Postal Life Insurance* the same as prior to the postal privatization to “provide basic coverage for the people of Japan with insurance using simple procedures” through the provision of easy-to-understand and easy-to-use products and services developed from a customer standpoint.

Life insurance contracts with Japan Post Insurance Co. following privatization differ from those prior to privatization in that there is no payment guarantee from the government. As with other life insurance companies in Japan, however, a policyholder protection scheme provides a certain degree of protection.

● Agents

Japan Post Insurance Co. utilizes a nationwide supply network of the post offices operated by Japan Post Co. to provide simple and easy-to-understand products in small amounts and through simple procedures, along with associated services. These products and services provided via post offices primarily target individuals and households.

Japan Post Insurance Co. has also established Agency Relations Divisions for 76 directly managed sales offices (as of March 31, 2017) to support sales promotion, training and development, and administrative affairs.

In addition, leveraging our unique features, we work with Japan Post Co. to develop products that meet customers' needs, develop new markets and service channels and upgrade sales processes.

● Directly-managed wholesales channel

Whole Sales Divisions of our directly-managed offices are placed in 76 major cities nationwide (as of March 31, 2017), where they provide our products and services primarily to the corporate and worksite market including small and medium-sized companies, and also handle other life insurance companies' products for corporate customers.

In order to respond to the needs of our customers, which are becoming more diverse, we monitor market trends, accumulate extensive sales know-how and build an effective sales framework through this sales and service channel.

* The Management Organization for Postal Savings and Postal Life Insurance manages Postal Life Insurance policies taken out prior to the postal privatization. Japan Post Insurance Co. has been entrusted with administrative affairs by this organization but has outsourced some of those operations to Japan Post, allowing premiums to be paid and benefits collected through post office offsite sales personnel and counter services.

② Initiatives of Japan Post Insurance Co.

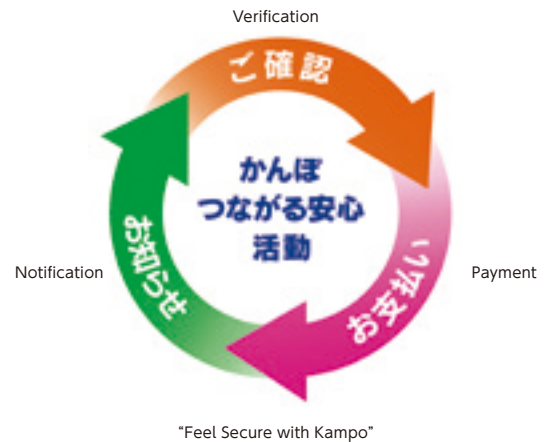
(1) Enhancing Products and Services "Feel Secure with Kampo" Activities

Japan Post Insurance Co. is engaging in "Feel Secure with Kampo" activities to meet with customers directly and provide a range of services in order to further increase customer satisfaction and trust.

In the "Feel Secure with Kampo" activities launched in the fiscal year ended March 31, 2016, we visit each customer to verify the details of policy coverage, any claimable insurance benefits and other information on the policy contracts they hold.

To ensure that customers receive insurance and/or other benefits easily and accurately, we advise them of the procedures for designating a bank account for receiving benefits and the system for payment claim by a designated proxy to enhance our customer service.

We will continue to enhance collaboration with Japan Post to bring even greater satisfaction to our customers.



Promotion of Kampo Platinum Life Service (Service Focusing on Elderly Customers)

● The Intent and Purpose of the Kampo Platinum Life Service

We are conducting a company-wide initiative called "Kampo Platinum Life Service" to win the favor of the growing number of elderly customers by offering age-friendly services based on a sense of security and trust that has been enabled by improving contacts with all customers from the perspective of our elderly customers.

This initiative aims to provide products and services matched to the needs of elderly customers. Under the initiative, we intend to encourage improvement whenever we interact with customers and build a business model that is friendly to elderly customers.

● Main Activities

Extended the upper age limit of our endowment insurance and whole life insurance

We extended the upper age limit of our endowment insurance (*Shin Free Plan*) and whole life insurance (*Shin Nagaiki Kun*) in 2015 to encourage the enrollment of customers at older ages.

Provision of free telephone consultation service for policyholders

We offer a free telephone consultation service on health, medicine, nursing and "taxes in life" for the policyholders and insured persons of our life insurance and Postal Life Insurance policies and their families.

かんぽ プラチナライフサービス

Logo mark shared within Japan Post Insurance

かんぽ生命では、ご高齢者にやさしい商品・サービスを提供しています。

2015年4月2日から、新設老保・特別老保の加入年齢範囲を拡大しました。

「新フリープラン(普通老保)」が
「80歳」の方まで、ご加入いただけるようになりました!

加入年齢 0～75歳・0～80歳

2015年9月2日から、新設老保の加入年齢範囲を拡大しました。

「新ながいきくん(定期型)」が
「85歳」の方まで、ご加入いただけるようになりました!

加入年齢 満15～65歳・満15～85歳

お客様のくらしを応援する
電話相談
サービスのお知らせ

かんぽ 健康・医療・介護相談ダイヤル

0120-445-770 (無料)

かんぽ くらしの税 情報ダイヤル

0120-565-088 (無料)

ご利用できる方

ご相談事項

Efforts when explaining our insurance products

When explaining our products to elderly customers, we try to explain in an attentive and easy-to-understand manner. We are carrying out initiatives such as asking customers aged 70 or older to have a family member or equivalent present when listening to an explanation of our insurance and products, and sending written guidance after enrollment so that the policyholder can reconfirm the details of the insurance policy.

Publishing of videos on care skills

Aiming to prevent injuries and other accidents before they happen to elderly people, we publish videos on care skills on our website and our official "Kampo Platinum Life Service" YouTube channel.

Publishing of an information magazine for elderly customers

Twice a year, we publish an information magazine for elderly customers titled "Kampo Platinum Life Service" with tips for everyday life.

This magazine is available at post offices and on our website.

Operation of a dedicated call center for elderly customers

We operate a dedicated call center for elderly customers where operators trained on how to attend to elderly customers directly answer calls via an exclusive toll-free telephone line.

Efforts for simpler, more legible and easier notifications

We have made improvements to various notifications and guides for customers on an item-by-item basis. In addition to these improvements, we formulated the "Internal Guidelines for Preparing Guides for Elderly Customers" to be shared within our company, and made revisions in accordance with these guidelines to make those guides simpler, more legible and easier especially for elderly customers to understand.

As a brochure that is more legible and easier for elderly customers to understand, the "Insurance Policy Handbook" enclosed in the "Certificate of Premium Payment and Notice of Policy Details" delivered in October 2016 acquired the certification of Universal Design Verified by Elderly Users from JITSUKEN, a nonprofit organization certified by the Cabinet Office.

For three consecutive years from the fiscal year ended March 31, 2015, the handbook also acquired the Certificate of Color Universal Design from the Color Universal Design Organization, a nonprofit organization, as it was created to achieve the best effect in terms of coloring and lettering size.



Dedicated call center for elderly customers
 (Only available in Japanese)

0120-744-552

Service hours
 Weekdays: 9:00 to 21:00
 Saturday, Sunday and holidays: 9:00 to 17:00
 (Excluding the period from January 1 to January 3)



Certificate of Color Universal Design



"FY2015 Insurance Policy Handbook" prepared in accordance with the "Internal Guidelines for Preparing Guides for Elderly Customers"



Certificate of Universal Design Verified by Elderly Users

Encouraging employees to acquire qualifications

From the perspective of enhancing customer services, we encourage employees to acquire qualifications as a Dementia Supporter, a Carefitter, or a Gerontology Expert (persons who have passed the Gerontology Literacy Test).



Carefitter training

Holding free seminars on the use of tablet devices

For the purpose of improving the quality of life of elderly people through the acquisition of IT skills, we have held free seminars on the use of tablet devices for elderly people since 2015 in a tie-up with various regional nonprofit organizations in Sendai and other Tohoku areas as well as Tokyo and Kumamoto.



At a seminar in March 2016 in Koriyama City, Fukushima Prefecture

(2) New Initiatives in the Year Ended March 31, 2017

Renewal of the Core IT System

The core IT system which is at the center of the Japan Post Insurance system was renewed and began service successfully in January 2017. Our system is a massive system that manages approximately 20,000 post offices and approximately 35 million policies in force, and the core IT system is the central system that handles primarily the management of policy information.

Through the renewal of the core IT system, we have enabled the enhancement of system quality, development productivity and the reduction of system-related expenses and others.

Initiatives Utilizing IBM Watson

On March 21, 2017, Japan Post Insurance Co. introduced support for claims examination staff utilizing IBM Watson® ("Watson") with the aim of enhancing customer service and improving the operational efficiency of our insurance claim payment examination operations.

In the area of decision support for claims examination staff utilizing Watson, when Watson is asked about cases where claims examination staff face difficulties in making a decision, the system presents results of estimations for payment decisions based on learned results and past cases with certainty factors for reference purposes. As a result, claims examination staff are able to reach an examination decision based on the data presented by Watson. Therefore, even staff with relatively little experience will be able to make decisions over cases with a high degree of difficulty that up to now have been dealt with by highly experienced staff.

We anticipate that support for examination decisions utilizing Watson will reduce the time required to make these decisions, resulting in the prompt payment of insurance claims and improved operational efficiency. Furthermore, utilizing the experience and knowledge gained within Watson will not only lead to improved examination quality but will also lead to the promotion of work style reforms among claims examination staff by creating downtime.

Additionally, from April 2017, we introduced Watson to call center operations utilizing the expertise gained from the introduction of Watson to insurance claim payment examination operations, with the aim of further improving the quality of our services through the sophistication of our response to customers.

Business Alliance with Dai-ichi Life Holdings, Inc.

On March 29, 2016, we reached a basic agreement to form a strategic business alliance with Dai-ichi Life Holdings, Inc. (Dai-ichi Life Holdings), in the three areas of international life insurance business, asset management business, and joint research in the new product and IT fields as pillars of the alliance.

The Alliance will complement and merge each company's expertise, leading to a sustainable enhancement of corporate values of the two companies. Through an improvement in quality of products and services, it will also contribute to a development of local communities throughout Japan. Finally, it will accelerate penetration of life insurance products in overseas markets, leading to a development of society and economy in these countries.

International Life Insurance Business

On April 19, 2016, Japan Post Insurance, Dai-ichi Life Holdings, and Vietnam Post Corporation signed a memorandum with regard to their trilateral collaboration in sales of life insurance in Vietnam.

We are considering specific collaborative measures taking advantage of our knowledge in the support of post offices so as to spread and penetrate life insurance services within Vietnam as well as to contribute to the development of the Vietnamese society and economy.

We are also actively promoting the exchange of human resources, including visits and observation tours by officers and employees of the Company and Vietnam Post to each other's bases (head offices and post offices).



Asset Management Business

For the purpose of diversifying asset management strategy to secure profitability, we proceeded with the joint utilization of an asset management company that is an affiliate of The Dai-ichi Life Insurance Co., Ltd. (Dai-ichi Life), and also carried out joint investment in a photovoltaic power generation business (mega solar business) in Japan.

Furthermore, in order to strengthen asset management administration service platform, on October 20, 2016, Dai-ichi Life transferred 7% of outstanding shares in Trust & Custody Services Bank, Ltd. ("TCSB"), an affiliate of Dai-ichi Life, to Japan Post Insurance which consigns asset administration services to TCSB.

Joint Research on Domestic Life Insurance Business

Japan Post Insurance and Dai-ichi Life are undertaking joint research in view of product development and deployment of IT technologies in order to pursue future growth in domestic life insurance market and to improve quality of products and services.

As part of these efforts, Japan Post Insurance, Dai-ichi Life and NTT DATA Corporation held a business contest on March 22, 2017 for the purpose of creating new insurance products and services that will lead to an enhancement of QOL (Quality of Life) and an extension of the healthy life expectancy. By advancing initiatives to create innovations in life insurance business, we will work to resolve social issues such as extending the healthy life expectancy of Japanese citizens.



③ Investment Policies of Japan Post Insurance Co.

Japan Post Insurance's operations are based on the concept of asset liability management (ALM) in order to maintain sound management and ensure the payment of insurance claims and others.

Specifically, the approach is to match assets with liabilities, with a focus on yen-denominated interest-bearing assets with a

high affinity to the characteristics of liabilities, and investments in risk assets such as foreign securities and stocks under appropriate risk management.

Japan Post Insurance Co. aims to enhance profitability by strengthening the investment divisions and accelerating the diversification of asset management.

Life is Full of Dreams

With the tagline "Life is Full of Dreams," we put up corporate ads that encourage all people who are moving forward in their lives.

Featuring actress Mitsuki Takahata as its spokesperson, our series of corporate ads, titled "What's coming next?" and "The future of this country children are seeing" have aired nationwide on TV since September 2016 and March 2017, respectively.

"The future of this country children are seeing" corporate ad depicts a world full of dreams as seen from the viewpoint of children and conveys the message "When you become an

adult, you are bound by common sense and how things should be, and tend to forget that within everyone lies the heart of a child. If you lived like you did back then once more, the world would definitely be more fun."

The corporate ads have been extensively placed in various media, including posters at post offices nationwide, transit ads mainly in the Tokyo metropolitan and Kansai areas, as well as website ads.

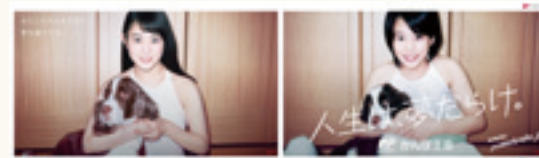
Through the corporate ads, we spread our wish to support the lives of our customers and other people living in regional societies by always being close at hand.



Poster



Corporate TV commercial "The future of this country children are seeing"



Transit ad

"Full of Dreams" Caravan

To deliver the corporate message of "encouraging those who take on the challenges toward achieving their dreams" on a continuing basis and from many angles, we have some of Japan Post Group's employees and their families who work enthusiastically toward their dreams appear in corporate ads (magazine and website ads).



*The information displayed is as of the time of filming.

TOPICS

JAPAN POST INSURANCE Presents DREAMS COME TRUE Concert Tour 2017/2018 and JAPAN POST INSURANCE Presents DREAMS COME TRUE Concert Tour 2017/2018 —Dreams Come True Evening— Special Sponsorship

We are sponsoring the special concert tour “Japan Post Insurance presents DREAMS COME TRUE Concert Tour 2017/2018” and “Japan Post Insurance presents DREAMS COME TRUE Concert Tour 2017/2018 —Dreams Come True

Evening—” by DREAMS COME TRUE, a popular J-POP group among people of all age groups.

Through this sponsorship, we would like to deliver dreams to everyone.



KAMPO DREAM THEATER, Sponsorship of the Takarazuka Revue

As one of our cultural activities, we sponsor the Takarazuka Revue's 2017 performances by the Snow troupe: Musical Comedy “The Sun in the Last Days of the Shogunate” and Show Spirit “Dramatic ‘S!’” as we did in 2015 and 2016.

Through the sponsorship of the performances of the Takarazuka Revue, we wish to deliver dreams to the audiences at these performances.



©Takarazuka Revue Company

Sponsorship Contract with Female Professional Golfer Momoko Ueda

Since March 2015, we have been under a three-year sponsorship contract with Momoko Ueda, a professional golfer. Her committed efforts to making her dreams come true led to the sponsorship. Ms. Ueda has competed in various golf tournaments armed with a cap, golf clothing and a golf bag bearing the name of Japan Post Insurance.

Special Sponsorship of Student Music Concours of Japan

To develop a music culture and support students who are taking on the challenge of pursuing their dreams, we sponsor the Student Music Concours of Japan.

This competition nurtures an appreciation of music and helps improve performance techniques. Through a fair screening process, young talents who can perform on the global stage are discovered, thereby contributing to the development of music culture.



JAPAN POST INSURANCE presents NHKSO Beethoven 9th Special Concert

With the aim of supporting cultural activities, we sponsored the NHK Symphony Orchestra (NHKSO) Beethoven 9th Special Concert (Suntory Hall, Minato-ku, Tokyo) on December 27, 2016. NHKSO was formed around 90 years ago and is highly renowned for its excellent performances across the world.



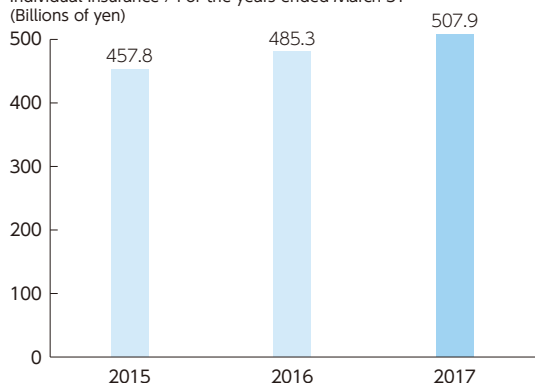
© NHK Symphony Orchestra, Tokyo
At NHKSO Beethoven 9th Special Concert

④ Japan Post Insurance Co. Business Performance (Non-Consolidated)

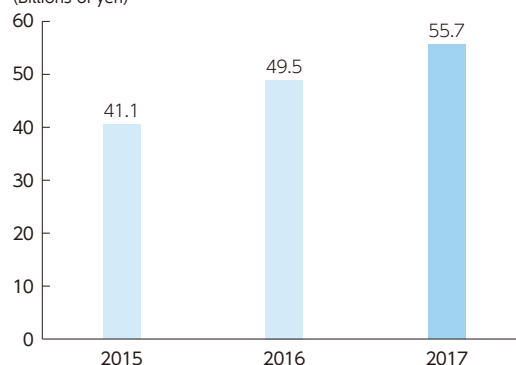
1 Insurance Policies

■ Annualized Premiums – New Policies

Individual Insurance / For the years ended March 31
(Billions of yen)



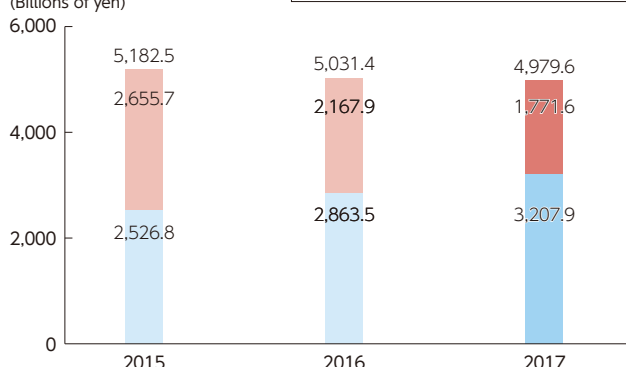
Third-Sector / For the years ended March 31
(Billions of yen)



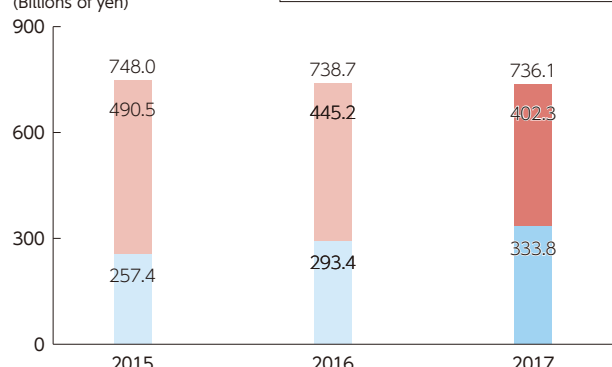
Note: "Third-sector" includes medical benefits (including hospitalization and surgery benefits).

■ Annualized Premiums – Policies in Force

Individual Insurance / As of March 31
(Billions of yen)



Third-Sector / As of March 31
(Billions of yen)



Notes: 1. "New Classification" indicates policies in force underwritten by Japan Post Insurance Co., whereas "Old Classification" indicates Postal Life Insurance Policies (individual insurance policies are limited to Postal Life Insurance Policies) which Japan Post Insurance Co. has received from the Management Organization in the form of reinsurance.

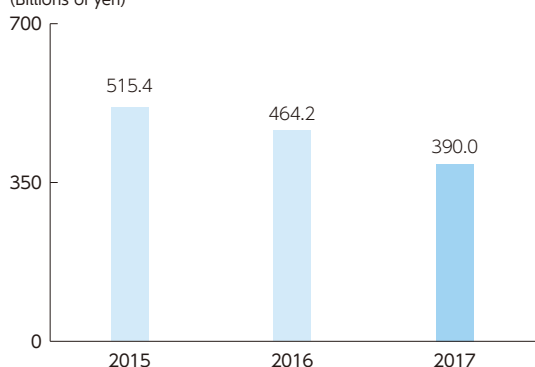
2. Regarding Postal Life Insurance Policies which Japan Post Insurance Co. has received from the Management Organization in the form of reinsurance, the annualized premiums under "Old Classification" are calculated based on the same methods used to calculate annualized premiums of individual insurance policies and individual annuities underwritten by Japan Post Insurance Co.

3. "Third-sector" includes medical benefits (including hospitalization and surgery benefits) and living benefits (including specified diseases and nursing care benefits).

2 Sound Management Indicators

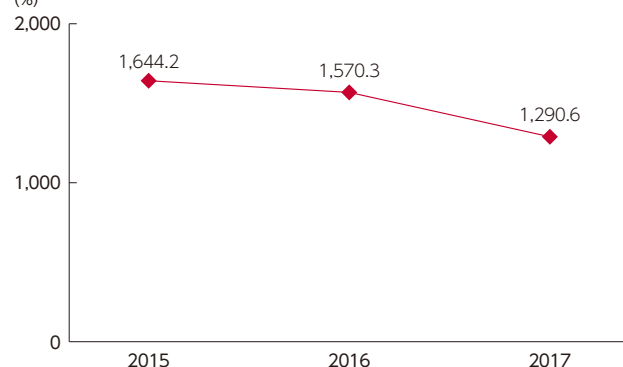
■ Core Profit

For the year ended March 31
(Billions of yen)



■ Consolidated Solvency Margin Ratio

As of March 31
(%)



⑤ Japan Post Insurance Co. Financial Highlights (Consolidated)

As a result of efforts to strengthen its sales promotion capabilities in corporation with Japan Post Co., new insurance policies for individuals totaled 2.44 million. Ordinary income was ¥8,659.4 billion, net ordinary income was ¥279.7 billion and net income attributable to Japan Post Insurance Co. was ¥88.5 billion. Insurance premiums amounted to ¥5,041.8 billion, while internal reserves (contingency reserve and reserve for price fluctuations) totaled ¥3,042.7 billion, and a consolidated solvency margin ratio was 1,290.6%.

Consolidated Results of Operations

■ Ordinary income

(Year ended March 31, 2017)

¥8,659,444 million

■ Net ordinary income

(Year ended March 31, 2017)

¥279,755 million

■ Net income attributable to Japan Post Insurance Co.

(Year ended March 31, 2017)

¥88,596 million

■ Net income per share

(Year ended March 31, 2017)

¥147.71

■ Diluted net income per share (Note)

(Year ended March 31, 2017)

—

■ Return on equity

(Year ended March 31, 2017)

4.7%

■ Net ordinary income/ Total assets

(Year ended March 31, 2017)

0.3%

■ Net ordinary income/ Ordinary income

(Year ended March 31, 2017)

3.2%

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

Consolidated Financial Position

■ Total assets

(As of March 31, 2017)

¥80,336,760 million

■ Net assets

(As of March 31, 2017)

¥1,853,203 million

■ Equity ratio

(As of March 31, 2017)

2.3%

■ Net assets per share

(As of March 31, 2017)

¥3,089.81

(Reference)

Equity

As of March 31, 2017:

¥1,853,203 million

5. Other Businesses

① Hospital Business

Japan Post Holdings has established seven Teishin Hospitals around Japan as corporate hospitals of the Japan Post Group. Teishin Hospitals are open for the use of any member of the public, as well as Group employees and their families, and they provide medical services and medical check-up services, which contribute to the health of everyone in the community. Please refer to page 85 for details including locations.

Notably, Tokyo Teishin Hospital has 477 sickbeds and advanced medical equipment to organize a structure required for providing advanced medical care, and approximately 7,900 people utilized medical check-up services during fiscal year ended March 31, 2017. The hospital also has a palliative care unit to provide cancer patients with relief from physical and mental pain so that they can spend valuable time with their family in the most comfortable way as possible.

List of seven Teishin Hospitals nationwide



Tokyo Teishin Hospital Departments

Internal medicine, endocrinology/metabolism, hematology, neurology, infectious diseases, cardiology, nephrology, gastroenterohepatology, respiratory diseases, psychiatry, surgery, gastroenterological surgery, respiratory surgery, neurosurgery, orthopedics, gynecology, pediatrics, ophthalmology, dermatology, plastic and reconstructive surgery, urology, otolaryngology, radiology, rehabilitation, anesthesiology, palliative care, dental/oral surgery, emergency, pathology



Hiroshima Teishin Hospital Departments

Internal medicine, surgery, obstetrics and gynecology, pediatrics, ophthalmology, orthopedics



Fukuoka Teishin Hospital Departments

Internal medicine, gastroenterohepatology, cardiology, surgery, gynecology, pediatrics, ophthalmology, dermatology, otolaryngology, orthopedics, radiology, anesthesiology



Toyama Teishin Hospital Departments

Internal medicine, surgery, gynecology, ophthalmology, orthopedics



Kagoshima Teishin Hospital Departments

Internal medicine, gastroenterohepatology, gastroenterological surgery, liver internal medicine, liver surgery, surgery, gynecology, ophthalmology, proctology



Nagoya Teishin Hospital Departments

Internal medicine, respiratory diseases, geriatrics, surgery, urology, obstetrics and gynecology, pediatrics, ophthalmology, dermatology, otolaryngology, orthopedics



Kyoto Teishin Hospital Departments

Internal medicine, surgery, gynecology, pediatrics, ophthalmology, otolaryngology, orthopedics, radiology, anesthesiology

② Hotel Business

1. Kanpo no Yado Inns and Kanpo no Sato Inns

Kanpo no Yado inns are available for the use of all persons, in the same way as regular ryokan and hotels, regardless of whether guests possess insurance policies of Japan Post Insurance.

These facilities are near tourist spots, with many of them incorporating universal designs throughout bathrooms and guest rooms, thereby ensuring that guests can stay with peace of mind.

Kanpo no Sato inns are lodging facilities where people can enjoy sports and other leisure activities in a natural setting.

We opened Kazeru Otaru, a fee-paying residential-style nursing home, on the site of Kanpo no Yado inn Otaru, to ensure enriched lives for elderly people.

For details, please refer to pages 86-87.

2. Rafre Saitama and other facilitiesInns

Rafre Saitama is a lodging facility located near Saitama Shintoshin station that has conference rooms, banquet halls and a fitness center.

U-Port Recreation Center in Setagaya Ward, Tokyo, includes tennis courts, a heated indoor swimming pool, a gym, a fitness center and other sports facilities.

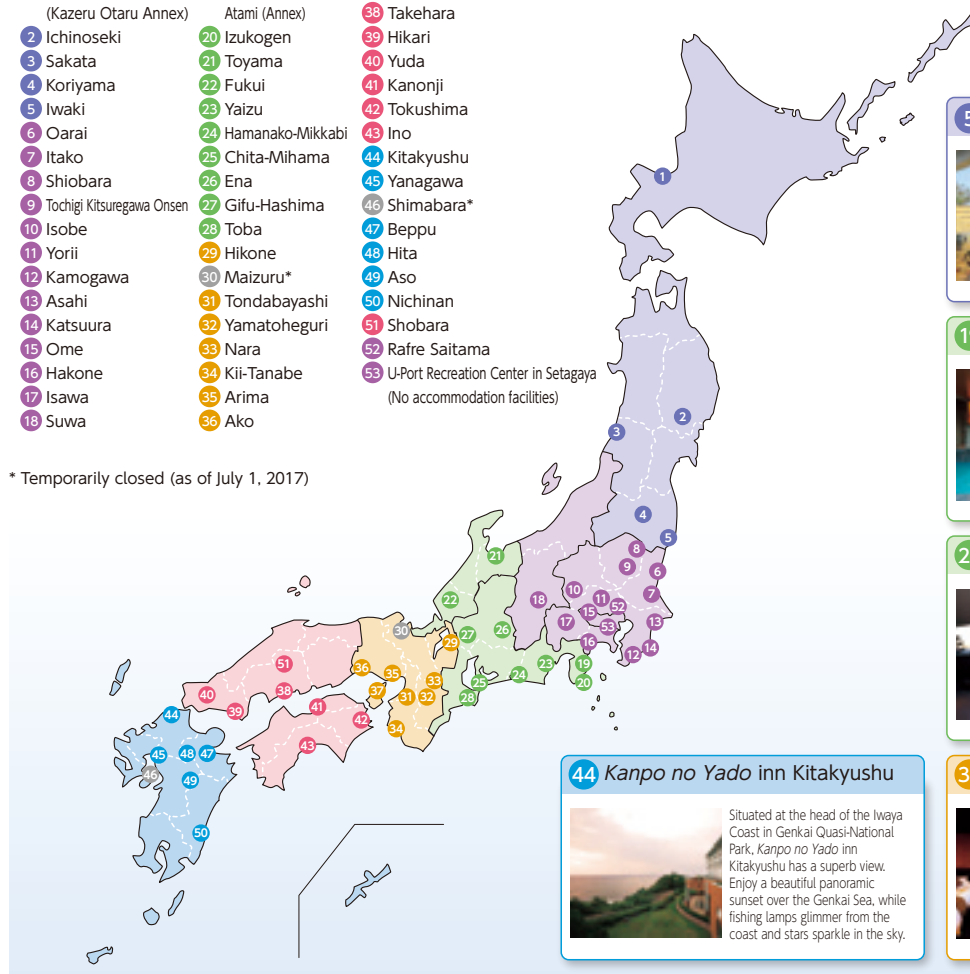
MIELPARQUE hotels provide accommodations, conference rooms, banquet and wedding halls, restaurants and other facilities.

Note: MIELPARQUE hotels have been run by a subsidiary of Watabe Wedding Corp. under a fixed-term lease agreement with Japan Post Holdings.
MIELPARQUE Kyoto does not have accommodation and wedding facilities.

List of Accommodation Facilities Nationwide

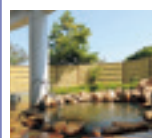
- | | | |
|---------------------------------|---|--|
| 1 Otaru
(Kazeru Otaru Annex) | 19 Atami (Main Building)
Atami (Annex) | 37 Awajishima |
| 2 Ichinoseki | 20 Izukogen | 38 Takehara |
| 3 Sakata | 21 Toyama | 39 Hikari |
| 4 Koriyama | 22 Fukui | 40 Yuda |
| 5 Iwaki | 23 Yaizu | 41 Kanonji |
| 6 Oarai | 24 Hamanako-Mikkabi | 42 Tokushima |
| 7 Itako | 25 Chita-Mihama | 43 Ino |
| 8 Shiobara | 26 Ena | 44 Kitakyushu |
| 9 Tochigi Kitsuregawa Onsen | 27 Gifu-Hashima | 45 Yanagawa |
| 10 Isobe | 28 Toba | 46 Shimabara* |
| 11 Yorii | 29 Hikone | 47 Beppu |
| 12 Kamogawa | 30 Maizuru* | 48 Hita |
| 13 Asahi | 31 Tondabayashi | 49 Aso |
| 14 Katsuura | 32 Yamatoheguri | 50 Nichinan |
| 15 Ome | 33 Nara | 51 Shobara |
| 16 Hakone | 34 Kii-Tanabe | 52 Rafre Saitama |
| 17 Isawa | 35 Arima | 53 U-Port Recreation Center in Setagaya
(No accommodation facilities) |
| 18 Suwa | 36 Ako | |

* Temporarily closed (as of July 1, 2017)



On our recommendation list:

5 Kanpo no Yado inn Iwaki



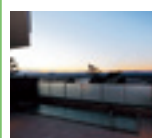
All guestrooms have a spectacular ocean view of the long white sandy beach and black pine forest of the Iwaki Kaigan Prefectural Natural Park. Watch the beautiful Pacific sunrise from your room or indulge in the outdoor hot spring under the starry sky.

19 Kanpo no Yado inn Atami (Main Building)



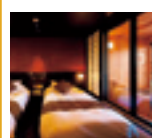
The hot spring hotel's hilltop location offers a panoramic view of Atami city and the Sagami Bay. The Main Building was renewed in December 2015 with four types of spas including outdoor, jet baths and bed baths.

25 Kanpo no Yado inn Chita-Mihama



Rejuvenate your mind and body in the skin-soothing natural hot springs while overlooking Ise Bay at Kanpo no Yado inn Chita-Mihama, which reopened in February 2016 with a new tropical resort design.

33 Kanpo no Yado inn Nara



Located just west of the Heijo Palace site and perfect for visiting the various World Heritage sites scattered throughout the ancient capital, Kanpo no Yado inn Nara reopened in March 2016 with new guestrooms, including special Japanese-Western style rooms with private panoramic view baths.

44 Kanpo no Yado inn Kitakyushu



Situated at the head of the Iwaya Coast in Genkai Quasi-National Park, Kanpo no Yado inn Kitakyushu has a superb view. Enjoy a beautiful panoramic sunset over the Genkai Sea, while fishing lamps glimmer from the coast and stars sparkle in the sky.