

Performance Data

CONTENTS

1. Japan Post Business Performance

I Postal and Logistics Business Performance	184
II Post Office Business Performance	189

2. Japan Post Bank Business Performance

Japan Post Bank Business Performance	191
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3. Japan Post Insurance Business Performance (Non-consolidated)

Japan Post Insurance Business Performance (Non-consolidated)	195
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1. Japan Post Business Performance

I Postal and Logistics Business Performance

1 Consigned Volume of Mail in fiscal year ended March 31, 2017

Fiscal years ended March 31

(Unit: 1,000 items)

Category	2015		2016		2017	
	Volume	Year-on-year change	Volume	Year-on-year change	Volume	Year-on-year change
Total	22,035,617	(1.3)%	22,082,281	0.2%	21,925,689	(0.7)%
Mail	18,188,628	(2.1)%	18,029,855	(0.9)%	17,730,418	(1.7)%
Domestic	18,142,041	(2.1)%	17,980,998	(0.9)%	17,683,959	(1.7)%
Standard mail	17,661,265	(2.2)%	17,426,341	(1.3)%	17,193,956	(1.3)%
First-class	8,531,556	(0.4)%	8,463,874	(0.8)%	8,411,787	(0.6)%
Second-class	6,398,122	(3.7)%	6,315,097	(1.3)%	6,276,453	(0.6)%
Third-class	230,229	(4.7)%	220,464	(4.2)%	211,316	(4.1)%
Fourth-class	19,931	(7.2)%	18,802	(5.7)%	17,728	(5.7)%
New Year's postcards	2,431,779	(4.0)%	2,351,237	(3.3)%	2,236,551	(4.9)%
Election mail	49,648	1.1%	56,866	14.5%	40,121	(29.4)%
Special mail	480,777	2.4%	554,657	15.4%	490,003	(11.7)%
International (dispatched)	46,587	(1.2)%	48,857	4.9%	46,459	(4.9)%
Standard mail	29,503	(14.6)%	24,913	(15.6)%	26,942	8.1%
Parcels	3,038	69.0%	4,758	56.6%	4,116	(13.5)%
EMS	14,047	29.9%	19,187	36.6%	15,400	(19.7)%
Parcels	3,846,989	2.5%	4,052,425	5.3%	4,195,272	3.5%
Yu-Pack	527,209	23.1%	579,877	10.0%	632,421	9.1%
Yu-Mail	3,319,780	(0.1)%	3,472,549	4.6%	3,562,851	2.6%

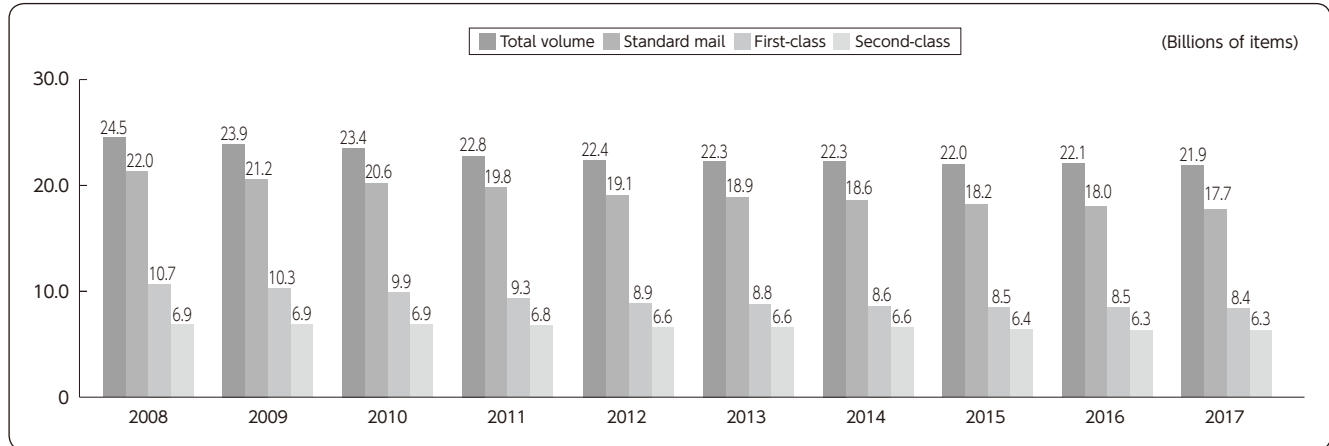
Notes: 1. Sums of individual items may not match totals due to rounding.

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

3. From the fiscal year ended March 31, 2014, the number of Yu-Pack parcels in the second half of the year includes Yu-Packet parcels.

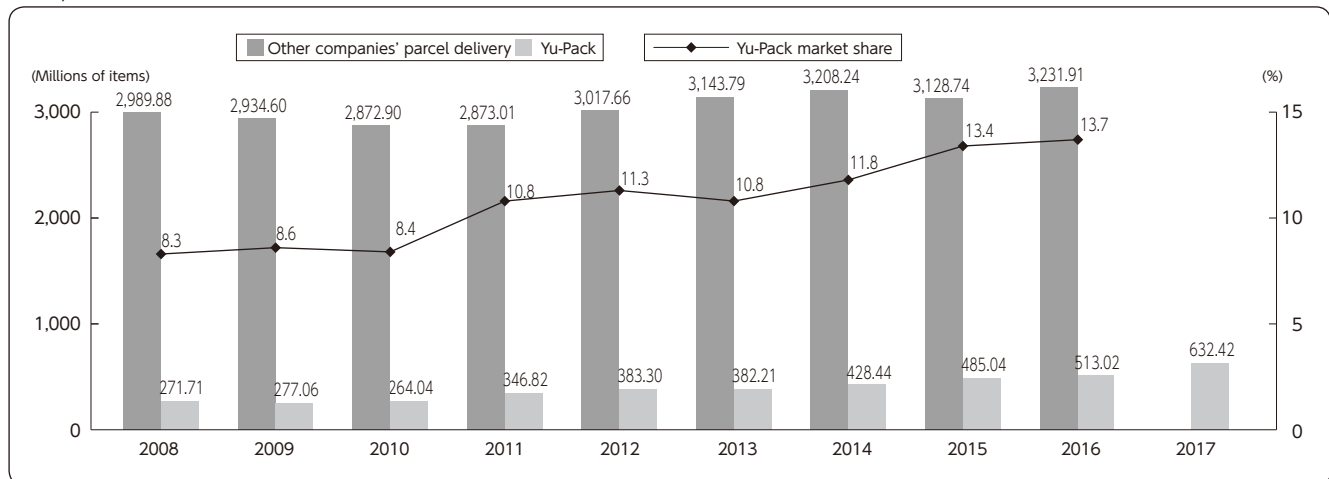
2 Total Consigned Volume of Mail

Fiscal years ended March 31



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

Fiscal years ended March 31



Notes: 1. For fiscal year ended March 31, 2017, other companies' parcel delivery volume has not yet been announced (as of June 30, 2017).

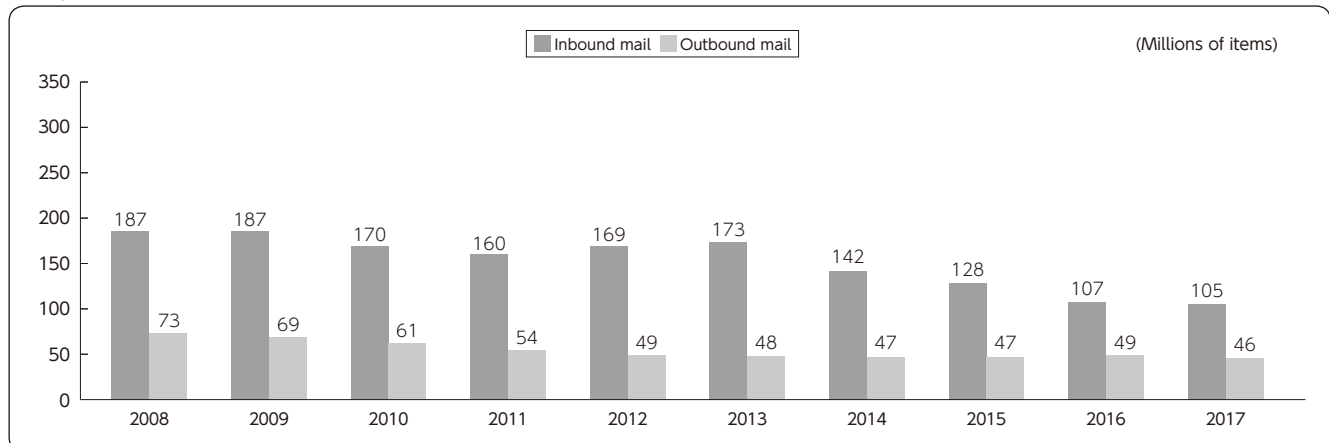
2. The number of Yu-Pack parcels includes EXPACK parcels.

3. The number of Yu-Pack parcels in the fiscal year ended March 31, 2017 includes Yu-Packet 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.

4 Volume of International Mail

Fiscal years ended March 31



5 Daily Mail Delivery Volume and Points

Fiscal years ended March 31

	2015	2016	2017
Daily mail delivery volume	About 61 million items	About 61 million items	About 61 million items
Daily delivery points	About 31 million points	About 30 million points	About 31 million points

6 Postal Service Quality Survey (Days to Arrival)

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

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

■ Nationwide Achievement Rate of Average Days to Delivery

Fiscal years ended March 31

	2015	Year-on-year change	2016	Year-on-year change	2017	Year-on-year change
Nationwide average	98.6%	0.0%	98.6%	0.0%	98.5%	(0.1)%
For mail within the same prefecture	99.1%	0.1%	98.8%	(0.3)%	99.1%	0.3%
For mail to a neighboring prefecture	97.8%	(0.2)%	98.2%	0.4%	97.8%	(0.4)%
For mail to other prefectures	98.0%	0.0%	98.6%	0.6%	97.9%	(0.7)%

Note: The percentage of New Year's postcards accepted by December 25, 2016 and delivered on January 1, 2017 reached 99.9% as compared to the target figure of 99.5%.

7 Outsourced Operations

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

■ Documentary Stamp Sales

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

Fiscal years ended March 31

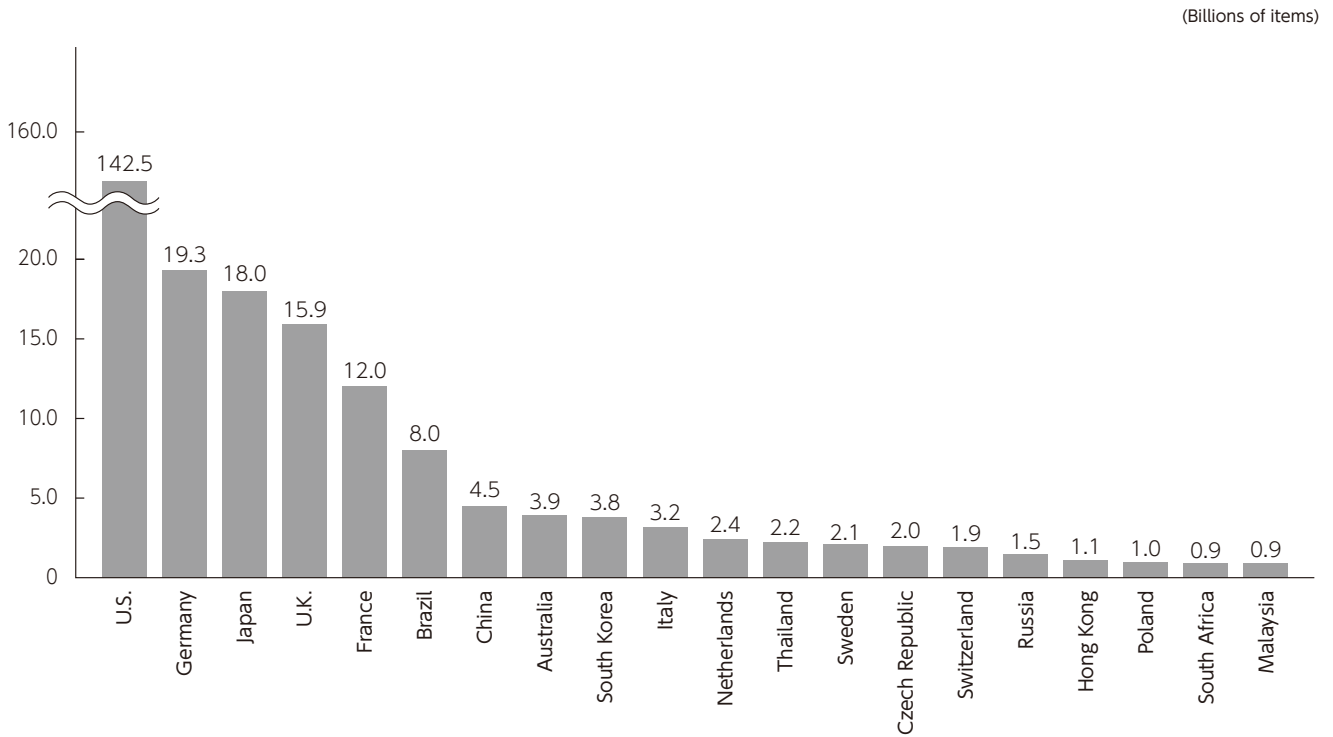
(Millions of yen)

Category	2015	2016	2017
Revenue stamps	757,658	761,932	768,920
Automobile weight tax documentary stamps	655,200	671,497	681,589
Unemployment insurance documentary stamps	473	455	412
Health insurance documentary stamps	3,600	3,572	3,367
Patent documentary stamps	90,807	94,394	94,510
Total	1,507,738	1,531,850	1,548,798

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

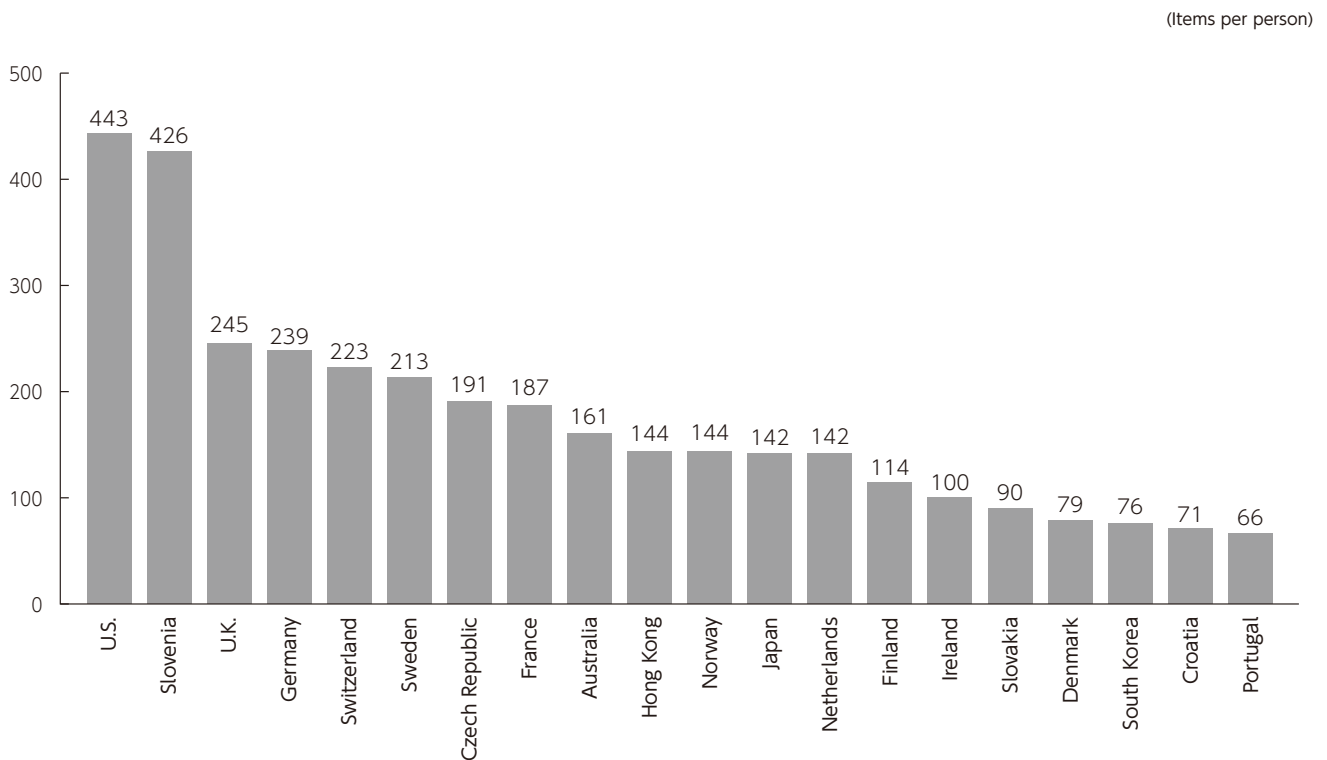
Reference: Postal Services in Other Countries

1. Volume of Mail Received (Top 20 Countries in 2015)



Notes: 1. Source: Universal Postal Union Postal Statistics (2015)
2. "Mail volume" is the total for all domestic mail items.

2. Annual Mail Volume Per Capita (Top 20 Countries in 2015)



Notes: 1. Source: Universal Postal Union Postal Statistics (2015)
2. "Mail volume" is the total for all domestic mail items.

Reference: International Comparison of Postage Rates

■ Comparison of Domestic Postage Rates

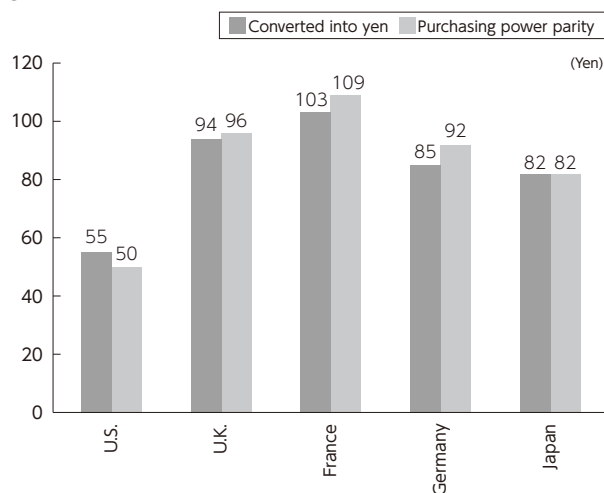
Domestic postage rates (letters and postcards) in Japan are generally lower than major European countries (U.K., France, Germany).

In the United States, postage rates for both domestic letters

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

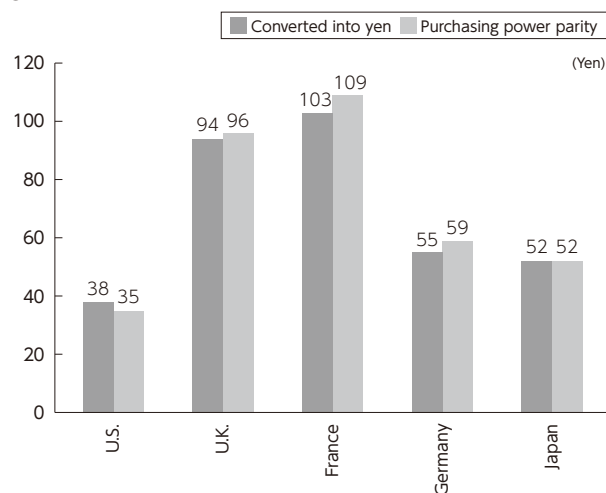
■ Comparison of Domestic Letter and Postcard Postage Rates in Selected Countries

● Letter rate



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

● Postcard rate



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

	U.S.	U.K.	France	Germany	Japan
Local currency	\$0.49	£0.65	€0.85	€0.70	¥82
Yen equivalent	¥55	¥94	¥103	¥85	¥82
Purchasing power parity	¥50	¥96	¥109	¥92	¥82

	U.S.	U.K.	France	Germany	Japan
Local currency	\$0.34	£0.65	€0.85	€0.45	¥52
Yen equivalent	¥38	¥94	¥103	¥55	¥52
Purchasing power parity	¥35	¥96	¥109	¥59	¥52

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

2. Yen conversions use the exchange rate as of March 31, 2017 (Bank of Tokyo-Mitsubishi UFJ TTS rate).

3. Purchasing power parities use exchange rates that make price levels equal in Japan and the other countries. Calculations are based on Purchasing Power Parities (2016 average OECD Main Economic Indicators).

4. Letter and postage rates are as of March 31, 2017.

	Exchange rate	Purchasing power parity
\$1 (U.S.)	¥113.19	¥102.00
£1 (U.K.)	¥144.08	¥147.83
€1 (France)	¥121.29	¥128.14
€1 (Germany)	¥121.29	¥131.78

■ Comparison of International (Air) Postage Rates

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

	Letter (25 g)		Postcard	
	Local currency	Yen equivalent	Local currency	Yen equivalent
Japan to the four other countries	—	¥110	—	¥70
U.S. to Japan	\$1.15	¥130	\$1.15	¥130
U.K. to Japan	£2.27	¥327	£1.17	¥169
France to Japan	€2.60	¥315	€1.30	¥158
Germany to Japan	€1.50	¥182	€0.90	¥109

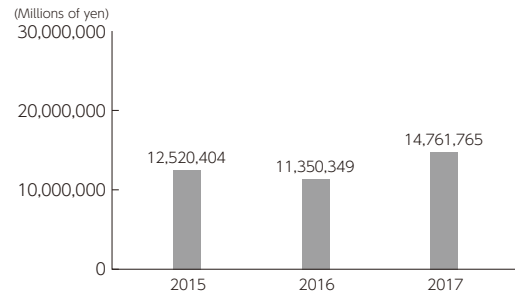
Note: Yen conversions use the exchange rate as of March 31, 2017 (Bank of Tokyo-Mitsubishi UFJ TTS rate).

II Post Office Business Performance

1 TEIGAKU and Time Deposits Handled

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

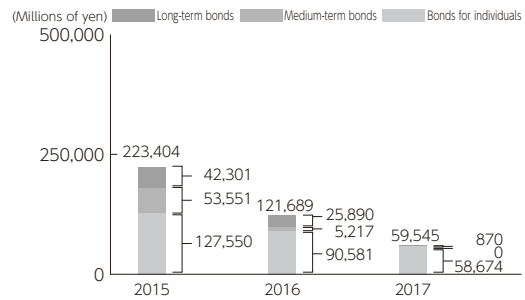
Fiscal years ended March 31



2 Sales of Japanese Government Bonds

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

Fiscal years ended March 31

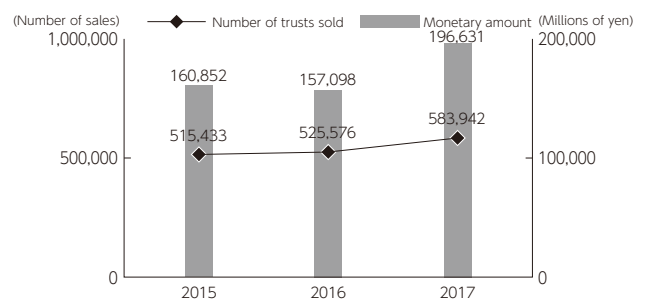


3 Investment Trust Sales

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

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

Fiscal years ended March 31

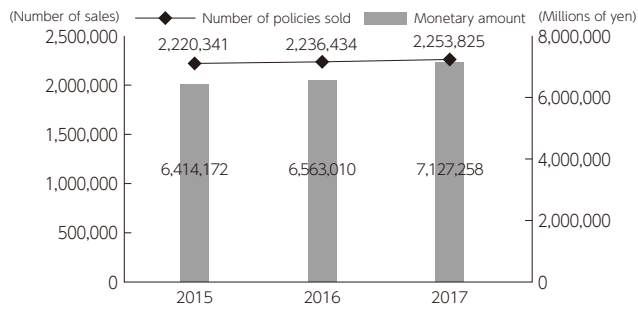


4 Life Insurance and Annuity Sales

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

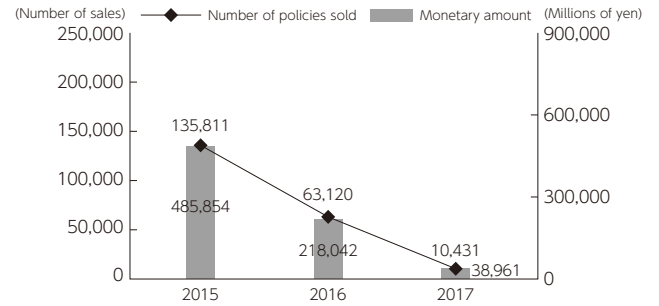
■ Individual Insurance

Fiscal years ended March 31



■ Individual Annuities

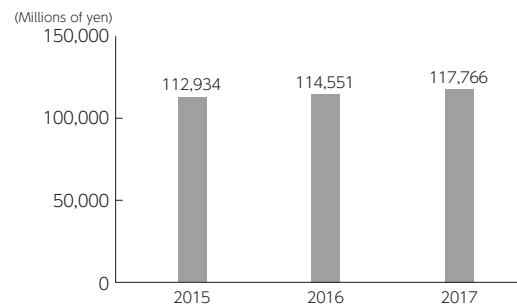
Fiscal years ended March 31



5 Merchandise Business

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

Fiscal years ended March 31



2. Japan Post Bank Business Performance

1 Key Financial Indicators

Fiscal years ended March 31

(Millions of yen)

	2015	2016	2017
Ordinary income	2,078,179	1,968,987	1,897,281
Operating profit (before provision for general reserve for possible loan losses)	519,998	385,897	354,087
Net operating profit	519,998	385,897	354,098
Net ordinary income	569,489	481,998	442,085
Net income	369,434	325,069	312,264
Capital stock	3,500,000	3,500,000	3,500,000
Shares outstanding (thousands of shares)	150,000	4,500,000	4,500,000
Net assets	11,630,212	11,508,150	11,780,037
Total assets	208,179,309	207,056,039	209,568,820
Deposits	177,710,776	177,871,986	179,434,686
Loans	2,783,985	2,542,049	4,064,120
Securities	156,169,792	144,076,834	138,792,448
Capital adequacy ratio (non-consolidated, domestic standard) (%)	38.42	26.38	22.22
Dividend payout ratio (%)	50.00	28.83	60.03
Employees (persons)	12,889	12,905	12,965

Notes:

1. Japan Post Bank Co. implemented a 30-for-1 common stock split effective August 1, 2015.
2. The balance of deposits including accrued interest at the end of fiscal 2017 is ¥180,781,785 million (¥179,307,785 million at the end of fiscal 2016 and ¥179,009,556 million at the end of fiscal 2015).
3. The capital adequacy ratio (non-consolidated, domestic standard) is calculated based on standards stipulated by Article 14-2 of the Banking Act for the purpose of determining whether banks have sufficient equity capital given their holdings of assets and other instruments (Notification No. 19, the Financial Services Agency of Japan, 2006).
4. The dividend payout ratio for the fiscal years ended March 31, 2015 and 2016 are calculated by dividing the total dividend payment for the period by net income. The dividend payout ratio for the fiscal year ended March 31, 2017 is calculated by dividing dividends per share of common stock by net income per share.
5. The number of employees excludes Japan Post Bank employees assigned to other companies by the Bank but includes employees assigned to the Bank by other companies. The figures do not include part-time employees.

2 Balances by Type of Deposit

1. Balances at the End of Fiscal Period

(Millions of yen, %)

		March 31, 2015		March 31, 2016		March 31, 2017	
		Amount	%	Amount	%	Amount	%
Domestic operations	Liquid deposits	61,053,645	34.35	63,834,943	35.88	67,994,923	37.89
	Transfer deposits	11,747,374	6.61	13,874,601	7.80	13,052,115	7.27
	Ordinary deposits, etc.	48,912,826	27.52	49,571,866	27.86	54,550,845	30.40
	Savings deposits	393,443	0.22	388,475	0.21	391,963	0.21
	Fixed-term deposits	116,453,033	65.52	113,852,874	64.00	111,280,733	62.01
	Time deposits	13,569,920	7.63	11,441,153	6.43	10,065,156	5.60
	TEIGAKU deposits, etc.	102,881,558	57.89	102,410,683	57.57	101,215,576	56.40
	Other deposits	204,097	0.11	184,168	0.10	159,029	0.08
	Subtotal	177,710,776	100.00	177,871,986	100.00	179,434,686	100.00
	Negotiable certificates of deposit	—	—	—	—	—	—
Total	177,710,776	100.00	177,871,986	100.00	179,434,686	100.00	
International operations	Total	—	—	—	—	—	—
Total	177,710,776	100.00	177,871,986	100.00	179,434,686	100.00	
Deposits including accrued interest		179,009,556		179,307,785		180,781,785	

Notes:

1. Liquid deposits = Transfer deposits + Ordinary deposits, etc. + Savings deposits
Ordinary deposits, etc. = Ordinary deposits + Special deposits (equivalent to ordinary savings)
2. Fixed-term deposits = Time deposits + TEIGAKU deposits, etc. + Special deposits (Savings for housing installments equivalent + Education installment savings equivalent)
TEIGAKU deposits, etc. = TEIGAKU deposits + Special deposits (TEIGAKU savings equivalent)
3. "Transfer deposits" correspond to "Current deposits" and "TEIGAKU deposits" to "Other deposits" in liabilities in accordance with the Ordinance for Enforcement of the Banking Act.
4. Special deposits, which represent deposits received from the Management Organization for Postal Savings and Postal Life Insurance, an independent administrative agency, correspond to postal savings that were passed on to the organization by Japan Post.
5. Special deposits (equivalent to ordinary savings) are the portion of deposits received from the Management Organization for Postal Savings and Postal Life Insurance corresponding to savings for time savings, TEIGAKU savings, installment savings, savings for housing installments, and education installment savings that had reached full term and were passed on to the organization by Japan Post.

2. Average Balances

Fiscal years ended March 31

(Millions of yen, %)

		2015		2016		2017	
		Amount	%	Amount	%	Amount	%
Domestic operations	Liquid deposits	61,057,460	34.35	62,432,860	35.10	65,952,601	36.79
	Transfer deposits	11,365,224	6.39	12,413,131	6.97	13,133,438	7.32
	Ordinary deposits, etc.	49,296,826	27.73	49,627,508	27.90	52,429,547	29.24
	Savings deposits	395,409	0.22	392,220	0.22	389,616	0.21
	Fixed-term deposits	116,441,954	65.52	115,247,660	64.79	113,138,020	63.11
	Time deposits	14,163,314	7.96	12,339,989	6.93	10,752,770	5.99
	TEIGAKU deposits, etc.	102,276,763	57.55	102,906,340	57.85	102,384,806	57.11
	Other deposits	211,981	0.11	187,548	0.10	161,233	0.08
	Subtotal	177,711,397	100.00	177,868,069	100.00	179,251,855	100.00
	Negotiable certificates of deposit	—	—	—	—	—	—
Total	177,711,397	100.00	177,868,069	100.00	179,251,855	100.00	
International operations	Total	—	—	—	—	—	—
Total	177,711,397	100.00	177,868,069	100.00	179,251,855	100.00	
Deposits including accrued interest		178,911,788		179,226,520		180,668,339	

3 Loans by Category

1. Balances at the End of Fiscal Period

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016	As of March 31, 2017
Domestic operations			
Loans on notes	—	—	—
Loans on deeds	2,549,816	2,318,798	3,866,110
Overdrafts	234,169	219,951	198,009
Notes discounted	—	—	—
Subtotal	2,783,985	2,538,749	4,064,120
International operations			
Loans on notes	—	—	—
Loans on deeds	—	3,300	—
Overdrafts	—	—	—
Notes discounted	—	—	—
Subtotal	—	3,300	—
Total	2,783,985	2,542,049	4,064,120

2. Average Balances

Fiscal years ended March 31 (Millions of yen)

	2015	2016	2017
Domestic operations			
Loans on notes	—	—	—
Loans on deeds	2,740,220	2,462,009	2,877,528
Overdrafts	232,114	219,899	203,605
Notes discounted	—	—	—
Subtotal	2,972,334	2,681,909	3,081,133
International operations			
Loans on notes	—	—	—
Loans on deeds	—	2,614	2,151
Overdrafts	—	—	—
Notes discounted	—	—	—
Subtotal	—	2,614	2,151
Total	2,972,334	2,684,524	3,083,285

4 Balances by Type of Securities

1. Balances at the End of Fiscal Period

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016	As of March 31, 2017
Domestic operations			
Japanese government bonds	106,767,047	82,255,654	68,804,989
Japanese local government bonds	5,525,117	5,856,509	6,082,225
Commercial paper	226,986	204,995	233,998
Japanese corporate bonds	10,756,050	10,362,715	10,752,831
Japanese stocks	935	1,390	1,390
Other securities	—	—	1,942
Subtotal	123,276,136	98,681,264	85,877,377
International operations			
Other securities	32,893,656	45,395,569	52,915,071
Foreign bonds	18,817,706	19,829,503	20,143,467
Investment trusts	13,967,716	25,520,966	32,726,722
Foreign stocks	—	—	—
Subtotal	32,893,656	45,395,569	52,915,071
Total	156,169,792	144,076,834	138,792,448

2. Average Balances

Fiscal years ended March 31 (Millions of yen)

	2015	2016	2017
Domestic operations			
Japanese government bonds	116,413,435	92,933,962	76,271,808
Japanese local government bonds	5,570,677	5,517,565	5,926,257
Commercial paper	293,887	222,965	224,870
Japanese corporate bonds	10,999,777	10,334,756	10,476,477
Japanese stocks	935	1,118	1,390
Other securities	—	—	545
Subtotal	133,278,712	109,010,368	92,901,349
International operations			
Other securities	26,849,989	40,072,765	48,099,311
Foreign bonds	16,653,595	19,778,504	19,527,484
Investment trusts	10,117,574	20,224,805	28,528,342
Foreign stocks	—	—	—
Subtotal	26,849,989	40,072,765	48,099,311
Total	160,128,701	149,083,133	141,000,661

5 Over-the-Counter Sales of Japanese Government Bonds

Fiscal years ended March 31 (Millions of yen)

	2015	2016	2017
Long-term bonds	45,243	28,127	1,024
Medium-term bonds	56,805	5,815	0
Bonds for individuals	139,475	98,331	64,406
Total	241,524	132,275	65,430

6 Domestic Exchanges

Fiscal years ended March 31 (Millions of yen)

	2015		2016		2017	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
Sent	24,252	21,769,194	26,793	23,586,237	27,897	21,516,587
Received	67,192	15,415,275	79,485	17,625,900	92,705	20,798,405

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

7 Transfer Deposits

Fiscal years ended March 31 (Millions of yen)

	2015		2016		2017	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
In-payment	1,171,772	68,295,736	1,170,468	64,521,205	1,164,002	51,150,496
Transfers	112,041	81,957,838	110,268	84,498,625	104,625	88,844,655
Out-payment	120,517	56,831,965	119,168	51,293,715	119,980	43,221,766

8 Ordinary Remittances and Postal Orders (TEIGAKU KOGAWASE)

Fiscal years ended March 31 (Millions of yen)

	2015		2016		2017	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
Ordinary remittances	1,607	34,492	1,224	26,028	1,209	22,556
Postal orders (TEIGAKU KOGAWASE)	16,679	9,288	15,867	8,945	15,841	9,008

9 Foreign Exchanges

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

	2015		2016		2017	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
	352	1,112	334	1,223	314	1,169

Note: Foreign exchanges represent the total of international remittances and purchase of traveler's checks. The purchase of traveler's checks was terminated as of May 2, 2016.

10 Investment Trusts Sales (Contract Basis)

Fiscal years ended March 31 (Millions of yen)

	2015	2016	2017
Number of contracts (thousands)	1,061	1,164	1,251
Sales amount	377,000	427,085	544,399

Note: Figures have been rounded off.

(Millions of yen)

	March 31, 2015	March 31, 2016	March 31, 2017
Number of investment trust accounts (thousands)	665	696	749
Net assets	1,118,791	1,135,550	1,310,151

11 Other Businesses

Fiscal years ended March 31

Credit Cards

(Thousands)

	2015	2016	2017
Number of cards issued	60	65	61

(Thousands)

	March 31, 2015	March 31, 2016	March 31, 2017
Outstanding	1,573	1,285	1,093

Mortgage Loans (as intermediary)

(Millions of yen)

	2015	2016	2017
Amount of new credit extended	34,833	36,369	39,908

(Millions of yen)

	March 31, 2015	March 31, 2016	March 31, 2017
Amount of new credit extended (cumulative)	306,981	343,350	383,259

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

Variable Annuities Policies

(Millions of yen)

	2015	2016	2017
Number of policies	11,987	17,220	17,731
Sales amount	66,914	92,270	90,712

(Millions of yen)

	March 31, 2015	March 31, 2016	March 31, 2017
Number of policies (cumulative)	65,556	82,776	100,507
Sales amount (cumulative)	345,452	437,722	528,434

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

1 Sound Management Indicators

1. Core Profit

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

Our core profit for the year ended March 31, 2017 was ¥390.0 billion.

Core Profit ¥390.0 billion

2. Consolidated Solvency Margin Ratio

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

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

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

Our consolidated solvency margin ratio as of March 31, 2017 was 1,290.6%, indicating a high degree of management soundness. We will continue to take the actions needed to maintain adequate financial resources to fulfill our obligations.

Consolidated Solvency Margin Ratio 1,290.6%

(Billions of yen)

Years ended March 31	2015	2016	2017
Core income (1)	¥ 10,185.7	¥ 9,653.5	¥ 8,621.4
Insurance premiums and others	5,956.7	5,413.8	5,041.8
Investment income (Note 1)	1,366.0	1,308.7	1,226.2
Reversal of policy reserves (Note 2)	2,719.2	2,805.7	2,246.8
Core expenses (2)	9,670.3	9,189.2	8,231.3
Insurance claims and others	9,059.5	8,550.4	7,550.3
Provision for policy reserves and others	1.4	0.1	0.0
Investment expenses (Note 1)	5.2	6.2	11.7
Operating expenses	512.4	537.0	560.2
Core profit ((1)-(2))	A 515.4	464.2	390.0
Net capital gains	B 64.1	4.4	(51.1)
Other one-time profits	C (86.4)	(55.6)	(59.5)
Ordinary profit	A+B+C 493.1	413.0	279.3

Notes: 1. Excluding the amount regarding net capital gains

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

(Millions of yen)

As of March 31	2015	2016	2017
Total amount of solvency margin (A)	¥5,706,126	¥5,547,846	¥ 5,425,821
Capital stock, etc.	1,387,508	1,438,806	1,490,882
Reserve for price fluctuations	712,167	782,268	788,712
Contingency reserve	2,498,711	2,374,846	2,254,027
Catastrophe loss reserve	—	—	—
General reserve for possible loan losses	77	71	59
(Net unrealized gains (losses) on available-for-sale securities (before taxes) + Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)	703,549	505,374	399,297
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	(10,077)	(3,474)	103
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)	7,920	6,975	6,064
Excess of continued Zillmerised reserve	406,267	442,977	486,674
Capital raised through debt financing	—	—	—
Amounts within "excess of continued Zillmerised reserve" and "capital raised through debt financing" not calculated into the margin	—	—	—
Deductions	—	—	—
Other	—	—	—
Total amount of risk (B)	694,064	706,591	840,767
$\sqrt{(\sqrt{R_1^2 + R_5^2 + R_6 + R_7})^2 + (R_2 + R_3 + R_7)^2} + R_1 + R_6$			
Insurance risk	R ₁ 163,796	159,046	153,070
General insurance risk	R ₅ —	—	—
Catastrophe risk	R ₆ —	—	—
Underwriting risk of third-sector insurance	R ₈ 88,568	78,262	69,104
Small amount and short-term insurance risk	R ₉ —	—	—
Anticipated yield risk	R ₂ 184,450	170,717	158,838
Minimum guarantee risk	R ₇ —	—	—
Investment risk	R ₃ 443,176	476,029	631,036
Business management risk	R ₄ 17,599	17,681	20,240
Solvency margin ratio			
$\frac{(A)}{(1/2) \times (B)} \times 100$	1,644.2%	1,570.3%	1,290.6%

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

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

3. Status of Accumulation of Internal Reserves

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

As of March 31, 2017, we had a contingency reserve of ¥2,254.0 billion and a reserve for price fluctuations of ¥788.7 billion, a total of ¥3,042.7 billion.

In addition, as of March 31, 2017, we have additional policy reserves to cover for a negative spread and other risks amounting to ¥5,961.0 billion.

Total of Contingency Reserve and Reserve for Price Fluctuations ¥3,042.7 billion

4. Consolidated Real Net Assets

“Consolidated real net assets” is calculated by subtracting liabilities, other than contingency reserve, reserve for price fluctuations and other liabilities with equity characteristics, from total assets measured at market value. The regulatory agency uses consolidated real net assets as an indicator of an insurance company’s financial soundness at the end of a fiscal period. A negative figure might lead to an order to suspend operations or

other regulatory action. (Such regulatory action is not generally taken if the amount after subtracting unrealized losses associated with held-to-maturity securities and policy-reserve-matching bonds is positive and liquid assets have been set aside.)

As of March 31, 2017, we had ¥12,763.1 billion in consolidated real net assets, an amount deemed to be sufficient.

Consolidated Real Net Assets ¥12,763.1 billion

5. Net Unrealized Gains (Losses) on Securities

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

As of March 31, 2017, Japan Post Insurance Co., Ltd. recorded a net unrealized gain on securities of ¥7,700.5 billion.

We recorded a ¥380.7 billion net unrealized gain on money held in trust and a ¥443.6 billion overall net unrealized gain on

available-for-sale securities. Although net unrealized gains on available-for-sale securities are not recorded on the Statements of Income, an amount deducting the tax-effect amount is recorded on the Consolidated Balance Sheets as “Net unrealized gains (losses) on available-for-sale securities” within net assets.

Net Unrealized Gains (Losses) on Securities ¥7,700.5 billion

(Unrealized gain)

6. Risk-Monitored Loans

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

2 Policyholder Dividends

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

For the year ended March 31, 2017, we posted a provision for reserve for policyholder dividends of ¥152.6 billion.

- For Japan Post Insurance Policies, we accounted for a provision for reserve for policyholder dividends of ¥15.6 billion.
- For Postal Life Insurance Policies, we posted a provision for reserve for policyholder dividends of ¥137.0 billion under the reinsurance agreement concluded with the Management Organization, based on the performance of the category related to the reinsurance. Policyholder dividends on Postal Life Insurance Policies are determined by the Management Organization.

Provision for Reserve for Policyholder Dividends ¥152.6 billion

3 Embedded Value (EV)

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

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

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

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

The EV of Japan Post Insurance Co., Ltd. as of March 31, 2017 was ¥3,355.6 billion, an increase of ¥204.6 billion from March 31, 2016.

(Billions of yen)

As of March 31	2015	2016	2017
EV	¥ 3,613.7	¥ 3,151.0	¥ 3,355.6
Adjusted net worth	1,739.6	1,894.3	1,965.2
Value of in-force covered business	1,874.0	1,256.7	1,390.4

Years ended March 31	2015	2016	2017
Value of new business*	¥ 154.9	¥ 192.7	¥ 36.8

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

Notes: 1. The risk-free rate is an important assumption for the valuation of life insurance liabilities. Regarding the level of interest rates at longer durations, for which sufficiently liquid markets and reliable data are not available, we had previously taken an approach of setting the assumed forward rate to be constant at and beyond the last duration for which market data are available.

However, in light of the points below, from the EV as of March 31, 2016, and the value of new business for the fiscal year ended March 31, 2016, we have adopted an ultimate forward rate assumed to converge over a period of time to a fixed ultimate level, commonly set based on macroeconomic or other methods.

- In the previous approach, any change in the level of the risk-free rate at the last available duration of the market data resulted in a significant impact on the valuation of long-duration insurance liabilities.

Considering recent movements in the risk-free rate, use of an ultimate forward rate approach should result in more stability than the previous approach.

- The method utilizing an ultimate forward rate is being considered for adoption as an extrapolation method for interest rates at longer durations in international regulations as well.

For consistency of valuations, the EV as of March 31, 2015 and value of new business for the fiscal year ended March 31, 2015, have been reevaluated based on the same revised method.

2. From the fiscal year ended March 31, 2017, we have opted to calculate the value of new business as the difference between EV calculated on the basis of gain/loss of total in-force covered business if new business had been obtained, and EV calculated on the basis of gain/loss of total in-force covered business if new business had not been obtained. For consistency of valuations, the value of new business for the fiscal year ended March 31, 2016 has been reevaluated based on the same revised method.

Embedded Value (EV) ¥3,355.6 billion

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

4 Insurance Policies

During the year ended March 31, 2017, Japan Post Insurance Co., Ltd. sold 2.44 million individual insurance policies with a total policy amount of ¥7,847.4 billion. Annualized premiums of individual insurance policies amounted to ¥507.9 billion, whereas annualized premiums related to third-sector insurance amounted to ¥55.7 billion.

As of March 31, 2017, Japan Post Insurance Co., Ltd. had 17.15 million individual insurance policies in force with a total policy amount of ¥50,097.9 billion. Annualized premiums of individual insurance policies amounted to ¥3,207.9 billion (or ¥4,979.6 billion

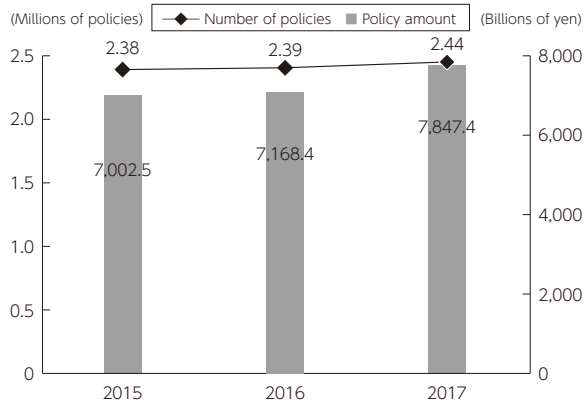
when reinsured Postal Life Insurance Policies (Insurance) are included), whereas annualized premiums related to third-sector insurance amounted to ¥333.8 billion (or ¥736.1 billion when reinsured Postal Life Insurance Policies are included).

Regarding the Postal Life Insurance Policies received from the Management Organization in the form of reinsurance, as of March 31, 2017, policies reinsured by Japan Post Insurance Co., Ltd. amounted to 14.41 million insurance policies with an insured amount of ¥38,605.4 billion and 2.24 million annuity policies with an annuity amount of ¥799.1 billion.

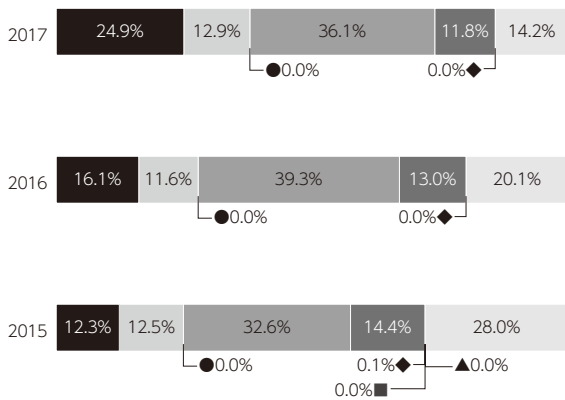
New Policies

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

For the years ended March 31



For the years ended March 31



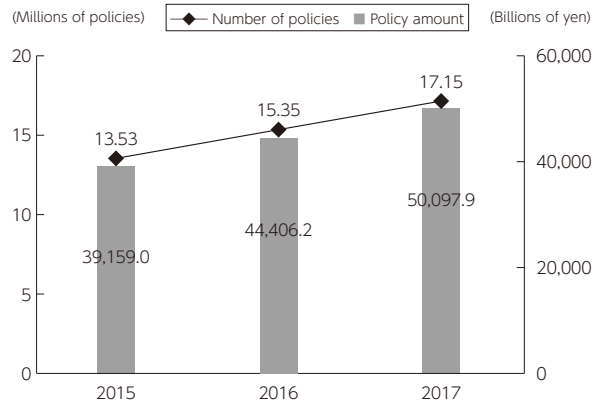
- Ordinary whole life insurance
- Special whole life insurance
- Whole life insurance with nursing care benefit
- Ordinary term insurance
- Ordinary endowment insurance
- Special endowment insurance
- ◆ Designated endowment insurance
- Educational endowment insurance
- ▲ Educational endowment insurance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

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

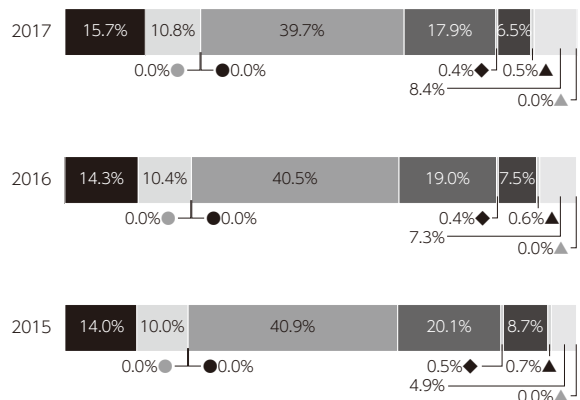
Policies in Force

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

As of March 31



As of March 31



5 Performance Overview

1. Assets

As of March 31, 2017, total assets of Japan Post Insurance Co., Ltd. amounted to ¥80,336.4 billion, a decrease of ¥1,207.2 billion from ¥81,543.6 billion at the previous fiscal year-end.

As domestic interest rates shifted downward, we increased investments in risk assets, such as foreign securities and stocks.

Corporate and government bonds [Decrease]

For corporate and government bonds, we limited investment based on the domestic interest rate environment. In this context, we made some investments mainly in super long-term bonds capturing a rise in interest rates in the latter half of the year.

As a result, corporate and government bonds amounted to ¥57,658.1 billion, a decrease of ¥2,162.9 billion from ¥59,821.0 billion at the previous fiscal year-end.

Stocks [Increase]

For stocks, we commenced in-house investment starting in the second half of the fiscal year ended March 31, 2017.

As a result, stocks amounted to ¥59.3 billion, an increase of ¥58.3 billion from ¥0.9 billion at the previous fiscal year-end.

Foreign securities [Increase]

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

As a result, foreign securities amounted to ¥4,351.7 billion, an increase of ¥662.9 billion from ¥3,688.8 billion at the previous fiscal year-end.

Other securities [Increase]

For other securities, we expanded investment in global credit and other funds, in line with diversification of asset management.

As a result, other securities amounted to ¥1,417.1 billion, an increase of ¥1,317.0 billion from ¥100.0 billion at the previous fiscal year-end.

2. Asset Management Yield

Years ended March 31	2015	2016	2017
Yield	1.70%	1.62%	1.50%

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

Money held in trust [Increase]

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

As a result, money held in trust amounted to ¥2,127.0 billion, an increase of ¥482.4 billion from ¥1,644.5 billion at the previous fiscal year-end.

Loans [Decrease]

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

As a result, loans amounted to ¥8,060.9 billion, a decrease of ¥917.5 billion from ¥8,978.4 billion at the previous fiscal year-end.

■ Composition of Assets (Non-Consolidated)

As of March 31
(Billions of yen)

