

# Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2016 <Under Japanese GAAP>



February 14, 2017

Company name: Japan Post Holdings Co., Ltd. Stock exchange listing: Tokyo Stock Exchange  
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 Scheduled date of filing interim securities report: February 14, 2017  
 Scheduled date of commencing dividend payments: -  
 Trading accounts: Unestablished  
 Availability of supplementary briefing material on interim financial results: Available  
 Schedule of interim financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Nine Months Ended December 31, 2016 (April 1, 2016 to December 31, 2016)

(1) Consolidated Results of Operations (% indicates changes from the previous corresponding period.)

	Ordinary income		Net ordinary income		Net income attributable to Japan Post Holdings	
	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2016	9,989,532	(7.5)	580,999	(25.9)	296,659	(22.6)
Nine months ended December 31, 2015	10,802,963	(0.0)	784,591	(7.0)	383,134	(5.3)

(Note) Comprehensive income (loss): Nine months ended December 31, 2016: ¥ 427,473 million [- %]  
 Nine months ended December 31, 2015: ¥(305,028) million [- %]

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2016	72.07	-
Nine months ended December 31, 2015	85.78	-

(Note 1) The provisional accounting treatment for a business combination was finalized on March 31, 2016. Interim consolidated financial statements for the nine months ended December 31, 2015 have been revised to reflect a significant change to the allocation of the acquisition cost.

(Note 2) Because there was no potential common stock, the amount for diluted net income per share is omitted.

(Note 3) The Company implemented a 30-for-1 common stock split effective August 1, 2015. Net income per share has been calculated assuming the stock split was implemented on April 1, 2015.

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio (Note)
	Million yen	Million yen	%
As of December 31, 2016	294,168,739	15,374,243	4.7
As of March 31, 2016	291,947,080	15,176,088	4.7

(Reference) Equity: As of December 31, 2016: ¥13,873,646 million  
 As of March 31, 2016: ¥13,697,749 million

(Note) Equity ratio = [(Net assets – Stock acquisition rights – Non-controlling interests) / Total assets] x 100

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2016	Yen -	Yen 0.00	Yen -	Yen 25.00	Yen 25.00
Fiscal year ending March 31, 2017	-	25.00	-		
Fiscal year ending March 31, 2017 (Forecast)				25.00	50.00

(Note) Revision of dividends forecast to the latest announcement: None

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(% indicates changes from the previous corresponding period.)

	Ordinary income		Net ordinary income		Net income attributable to Japan Post Holdings		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2017	13,240,000	(7.1)	770,000	(20.3)	320,000	(24.9)	77.74

(Note) Revision of financial results forecast to the latest announcement: None

### \* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Adoption of accounting method specific to preparation of interim consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: No
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (4) Total number of shares issued (common stock)
  - 1) Total number of shares issued at the end of the period (including treasury stock):
    - December 31, 2016: 4,500,000,000 shares
    - March 31, 2016: 4,500,000,000 shares
  - 2) Total number of treasury stock at the end of the period:
    - December 31, 2016: 384,038,000 shares
    - March 31, 2016: 383,306,000 shares
  - 3) Average number of shares during the period:
    - Nine months ended December 31, 2016: 4,116,089,320 shares
    - Nine months ended December 31, 2015: 4,466,547,840 shares

(Note 1) The Company implemented a 30-for-1 common stock split effective August 1, 2015. Total number of shares issued (common stock) has been calculated assuming the stock split was implemented on April 1, 2015.

(Note 2) The total number of treasury stock as of December 31, 2016 includes the number of shares of the Company held by the management board benefit trust (732,000 shares). The number of treasury stock excluded from calculation of the average number of shares for the nine months ended December 31, 2016 includes the number of shares of the Company held by the management board benefit trust (604,680 shares).

\* Explanation regarding the status of interim review procedures

Although this summary of interim consolidated financial results is outside the scope of interim review procedures based on the Financial Instruments and Exchange Act (the “Act”), at the time of disclosure of these interim financial results, the interim review procedures for the interim consolidated financial statements based on the Act have been completed.

\* Explanation on appropriate use of financial results forecast and other specific matters

Forecasts and other forward-looking statements presented in this document are based on information available to the Company at present and certain assumptions that the Company has deemed reasonable, and the Company provides no assurance that the forecasts will be achieved or with respect to any other forward-looking statements. The actual future results may vary considerably depending upon various factors, such as interest rate fluctuations, stock price fluctuations, foreign exchange fluctuations, asset value fluctuations, changes in economic and financial environment, changes in competition terms, the occurrence of large-scale disasters, etc. and changes in laws and regulations.

[Attachment]

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## 1. Qualitative Information on Interim Financial Results for the Period under Review

The provisional accounting treatment for a business combination was finalized on March 31, 2016. Interim consolidated financial statements for the nine months ended December 31, 2015 have been revised to reflect a significant change to the allocation of the acquisition cost. For details, please refer to “2. Interim Consolidated Financial Statements (3) Notes to Interim Consolidated Financial Statements (Business Combination)”.

### (1) Explanation of Results of Operations

Consolidated ordinary income for the nine months ended December 31, 2016 amounted to ¥9,989,532 million (down ¥813,430 million year-on-year), of which the postal and domestic logistics business segment accounted for ¥1,450,248 million (down ¥20,795 million year-on-year); the post office business segment accounted for ¥1,050,452 million (up ¥13,705 million year-on-year); the international logistics business segment accounted for ¥479,557 million; the banking business segment accounted for ¥1,405,968 million (down ¥100,219 million year-on-year); and the life insurance business segment accounted for ¥6,498,146 million (down ¥795,587 million year-on-year). Consolidated net ordinary income amounted to ¥580,999 million (down ¥203,591 million year-on-year) as a result of net ordinary income of ¥3,667 million in the postal and domestic logistics business segment (down ¥14,267 million year-on-year); net ordinary income of ¥46,181 million in the post office business segment (up ¥7,953 million year-on-year); net ordinary income of ¥1,366 million in the international logistics business segment; net ordinary income of ¥312,590 million in the banking business segment (down ¥76,441 million year-on-year); and net ordinary income of ¥220,598 million in the life insurance business segment (down ¥107,136 million year-on-year).

As a result of the above, net income attributable to Japan Post Holdings amounted to ¥296,659 million (down ¥86,475 million year-on-year), which comprises consolidated net ordinary income after adjusting for items including extraordinary losses due to provision for reserve for price fluctuations, etc. and provision for reserve for policyholder dividends.

In addition, since the international logistics business segment was established in the second quarter ended September 30, 2015 and the financial results of Toll Holdings Limited has been included in the consolidated figures of Japan Post Group from July 2015, year-on-year changes have not been presented herein.

### (2) Explanation of Financial Position

#### 1) Assets

Consolidated total assets were ¥294,168,739 million, an increase of ¥2,221,658 million from the end of the previous fiscal year.

Major factors include an increase in cash and due from banks of ¥2,735,294 million and an increase in loans of ¥826,629 million, as well as a decrease in securities of ¥1,365,809 million and a decrease in call loans of ¥628,837 million.

#### 2) Liabilities

Consolidated total liabilities were ¥278,794,495 million, an increase of ¥2,023,503 million from the end of the previous fiscal year.

Major factors include an increase in deposits of ¥2,665,168 million and an increase in payables under securities lending transactions of ¥741,740 million, as well as a decrease in policy reserves of ¥1,509,844 million.

#### 3) Net Assets

Consolidated total net assets were ¥15,374,243 million, an increase of ¥198,155 million from the end of the previous fiscal year.

Major factors include an increase in net deferred gains (losses) on hedges of ¥169,879 million, as well as a decrease in net unrealized gains (losses) on available-for-sale securities of ¥40,634 million and a decrease in accumulated adjustments for retirement benefits of ¥33,940 million.

(3) Explanation of Consolidated Financial Results Forecast and Other Future Projections

The consolidated financial results forecast for the fiscal year ending March 31, 2017 remains unchanged from the full year forecast announced on May 13, 2016.

## 2. Interim Consolidated Financial Statements

## (1) Interim Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
<b>Assets</b>		
Cash and due from banks	48,258,991	50,994,286
Call loans	1,338,837	710,000
Receivables under securities borrowing transactions	10,931,820	10,944,946
Monetary claims bought	608,659	303,055
Trading account securities	187	44
Money held in trust	5,205,658	5,799,766
Securities	207,720,339	206,354,530
Loans	11,520,487	12,347,116
Foreign exchanges	25,328	40,261
Other assets	1,547,434	1,884,805
Tangible fixed assets	3,168,469	3,179,084
Intangible fixed assets	796,091	768,106
Asset for retirement benefits	27,629	27,207
Deferred tax assets	729,307	822,785
Customers' liabilities for acceptances and guarantees	75,000	-
Reserve for possible loan losses	(7,163)	(7,257)
<b>Total assets</b>	<b>291,947,080</b>	<b>294,168,739</b>

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
<b>Liabilities</b>		
Deposits	176,090,188	178,755,356
Call money	22,536	47,178
Payables under repurchase agreements	554,522	923,677
Policy reserves and others	74,934,165	73,238,818
Reserve for outstanding claims	635,167	565,242
Policy reserves	72,362,503	70,852,658
Reserve for policyholder dividends	1,936,494	1,820,917
Payables under securities lending transactions	16,772,037	17,513,777
Foreign exchanges	338	336
Other liabilities	3,910,119	3,874,964
Reserve for bonuses	103,755	28,382
Liability for retirement benefits	2,281,439	2,304,401
Reserve for management board benefit trust	-	276
Reserve under the special laws	782,268	787,929
Reserve for price fluctuations	782,268	787,929
Deferred tax liabilities	1,244,621	1,319,396
Acceptances and guarantees	75,000	-
<b>Total liabilities</b>	<b>276,770,992</b>	<b>278,794,495</b>
<b>Net assets</b>		
Capital stock	3,500,000	3,500,000
Capital surplus	4,134,853	4,135,415
Retained earnings	3,525,932	3,619,767
Treasury stock	(730,964)	(731,993)
<b>Total shareholders' equity</b>	<b>10,429,821</b>	<b>10,523,188</b>
Net unrealized gains (losses) on available-for-sale securities	3,318,181	3,277,546
Net deferred gains (losses) on hedges	(373,232)	(203,353)
Foreign currency translation adjustments	(56,856)	(69,630)
Accumulated adjustments for retirement benefits	379,835	345,894
<b>Total accumulated other comprehensive income</b>	<b>3,267,928</b>	<b>3,350,457</b>
Non-controlling interests	1,478,338	1,500,596
<b>Total net assets</b>	<b>15,176,088</b>	<b>15,374,243</b>
<b>Total liabilities and net assets</b>	<b>291,947,080</b>	<b>294,168,739</b>



(2) Interim Consolidated Statements of Income and Interim Consolidated Statements of Comprehensive Income  
Interim Consolidated Statements of Income  
Nine months ended December 31

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Ordinary income	10,802,963	9,989,532
Postal business income	1,797,443	1,888,324
Banking business income	1,505,170	1,404,673
Life insurance business income	7,293,661	6,498,079
Other ordinary income	206,687	198,454
Ordinary expenses	10,018,371	9,408,532
Operating expenses	7,946,894	7,258,852
Personnel expenses	1,907,154	1,961,199
Depreciation and amortization	155,964	178,254
Other ordinary expenses	8,357	10,225
Net ordinary income	784,591	580,999
Extraordinary gains	10,597	8,844
Gains on sales of fixed assets	4,277	899
Gains on negative goodwill	849	-
Compensation for transfer	2,404	255
Compensation income	20	-
Settlement received	-	4,041
Gains on transfer of business	2,315	3,606
Other extraordinary gains	729	42
Extraordinary losses	83,952	18,602
Losses on sales and disposal of fixed assets	4,527	2,387
Losses on impairment of fixed assets	4,600	3,498
Provision for reserve under the special laws	51,921	5,660
Provision for reserve for price fluctuations	51,921	5,660
Post office refurbishment expenses	22,223	4,810
Provision for environmental measures	-	915
Other extraordinary losses	678	1,329
Provision for reserve for policyholder dividends	172,253	122,992
Income before income taxes	538,983	448,249
Income taxes current	264,299	200,549
Income taxes deferred	(109,006)	(81,561)
Total income taxes	155,292	118,988
Net income	383,690	329,260
Net income attributable to non-controlling interests	556	32,601
Net income attributable to Japan Post Holdings	383,134	296,659

Interim Consolidated Statements of Comprehensive Income  
 Nine months ended December 31

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net income	383,690	329,260
Other comprehensive income (loss)	(688,718)	98,212
Net unrealized gains (losses) on available-for-sale securities	(757,430)	(45,699)
Net deferred gains (losses) on hedges	150,445	190,801
Foreign currency translation adjustments	(48,912)	(12,790)
Adjustments for retirement benefits	(32,815)	(34,099)
Share of other comprehensive income (loss) of affiliates	(5)	0
Comprehensive income (loss)	(305,028)	427,473
Total comprehensive income (loss) attributable to:		
Japan Post Holdings	(305,442)	379,194
Non-controlling interests	414	48,278

(3) Notes to Interim Consolidated Financial Statements  
(Notes on Going-Concern Assumption)

None

## (Notes to Significant Changes in Shareholders' Equity)

None

## (Segment Information)

## 1. Income and segment profit of reportable segments

(Millions of yen)

	Reportable Segments						Other business	Total
	Postal and domestic logistics business	Post office business	International logistics business	Banking business	Life insurance business	Subtotal		
Income								
Income from third parties	1,411,029	150,131	479,557	1,404,673	6,498,079	9,943,471	43,609	9,987,081
Intersegment income	39,218	900,321	-	1,294	67	940,902	272,025	1,212,927
Total	1,450,248	1,050,452	479,557	1,405,968	6,498,146	10,884,373	315,635	11,200,008
Segment profit	3,667	46,181	1,366	312,590	220,598	584,404	222,933	807,337

(Notes) 1. Income is presented instead of net sales, which is the typical method of presentation for companies in other industries.

2. "Other business" includes the hotel business and hospital business. Segment profit in "Other business" includes dividend income from subsidiaries and affiliates recorded by the Company in the amount of ¥208,657 million.

## 2. Reconciliation between total segment profit of reportable segments and net ordinary income on the interim consolidated statements of income

(Millions of yen)

Items	Amount
Total segment profit of reportable segments	584,404
Segment profit in other business	222,933
Eliminations of intersegment transactions	(208,637)
Adjustments	(17,700)
Net ordinary income on the interim consolidated statements of income	580,999

(Note) "Adjustments" are due to amortization of goodwill of ¥(15,910) million, etc. recognized in the international logistics business segment and other items.

(Business Combination)

(Business Combination by Acquisition)

Significant revision to the allocation of the acquisition cost in the comparative information

Whereas provisional accounting treatment was applied from the three months ended June 30, 2015 for the business combination implemented on May 28, 2015 with Toll Holdings Limited, the said provisional accounting treatment was finalized on March 31, 2016.

In line with the finalization of the provisional accounting treatment, a significant revision to the allocation of the acquisition cost was reflected in the comparative information included in the interim consolidated financial statements for the nine months ended December 31, 2016. The details of the revision and the revised amount of goodwill are as follows.

(Millions of yen)

Revised accounting items	Revised amount of goodwill
Goodwill (Before revision)	530,160
Tangible fixed assets	(46,600)
Trademark rights	(30,433)
Deferred tax liabilities	21,322
Others	5
Total revised amount	(55,706)
Goodwill (After revision)	474,454

As a result, net ordinary income decreased by ¥116 million and income before income taxes decreased by ¥607 million in the interim consolidated statement of income for the nine months ended December 31, 2015.

(Additional Information)

Effective from the three months ended June 30, 2016, the Company has adopted Implementation Guidance on Recoverability of Deferred Tax Assets (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, March 28, 2016).