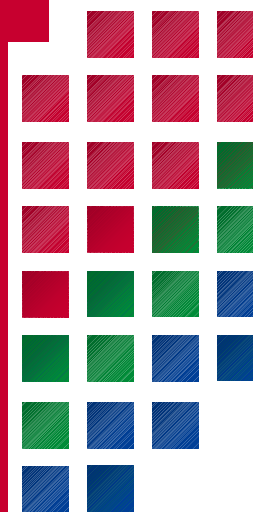


**Financial Highlights  
for the Three Months Ended June 30, 2015**

**August 7, 2015**



# Japan Post Group: Financial Highlights

## ■ Results of Operations for the Three Months Ended June 30, 2015

(Billions of yen)

	Japan Post Group (Consolidated)	Subsidiaries		
		Japan Post	Japan Post Bank	Japan Post Insurance
<b>Ordinary income</b>	<b>3,446.5</b>	701.4	482.7	2,473.1
Year-on-year (for the three months ended June 30, 2014) change	(114.6) (3.2)%	+ 27.1 + 4.0%	(26.1) (5.1)%	(119.5) (4.6)%
<b>Net ordinary income</b>	<b>242.7</b>	12.6	113.8	107.6
Year-on-year (for the three months ended June 30, 2014) change	(29.3) (10.8)%	+ 4.5 + 56.9%	(14.2) (11.1)%	(23.1) (17.7)%
<b>Net income</b>	<b>142.6</b>	31.2	79.2	23.2
Year-on-year (for the three months ended June 30, 2014) change	+ 2.1 + 1.6%	+ 11.1 + 55.2%	(6.7) (7.8)%	(2.0) (8.3)%

- Notes: 1. Net ordinary income of Japan Post Insurance represents ordinary profit on the financial statements of Japan Post Insurance.  
 2. Net income of Japan Post Group (Consolidated) represents net income attributable to Japan Post Holdings.  
 3. Figures less than ¥0.1 billion are rounded down. The figures of Japan Post Group (consolidated) and the combined figures of each subsidiaries do not correspond because of other consolidated accounting procedures.  
 4. These materials were prepared solely for the purpose of providing information to the general public, and should not be construed as solicitation for investment in shares of the Company or its subsidiaries, or any other securities.

# Japan Post: Financial Highlights

## Results of Operations for the Three Months Ended June 30, 2015

(Billions of yen)

	For the three months ended		Year-on-year change
	June 30, 2015	June 30, 2014	
Operating income	<b>695.2</b>	669.2	+ 26.0
Operating expenses	<b>686.7</b>	664.2	+ 22.4
Personnel expenses	<b>509.3</b>	498.6	+ 10.6
Net operating income	<b>8.5</b>	5.0	+ 3.5
Postal and logistics business	<b>(7.7)</b>	(8.8)	+ 1.1
Post office business	<b>16.6</b>	13.9	+ 2.6
Net ordinary income	<b>12.6</b>	8.0	+ 4.5
Net income	<b>31.2</b>	20.1	+ 11.1
Ordinary income	<b>701.4</b>	674.2	+ 27.1

## Overview

- Operating income increased by ¥26.0 billion year-on-year to ¥695.2 billion due to an increase in postal business income as a result of the increase in volume of Yu-Pack and Express Mail Service (EMS) handled, an increase in commissions for banking business consignment and life insurance business consignment resulting from an increase in deposits, expansion of third-party financial product agency services, and promotion of real estate business.
- With respect to operating expenses, despite cost increase factors such as an increase in personnel expenses resulting from an increase in volume of Yu-Pack and EMS handled, an increase in transport and delivery outsourcing expenses such as international transportation fees, and rise in unit personnel expenses, operating expenses increased by ¥22.4 billion year-on-year to ¥686.7 billion, which was lower than the increase in operating income.
- As a result, net operating income amounted to ¥8.5 billion, a year-on-year increase of ¥3.5 billion. As for net operating income (loss) by segment, net operating income (loss) of postal and logistics business improved by ¥1.1 billion year-on-year to ¥(7.7) billion, and net operating income (loss) of post office business increased by ¥2.6 billion year-on-year to ¥16.6 billion.
- Net income increased by ¥11.1 billion year-on-year to ¥31.2 billion, achieving sales and profit growth.

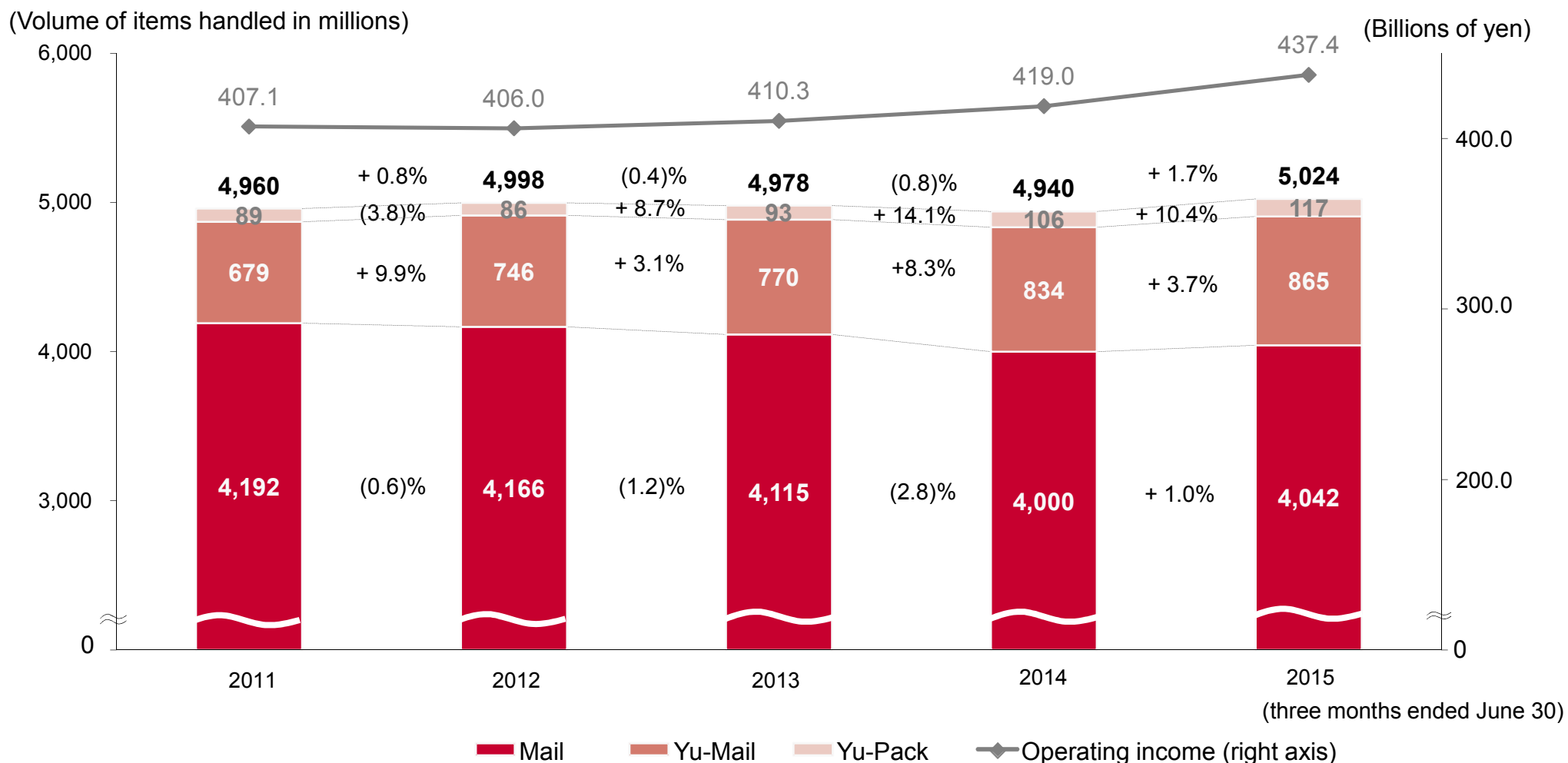
# Japan Post: Financial Highlights by Segment

(Billions of yen)

Item	Japan Post		Postal and logistics business		Post office business	
	Japan Post	Year-on-year change	Postal and logistics business	Year-on-year change	Post office business	Year-on-year change
Operating income	695.2	+ 26.0	437.4	+ 18.4	302.8	+ 8.2
Postal service business income	434.9	+ 18.4	437.4	+ 18.6	-	-
Commissions for postal service business consignment	-	-	-	-	42.5	+ 0.7
Commissions for banking business consignment	156.0	+ 3.1	-	-	156.0	+ 3.1
Commissions for life insurance business consignment	93.1	+ 1.6	-	-	93.1	+ 1.6
Other operating income	11.2	+ 2.6	0.0	(0.2)	11.1	+ 2.6
Operating expenses	686.7	+ 22.4	445.2	+ 17.2	286.2	+ 5.5
Personnel expenses	509.3	+ 10.6	285.0	+ 6.0	224.3	+ 4.5
Other expenses	177.3	+ 11.7	160.1	+ 11.1	61.9	+ 1.0
Net operating income (loss)	8.5	+ 3.5	(7.7)	+ 1.1	16.6	+ 2.6
Net ordinary income	12.6	+ 4.5				
Income before income taxes	12.3	+ 4.9				
Total income taxes	(18.9)	(6.1)				
Net income	31.2	+ 11.1				
(As stated previously)						
Ordinary income	701.4	+ 27.1				

# Japan Post (Postal and Logistics Business): Trends in Mail Volume

■ Total volume of items handled increased by 1.7% year-on-year. Of which, volume of mail handled increased by 1.0% year-on-year. Volume of Yu-Pack and Yu-Mail handled increased by 10.4% and 3.7% year-on-year, respectively.



Note: Yu-Pack includes EXPACK parcels.

# Japan Post Bank: Financial Highlights

## Results of Operations for the Three Months Ended June 30, 2015

	For the three months ended		Year-on-year change
	June 30, 2015	June 30, 2014	
	(Billions of yen)		
Gross operating profit	<b>379.1</b>	412.5	(33.3)
Net interest income	<b>355.3</b>	391.1	(35.8)
Net fees and commissions	<b>23.8</b>	22.2	+ 1.5
Net other operating income (loss)	<b>0.0</b>	(0.9)	+ 0.9
General and administrative expenses <sup>*1</sup>	<b>267.5</b>	284.5	(17.0)
<b>Net operating profit</b>	<b>111.6</b>	127.9	(16.2)
Non-recurring gains (losses)	<b>2.2</b>	0.1	+ 2.0
Net ordinary income	<b>113.8</b>	128.1	(14.2)
<b>Net income</b>	<b>79.2</b>	85.9	(6.7)
Ordinary income	<b>482.7</b>	508.8	(26.1)
Ordinary expenses	<b>368.8</b>	380.6	(11.8)
	As of		Year-on-year change
	June 30, 2015	June 30, 2014	
Deposits <sup>*2</sup>	<b>178,121.8</b>	177,508.2	+ 613.6
Loans based on the Financial Reconstruction Act	-	-	-

## Overview

- Gross operating profit for the three months ended June 30, 2015 decreased by ¥33.3 billion year-on-year to ¥379.1 billion. Net interest income decreased year-on-year, whereas net fees and commissions and net other operating income increased year-on-year.

General and administrative expenses decreased by ¥17.0 billion year-on-year to ¥267.5 billion due to the effects of the reduction in the deposit insurance premium rate.

In the adverse business environment with the prolonged period of historically low interest rates, net operating profit decreased by ¥16.2 billion year-on-year to ¥111.6 billion and net ordinary income decreased by ¥14.2 billion year-on-year to ¥113.8 billion.

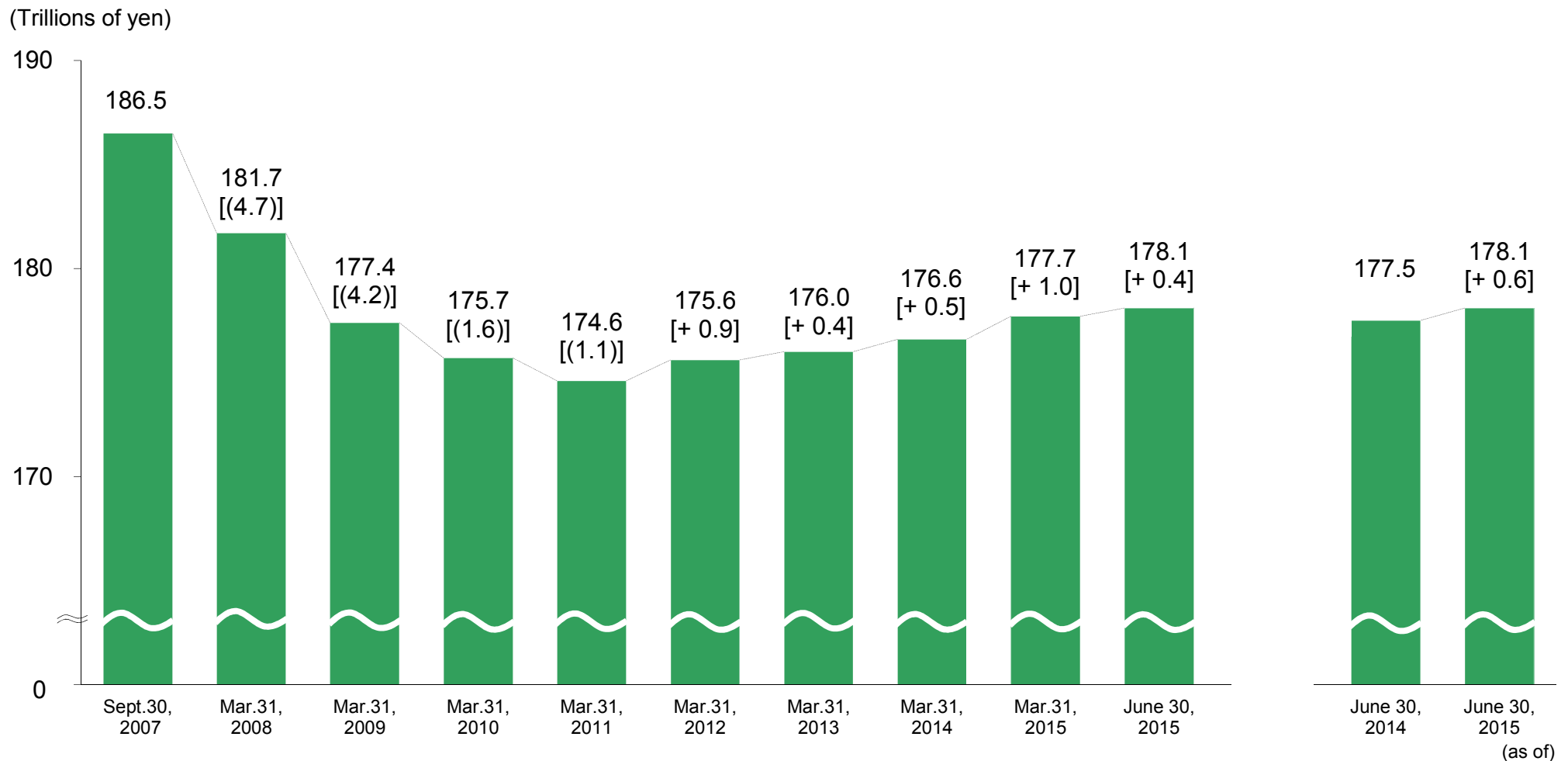
Net income decreased by ¥6.7 billion year-on-year to ¥79.2 billion.

- Deposits as of June 30, 2015 amounted to ¥178,121.8 billion (¥179,454.1 billion including accrued interest).
- There are no loans required to be disclosed based on the Financial Reconstruction Act.

<sup>\*1</sup>. Excludes non-recurrent losses. <sup>\*2</sup>. Excludes accrued interest.

# Japan Post Bank: Trends of Deposits

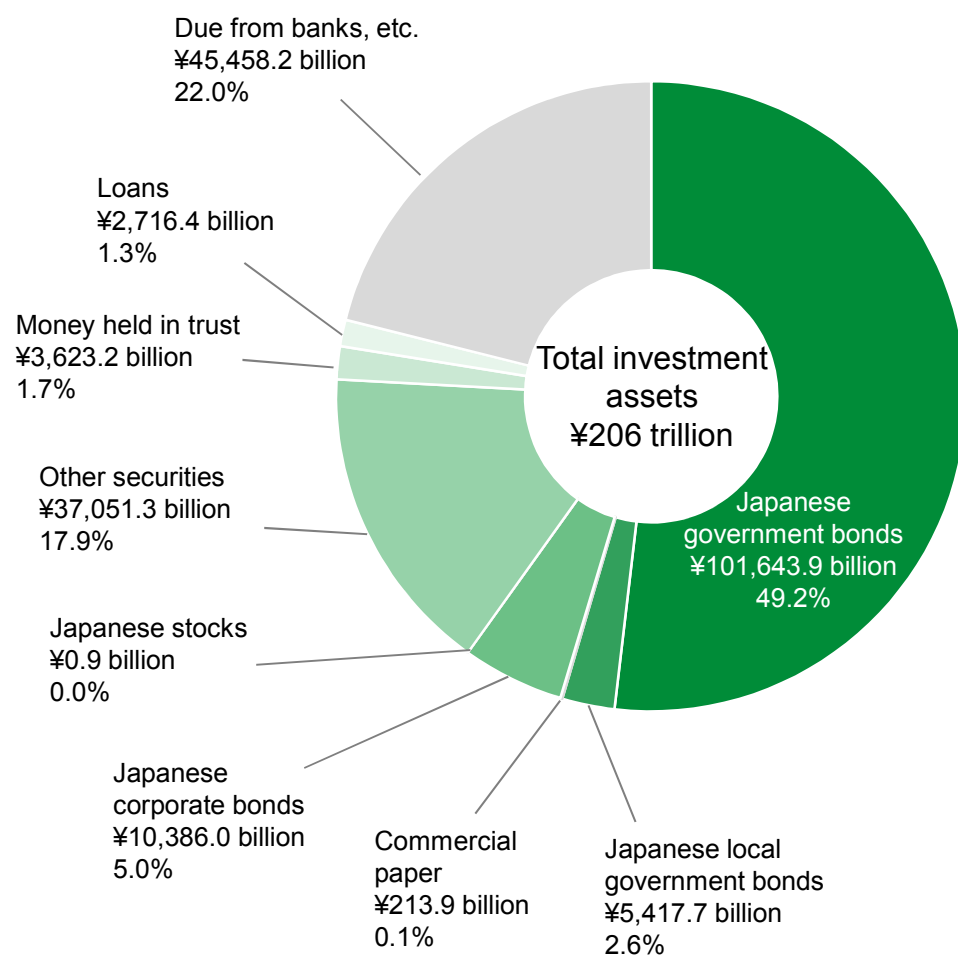
■ Deposits as of June 30, 2015 amounted to ¥178.1 trillion (an increase of ¥0.4 trillion from the end of the previous fiscal year and an increase of ¥0.6 trillion year-on-year).



Notes: 1. Figures exclude accrued interest. Figures for Sept. 30, 2007 represent the deposits held by Japan Post Corporation, and the types of deposits handled have been partially changed since privatization.  
 2. Figures are rounded down to the first decimal place.

# Japan Post Bank: Details of Investment Assets

■ Securities, which consisted of Japanese government bonds, etc., were ¥154.7 trillion, while loans were ¥2.7 trillion as of June 30, 2015.



(Billions of yen)

Type	As of June 30, 2015	Composition ratio (%)	As of Mar. 31, 2015	Composition ratio (%)
Loans	2,716.4	1.3	2,783.9	1.3
Securities	154,713.9	74.9	156,169.7	75.8
Japanese government bonds	101,643.9	49.2	106,767.0	51.8
Japanese local government bonds	5,417.7	2.6	5,525.1	2.6
Commercial paper	213.9	0.1	226.9	0.1
Japanese corporate bonds	10,386.0	5.0	10,756.0	5.2
Japanese stocks	0.9	0.0	0.9	0.0
Other securities*1	37,051.3	17.9	32,893.6	15.9
Money held in trust	3,623.2	1.7	3,491.6	1.6
Due from banks, etc.*2	45,458.2	22.0	43,419.9	21.0
<b>Total investment assets</b>	<b>206,511.9</b>	<b>100.0</b>	<b>205,865.4</b>	<b>100.0</b>

\*1 "Other securities" consists of foreign securities.

\*2 "Due from banks, etc." consists of negotiable certificate of deposits, Bank of Japan deposits, call loans, and receivables under securities borrowing transactions, etc.



# Japan Post Insurance: Financial Highlights

## Results of Operations for the Three Months Ended June 30, 2015

(Billions of yen, number of policies in thousands)

	For the three months ended		Year-on-year change
	June 30, 2015	June 30, 2014	
Ordinary income	<b>2,473.1</b>	2,592.7	(119.5)
Ordinary expenses	<b>2,365.5</b>	2,461.9	(96.4)
Ordinary profit	<b>107.6</b>	130.7	(23.1)
Net income	<b>23.2</b>	25.3	(2.0)
<b>Core profit</b>	<b>113.0</b>	132.2	(19.2)
Mortality and morbidity rate margin	<b>79.6</b>	90.5	(10.9)
Administrative expense margin	<b>20.4</b>	32.2	(11.8)
Spread	<b>12.9</b>	9.4	+ 3.5
Number of new policies (individual insurance)	<b>570</b>	620	(40)
	As of June 30, 2015	As of Mar.31, 2015	Change
Number of policies in force (including postal life insurance policies)	<b>33,150</b>	33,480	(330)

## Overview

- The number of new endowment insurance policies increased as a result of strengthened collaboration with Japan Post, while that of new educational endowment insurance policies, which released in April 2014, decreased. As a result of this, the number of new individual insurance policies amounted to 570 thousand (a decrease of 40 thousand policies year-on-year). ¥119.4 billion of annualized premiums of new policies was secured (an increase of ¥2.4 billion year-on-year). There were 33,150 thousand policies in force (including postal life insurance policies), a decrease of 330 thousand policies from the end of the previous fiscal year.
- Core profit decreased by ¥19.2 billion year-on-year to ¥113.0 billion due to a decrease in administrative expense margin, resulting from a decrease in policies in force.
- Ordinary profit decreased by ¥23.1 billion year-on-year to ¥107.6 billion, while net income, which is calculated by subtracting provision for reserve for policyholder dividends and income taxes from ordinary profit after adjusting extraordinary profit or loss, decreased by ¥2.0 billion year-on-year to ¥23.2 billion.
- Retained earnings, which are the sum of contingency reserve and reserve for price fluctuations, amounted to ¥3,199.7 billion.
- Solvency margin ratio, an indicator of the financial soundness, amounted to 1,591.2%, continuously maintaining a high level of financial soundness.

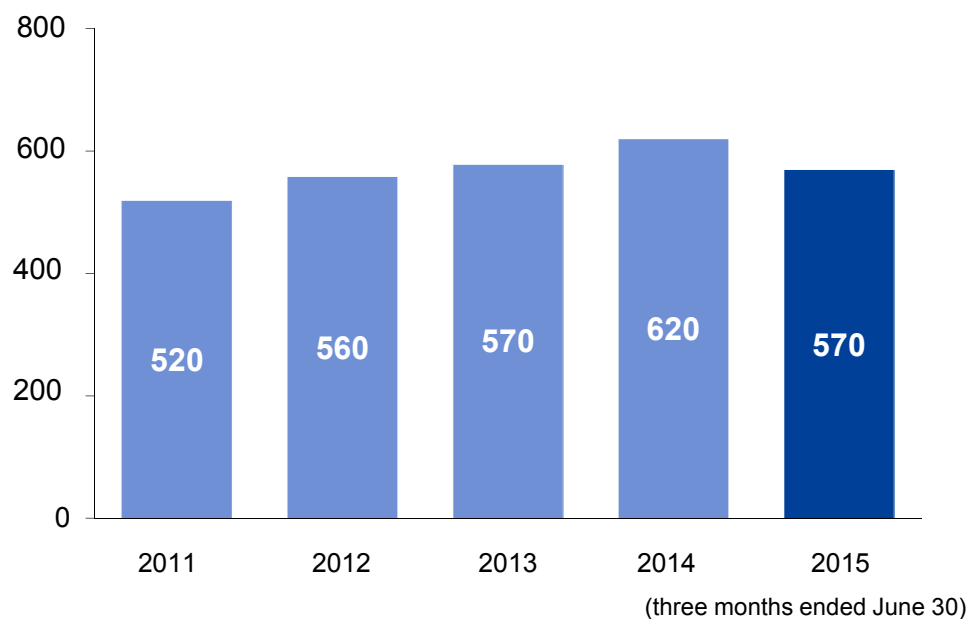
Notes: 1. Postal life insurance policies refer to the reinsurance contracts of postal life insurance received from Management Organization for Postal Savings and Postal Life Insurance.  
2. Number of policies is rounded down to the nearest ten thousand.

# Japan Post Insurance: Status of Insurance Policies

■ The number of new endowment insurance policies increased as a result of strengthened collaboration with Japan Post, while that of new educational endowment insurance policies, which released in April 2014, decreased. As a result of this, the number of new individual insurance policies amounted to 570 thousands (a decrease of 40 thousand policies year-on-year). There were 33,150 thousand policies in force (including postal life insurance policies), a decrease of 330 thousand policies from the end of the previous fiscal year.

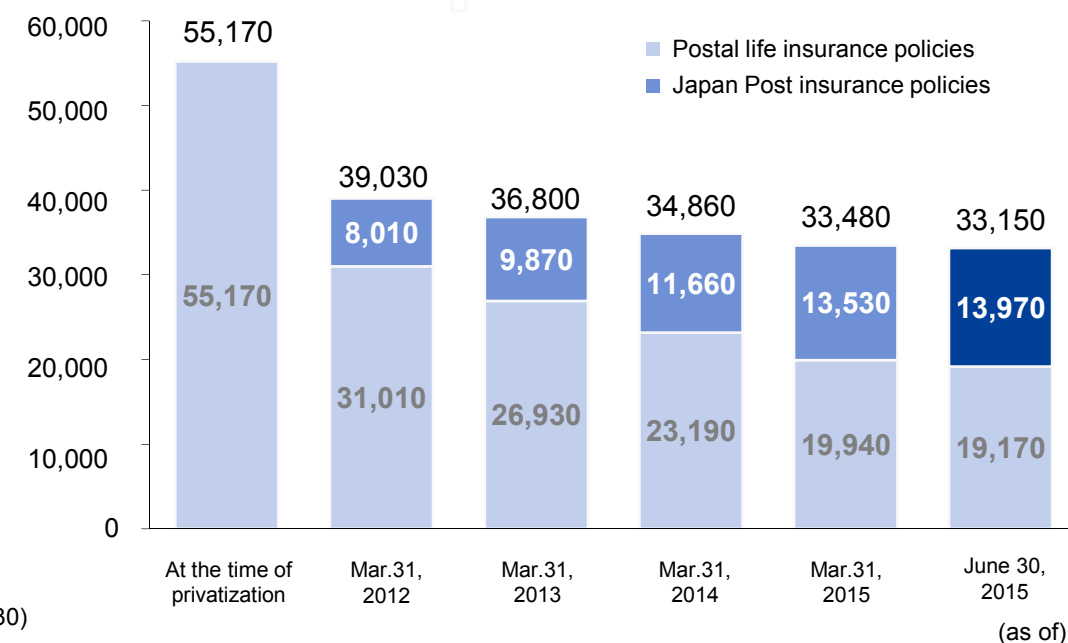
## Status of New Policies (Individual Insurance)

(Number of policies in thousands)



## Status of Policies in Force

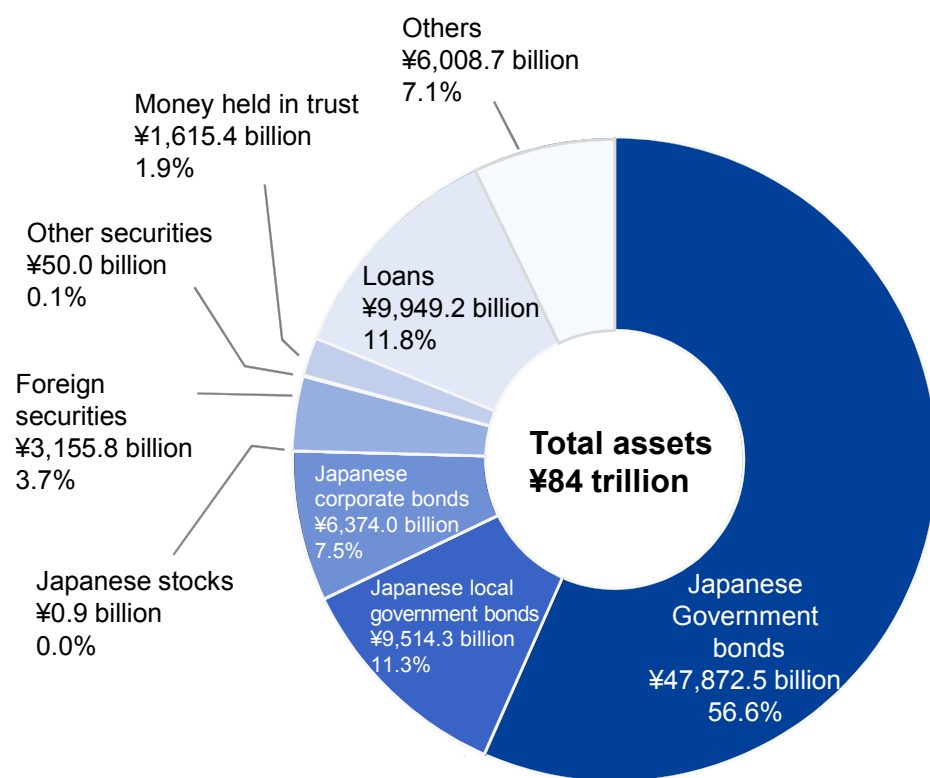
(Number of policies in thousands)



Note: Number of policies is rounded down to the nearest ten thousand.

# Japan Post Insurance: Status of Investment Assets

■ Securities, which consisted of Japanese government bonds, etc., were ¥66.9 trillion, while loans were ¥9.9 trillion as of June 30, 2015.



(Billions of yen)

Type	As of June 30, 2015	Composition ratio (%)	As of Mar.31, 2015	Composition ratio (%)
Loans	9,949.2	11.8	9,977.3	11.8
Securities	66,967.9	79.2	66,277.2	78.1
Japanese government bonds	47,872.5	56.6	48,086.4	56.6
Japanese local government bonds	9,514.3	11.3	9,555.8	11.3
Japanese corporate bonds	6,374.0	7.5	6,652.4	7.8
Japanese stocks	0.9	0.0	0.9	0.0
Foreign securities	3,155.8	3.7	1,981.4	2.3
Other securities	50.0	0.1	-	-
Money held in trust	1,615.4	1.9	1,434.9	1.7
Others	6,008.7	7.1	7,222.4	8.5
<b>Total assets</b>	<b>84,541.3</b>	<b>100.0</b>	<b>84,911.9</b>	<b>100.0</b>