



**For the Fiscal Year Ended March 31, 2016 Results Briefing**

May 20, 2016

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# 1 Financial Results Overview for the Fiscal Year Ended March 31, 2016

## Summary of the Fiscal Year Ended March 31, 2016 Results

- Consolidated ordinary income amounted to ¥14,257.5bn, remaining at the same level as the previous fiscal year.
- Under the historically low interest rate environment, consolidated net income decreased by ¥56.7bn year-on-year to ¥425.9bn.
- This was ¥55.9bn above (+15.1%) the forecast for consolidated net income of ¥370.0bn, announced at the time of listing (November 2015).
- Dividend per share for the fiscal year ended March 31, 2016 amounted to ¥25, ¥2 above the dividend forecast of ¥23 (dividend payout ratio: 25.7%; 51.4% on an annualized basis).
- As for financial results by segment, the postal and domestic logistics business, post office business, banking business, and life insurance business exceeded forecast on a net ordinary income basis; however, the international logistics business (Toll) fell below forecast due in part to the impact of a sharp fall in resource prices on the Australian economy.

# 1-1 Financial Highlights

## Financial Results Overview for the fiscal year ended March 31, 2016

(¥bn)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank (Shareholding ratio) 89.0%	Japan Post Insurance (Consolidated) (Shareholding ratio) 89.0%
<b>Ordinary income</b>	<b>14,257.5</b>	3,648.4	1,968.9	9,605.7
Year-on-year change	(1.3) (0.0%)	+686.4 +23.2%	(109.1) (5.2%)	(563.4) (5.5%)
<b>Net ordinary income</b>	<b>966.2</b>	42.3	481.9	411.5
Year-on-year change	(149.5) (13.4%)	+19.4 +85.1%	(87.4) (15.3%)	(81.1) (16.5%)
<b>Net income</b>	<b>425.9</b>	47.2	325.0	84.8
Year-on-year change	(56.7) (11.7%)	+25.0 +113.1%	(44.3) (12.0%)	+3.5 +4.4%

## Forecast for the fiscal year ended March 31, 2016 (announced in November 2015)

(¥bn)

<b>Net ordinary income</b>	860.0	29.5	460.0	350.0
Achievement	112.4%	143.5%	104.7%	117.6%
<b>Net income</b>	370.0	—	320.0	84.0
Achievement	115.1%	—	101.5%	101.1%

Notes: 1. Figures less than ¥0.1bn are rounded down. The figures of Japan Post Holdings (consolidated) and the combined figures of each subsidiary do not correspond because of other consolidated accounting procedures.

2. The amounts of ordinary profits on the consolidated financial statements of Japan Post Co. and Japan Post Insurance have been used for net ordinary income of Japan Post Co. and Japan Post Insurance, respectively.

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

4. Whereas the listing date of Japan Post Bank and Japan Post Insurance is November 4, for the purpose of accounting, the date of sale is deemed to be the end of the third quarter. Accordingly, from January 1 onward, the amount equivalent to 11% of net income of Japan Post Bank and Japan Post Insurance is recognized as that attributable to non-controlling interests.

# 1-2 Profit for the Fiscal Year Ended March 31, 2016 by Segment

## □ Net Ordinary Income by Segment

(¥bn)

Segment	For the year ended Mar.31, 2016 Forecasts (1)	For the year ended Mar.31, 2016 Results (2)	Change (2) - (1)	For the year ended Mar.31, 2015 Results (3)	Change (2) - (3)
Postal and domestic logistics business	5.0	23.7	+18.7	1.8	+21.9
International logistics business	28.0	13.7	(14.2)	—	—
Post office business	14.0	40.5	+26.5	22.8	+17.7
Banking business	460.0	481.9	+21.9	569.6	(87.6)
Life insurance business	350.0	411.5	+61.5	492.6	(81.1)
Other business	220.0	233.5	+13.5	150.2	+83.2
Adjustments	(220.0)	(238.8)	(18.8)	(121.2)	(117.5)
<b>Total</b>	<b>860.0</b>	<b>966.2</b>	<b>+106.2</b>	<b>1,115.8</b>	<b>(149.6)</b>

Notes: 1. "Other business" includes the hotel business, the hospital business and dividend income from subsidiaries and affiliates recorded by the Company.

2. "Adjustments" includes items such as elimination of intersegment transactions and amortization of goodwill in the international logistics business.

# 1-3-1 Financial Results of Principal Subsidiaries — Japan Post Co. (Consolidated)

## □ Japan Post Co. (Consolidated)

(¥bn)

Item	Japan Post Co. (Consolidated)		Postal and domestic logistics business		*2 International logistics business		Post office business	
		Year-on- year change		Year-on- year change		Year-on- year *3 change		Year-on- year change
Operating income	3,627.0	+686.0	1,924.8	+72.8	544.0 [6,291]	—	1,353.0	+71.1
Operating expenses	3,594.3	+666.0	1,917.3	+57.2	526.8 [6,092]	—	1,317.4	+56.2
Personnel expenses	2,333.6	+233.7	1,234.0	+37.0	172.0 [1,989]	—	927.5	+24.6
Other expenses	*1 1,260.7	+432.2	683.3	+20.2	354.8 [4,103]	—	389.9	+31.5
Net operating income	32.6	+20.0	7.4	+15.6	17.2 [199]	—	35.6	+14.8
Net ordinary income	42.3	+19.4						
Income before income taxes	54.7	+32.7						
Net income	47.2	+25.0						

\*1 : Includes amortization of goodwill in connection with the acquisition of Toll, which is ¥17.1bn for the nine-month period from July 2015 to March 2016.

\*2 : International logistics business is presented as the financial results of Toll on IFRS basis. Net operating income is presented as EBIT of Toll. Figures in brackets are presented in A\$m and figures above are presented in ¥bn based on average exchange rate of ¥86.47/AUD during the period.

\*3 : Year-on-year change figures have not been presented because the previous corresponding period was before Toll acquisition.

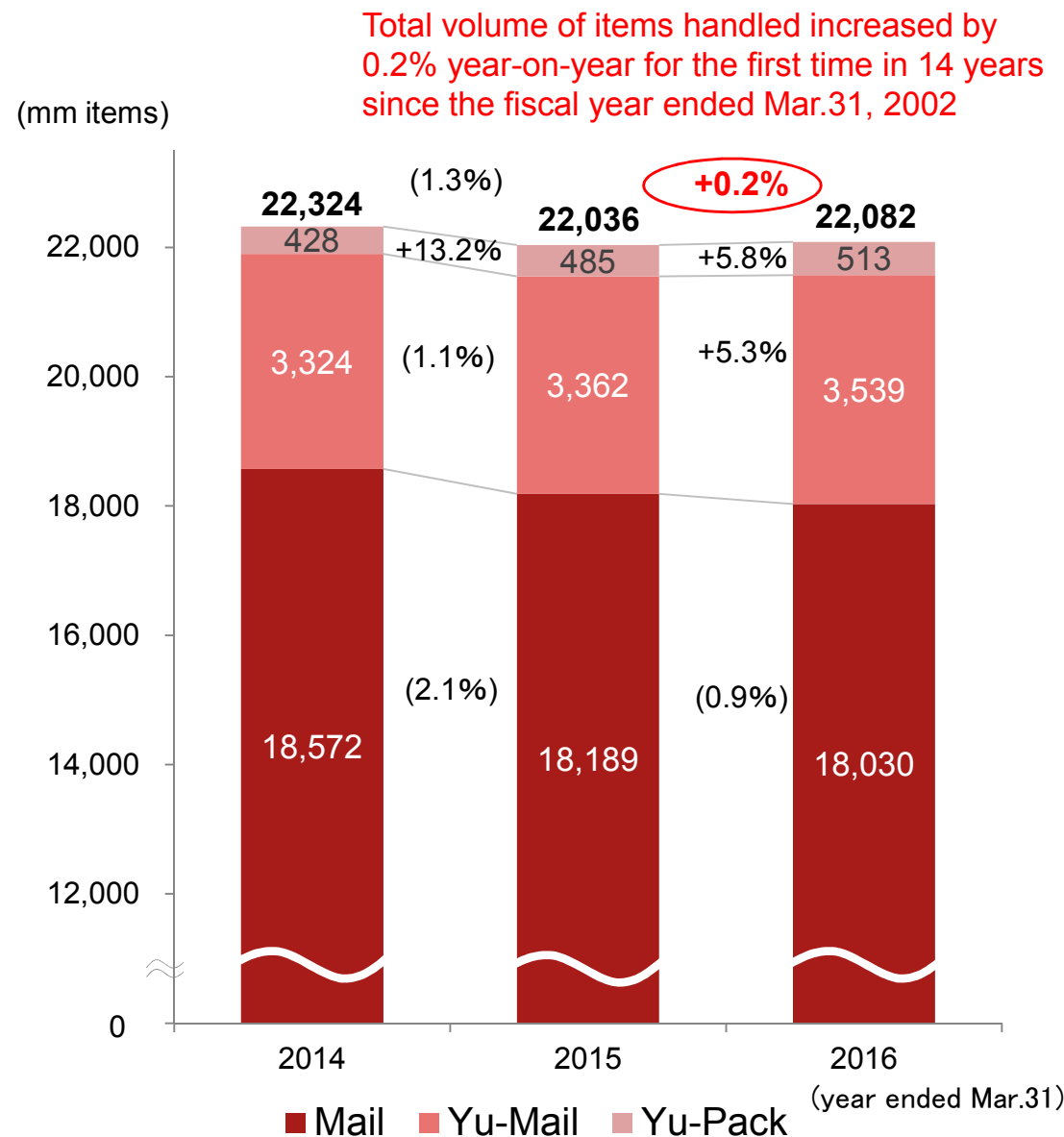
# 1-3-2 Financial Results of Principal Subsidiaries — Japan Post Co. (Consolidated) — Postal and Domestic Logistics Business

## Financial Results of Postal and Domestic Logistics Business

(¥bn)

	For the year ended Mar.31, 2016	For the year ended Mar.31, 2015	Year-on-year change
Operating income	<b>1,924.8</b>	1,851.9	+72.8
Operating expenses	<b>1,917.3</b>	1,860.0	+57.2
Personnel expenses	<b>1,234.0</b>	1,197.0	+37.0
Other expenses	<b>683.3</b>	663.0	+20.2
Net operating income (loss)	<b>7.4</b>	(8.1)	+15.6

## Trends in Volume of Mail, Yu-Mail and Yu-Pack





# 1-3-3 Financial Results of Principal Subsidiaries – Japan Post Co. (Consolidated) – International Logistics Business

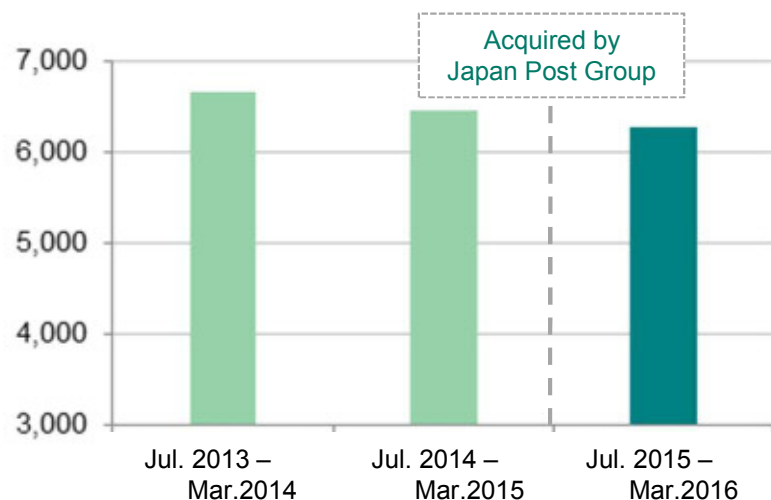
## Financial Results of International Logistics Business

	For the nine months ended Mar.31, 2016	For the nine months ended Mar.31, 2015 *1	Year-on-year change *1
Operating income	6,291	6,462	(170) (2.6%)
Operating expenses	6,092	6,149	(57) (0.9%)
Net operating income (EBIT)	199	312	(113) (36.2%)

(A\$mm)

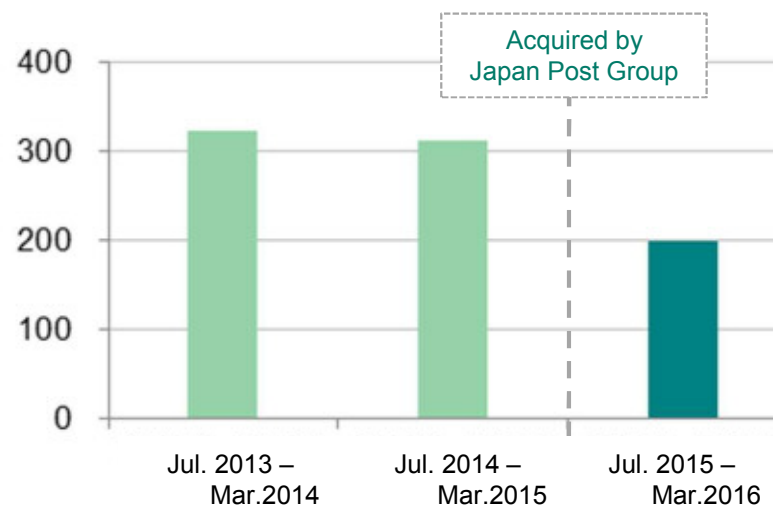
Trends of operating income

(A\$mm)



Trends of net operating income (EBIT)

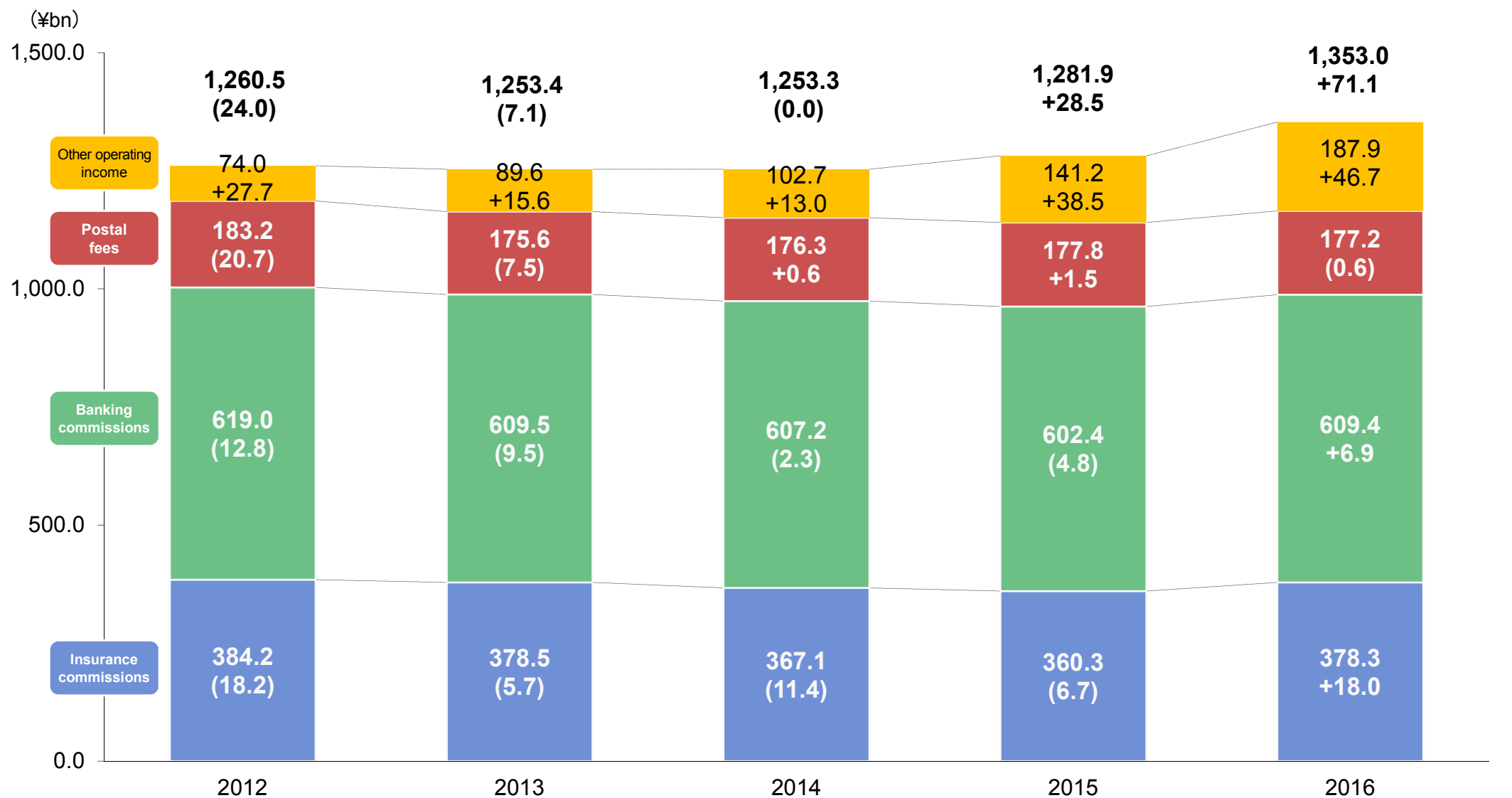
(A\$mm)



\*1 : For the nine months ended Mar.31, 2015 column shows Toll's results for the same nine months in the previous fiscal year before it became a consolidated subsidiary of Japan Post Group and year-on-year change column shows the change from those previous results. For the nine months ended Mar.31, 2015 column and year-on-year change column are provided for referential purposes only.

# 1-3-4 Financial Results of Principal Subsidiaries — Japan Post Co. (Consolidated) —

## Trends in Earnings Mix of Post Office Business



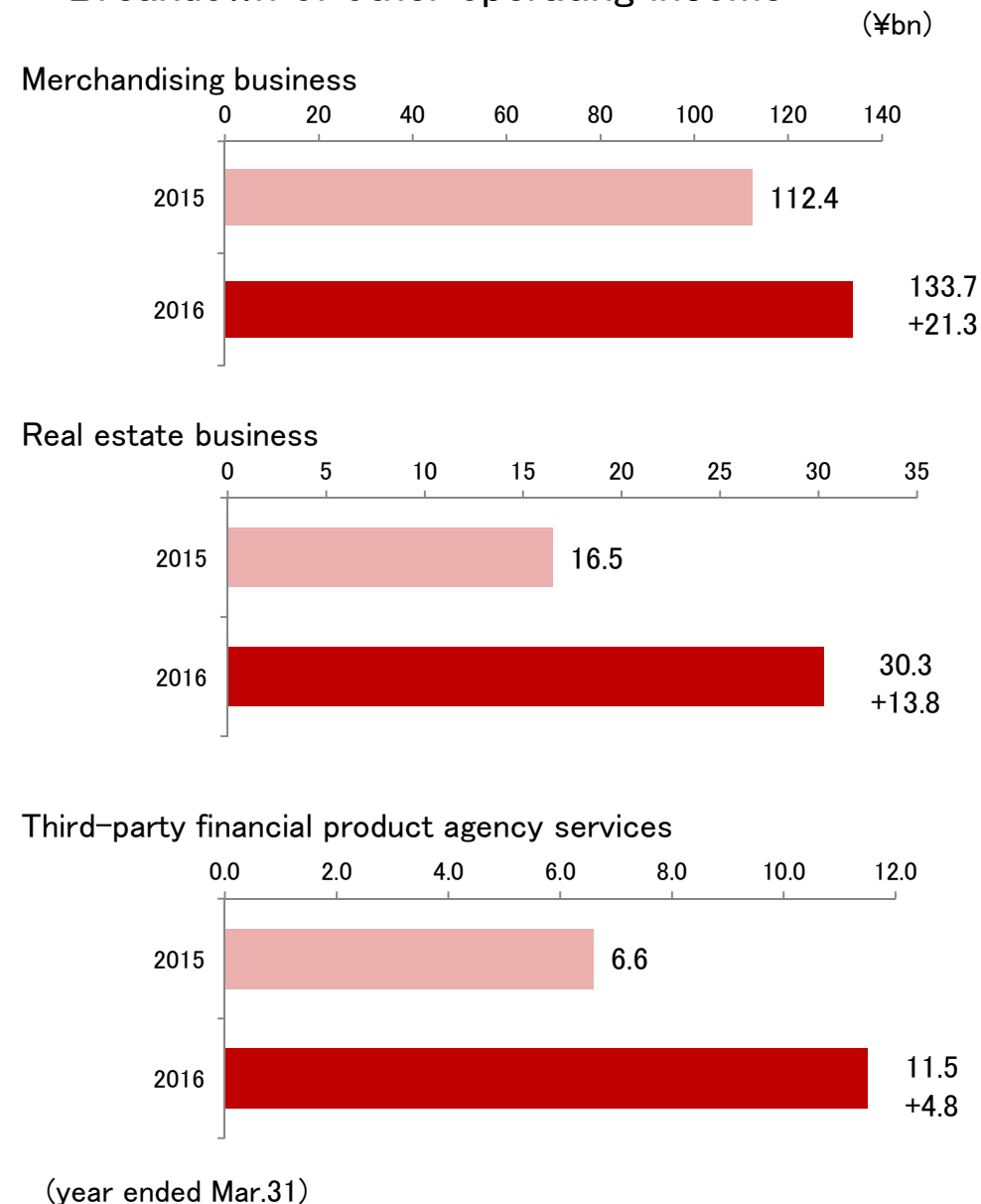
(year ended Mar.31)

# 1-3-5 Financial Results of Principal Subsidiaries – Japan Post Co. (Consolidated) – Post Office Business

## Financial Results of Post Office Business

	(¥bn)		
	For the year ended Mar.31, 2016	For the year ended Mar.31, 2015	Year-on-year change
Operating income	<b>1,353.0</b>	1,281.9	+71.1
Postal fees	177.2	177.8	(0.6)
Banking commissions	609.4	602.4	+6.9
Insurance commissions	378.3	360.3	+18.0
Other operating income	187.9	141.2	+46.7
Operating expenses	<b>1,317.4</b>	1,261.1	+56.2
Personnel expenses	927.5	902.8	+24.6
Other expenses	389.9	358.3	+31.5
Net operating income	<b>35.6</b>	20.7	+14.8

## Breakdown of other operating income



## 1-4-1 Financial Results of Principal Subsidiaries — Japan Post Bank

### Financial Results for the Fiscal Year Ended March 31, 2016

(¥bn)

	For the year ended Mar.31, 2016	For the year ended Mar.31, 2015	Year-on-year change
Gross operating profit	<b>1,452.0</b>	1,634.7	(182.6)
Net interest income	<b>1,361.0</b>	1,540.7	(179.7)
Net fees and commissions	<b>91.1</b>	89.2	+1.8
Net other operating income (loss)	<b>(0.1)</b>	4.7	(4.8)
General and administrative expenses *1	<b>1,066.1</b>	1,114.7	(48.5)
Provision for general reserve for possible loan losses	—	—	—
<b>Net operating profit</b>	<b>385.8</b>	519.9	(134.1)
Non-recurring gains (losses)	<b>96.1</b>	49.4	+46.6
<b>Net ordinary income</b>	<b>481.9</b>	569.4	(87.4)
<b>Net income</b>	<b>325.0</b>	369.4	(44.3)
<b>Ordinary income</b>	<b>1,968.9</b>	2,078.1	(109.1)
<b>Ordinary expenses</b>	<b>1,486.9</b>	1,508.6	(21.7)

\*1 Excluding non-recurring losses.

### Major Business Index

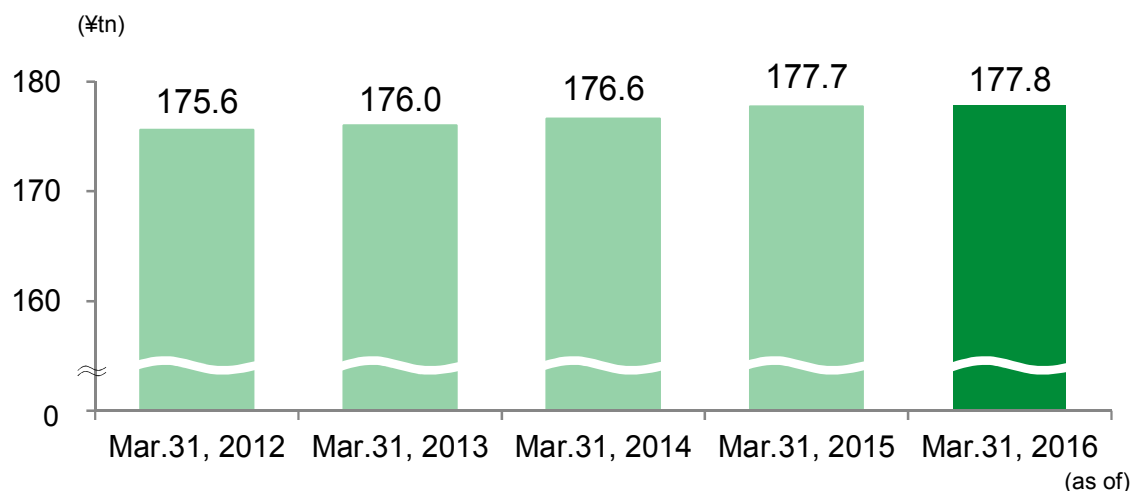
(¥bn)

	For the year ended Mar.31, 2016	For the year ended Mar.31, 2015	Year-on-year change
Deposit *2	<b>177,871.9</b>	177,710.7	+161.2
Capital adequacy ratio (non-consolidated, domestic standard)	<b>26.38%</b>	38.42%	(12.04%)

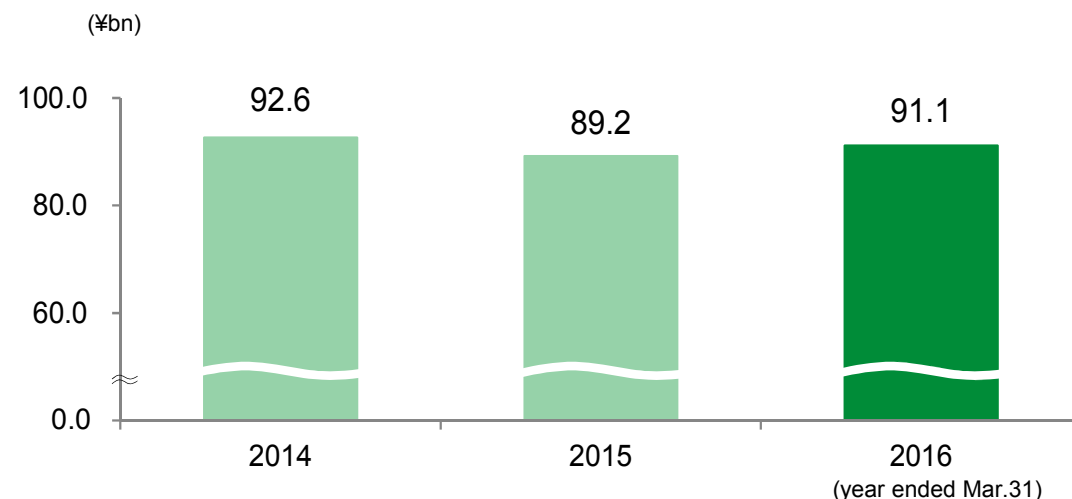
\*2 Excluding accrued interest.

# 1-4-2 Financial Results of Principal Subsidiaries — Japan Post Bank — Business Results

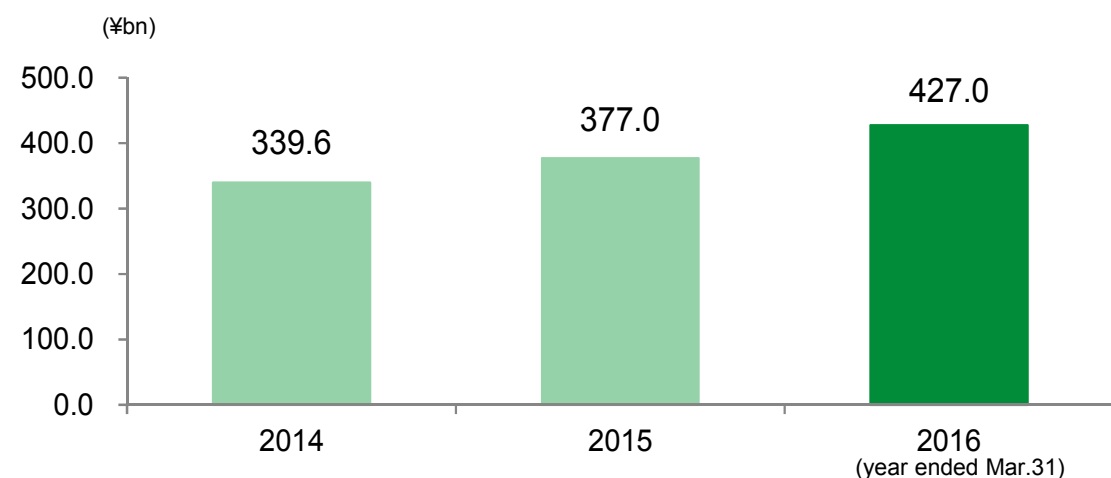
## Deposit Balance



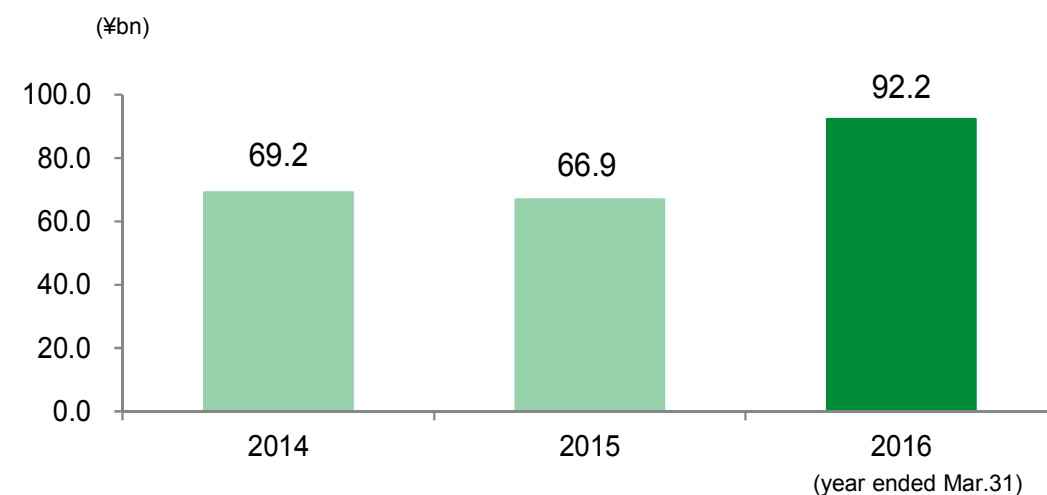
## Net Fees and Commissions



## Investment Trust Sales



## Variable Annuity Insurance Sales

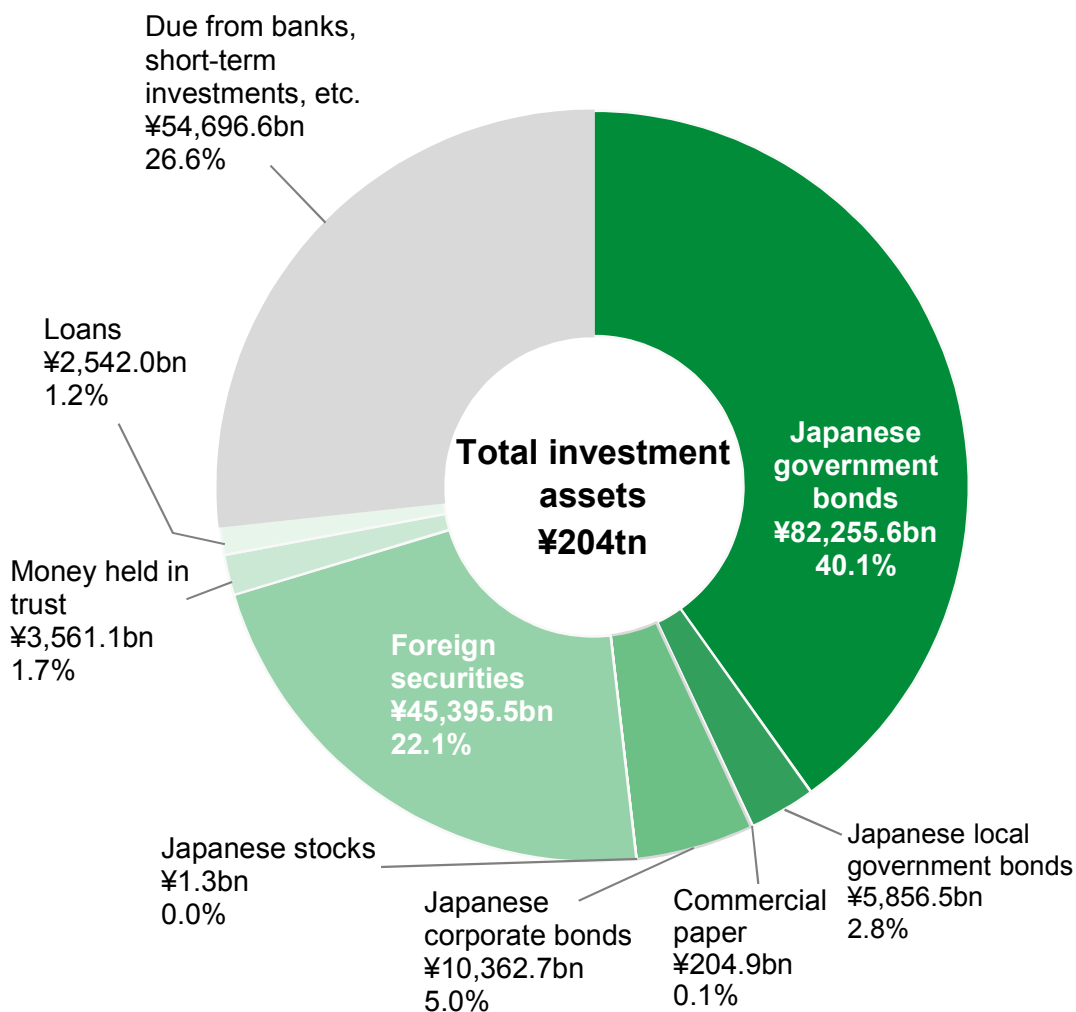


Note: Figures are rounded down to the first decimal place.

# 1-4-3 Financial Results of Principal Subsidiaries — Japan Post Bank — Investment Assets

## Investment Portfolio

(¥bn)



Type	As of Mar.31, 2016	Composition ratio (%)	As of Mar.31, 2015	Composition ratio (%)
Loans	2,542.0	1.2	2,783.9	1.3
Securities	144,076.8	70.3	156,169.7	75.8
Japanese government bonds	82,255.6	40.1	106,767.0	51.8
Japanese local government bonds	5,856.5	2.8	5,525.1	2.6
Commercial paper	204.9	0.1	226.9	0.1
Japanese corporate bonds	10,362.7	5.0	10,756.0	5.2
Japanese stocks	1.3	0.0	0.9	0.0
Foreign securities	45,395.5	22.1	32,893.6	15.9
Money held in trust	3,561.1	1.7	3,491.6	1.6
Due from banks, short-term investments, etc.*	54,696.6	26.6	43,419.9	21.0
<b>Total investment assets</b>	<b>204,876.6</b>	<b>100.0</b>	<b>205,865.4</b>	<b>100.0</b>

\* : "Due from banks, short-term investments, etc." consists of negotiable certificates of deposit, Bank of Japan deposits, call loans, receivables under securities borrowing transactions, and monetary claims bought, etc.

## 1-5-1 Financial Results of Principal Subsidiaries – Japan Post Insurance (Consolidated)

### Financial Results for the Fiscal Year Ended March 31, 2016

(¥bn)

	For the year ended Mar.31, 2016	For the year ended Mar.31, 2015	Year-on-year change
Ordinary income	<b>9,605.7</b>	10,169.2	(563.4)
Ordinary expenses	<b>9,194.2</b>	9,676.6	(482.3)
Ordinary profit	<b>411.5</b>	492.6	(81.1)
Net income	<b>84.8</b>	81.3	+3.5
Core profit (non-consolidated)	<b>464.2</b>	515.4	(51.1)

### Major Business Index

(¥bn, number of policies in thousands, %)

	For the year ended Mar.31, 2016	For the year ended Mar.31, 2015	Year-on-year change
Number of new policies (individual insurance)	<b>2,390</b>	2,380	+10
Annualized premiums from new policies (individual insurance)	<b>485.3</b>	457.8	+27.5
Numbers of policies in force (including Postal Life Insurance Policies)	<b>32,320</b>	33,480	(1,160)
Solvency margin ratio (consolidated)	<b>1,570.3%</b>	1,644.2%	(73.9%)
EV	<b>2,718.3</b>	3,501.3	(782.9)

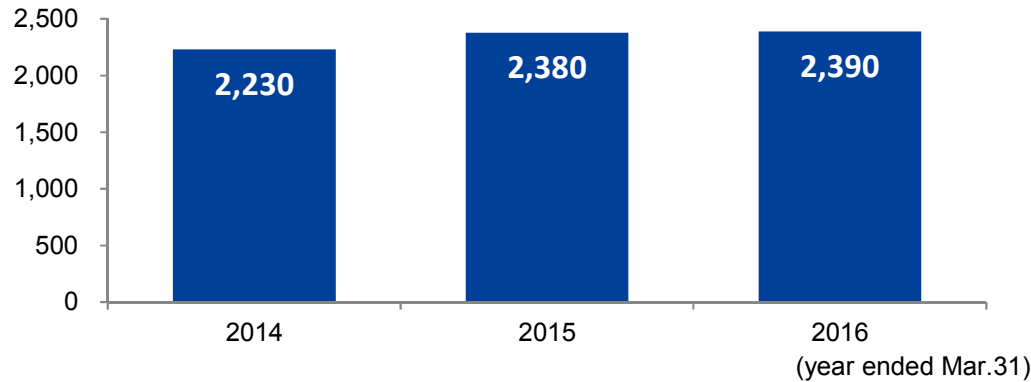
Note: 1. Postal Life Insurance Policies refer to the reinsurance contracts of postal life insurance received from Management Organization for Postal Savings and Postal Life Insurance.  
2. Number of policies is rounded down to the nearest ten thousand.

# 1-5-2 Financial Results of Principal Subsidiaries – Japan Post Insurance (Consolidated) – Status of Insurance Policies

## Number of Policies

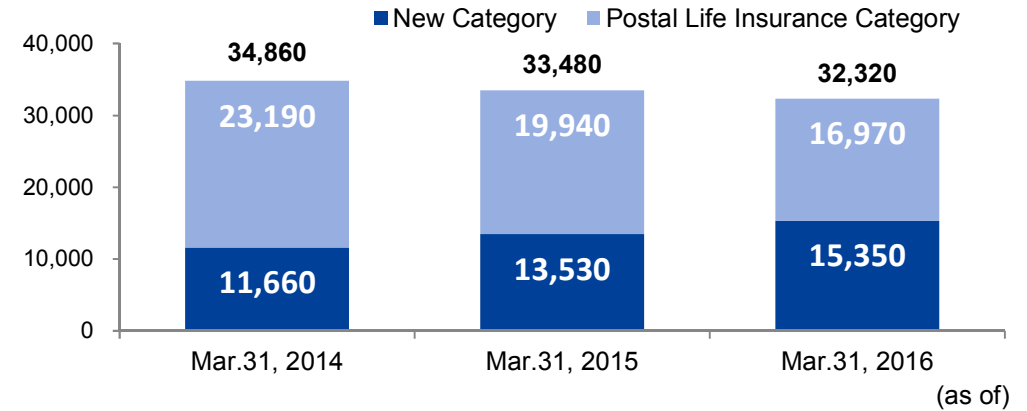
### New Policies (Individual Insurance)

(Policies in thousands)



### Policies in Force (Individual Insurance)

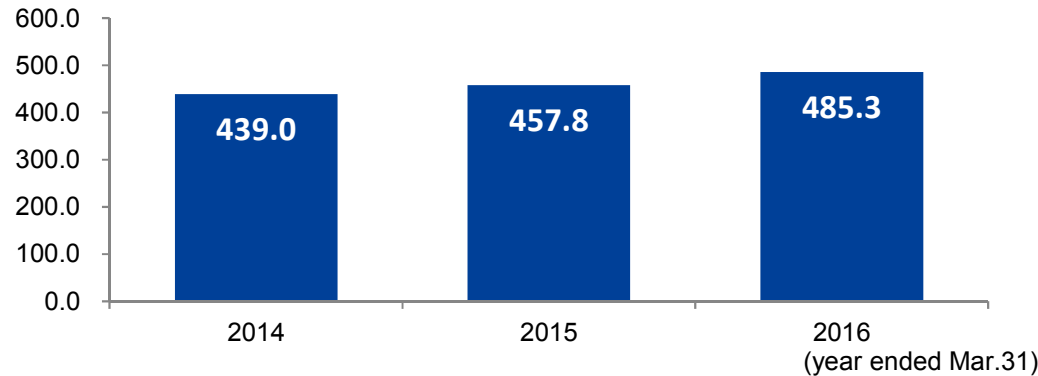
(Policies in thousands)



## Annualized Premiums

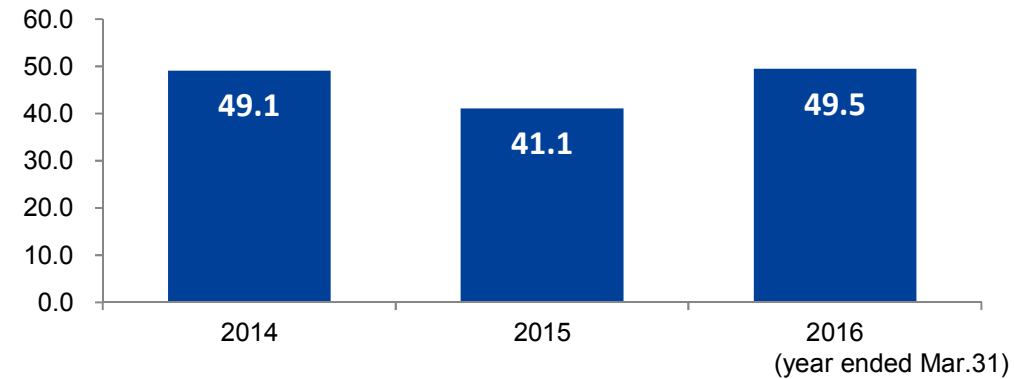
### Annualized Premiums from New Policies (Individual Insurance)

(¥bn)



### Annualized Premiums from New Policies (Medical Care)

(¥bn)



Notes: 1. Figures of annualized premiums are rounded down to the first decimal place. Number of policies is rounded down to the nearest ten thousand.

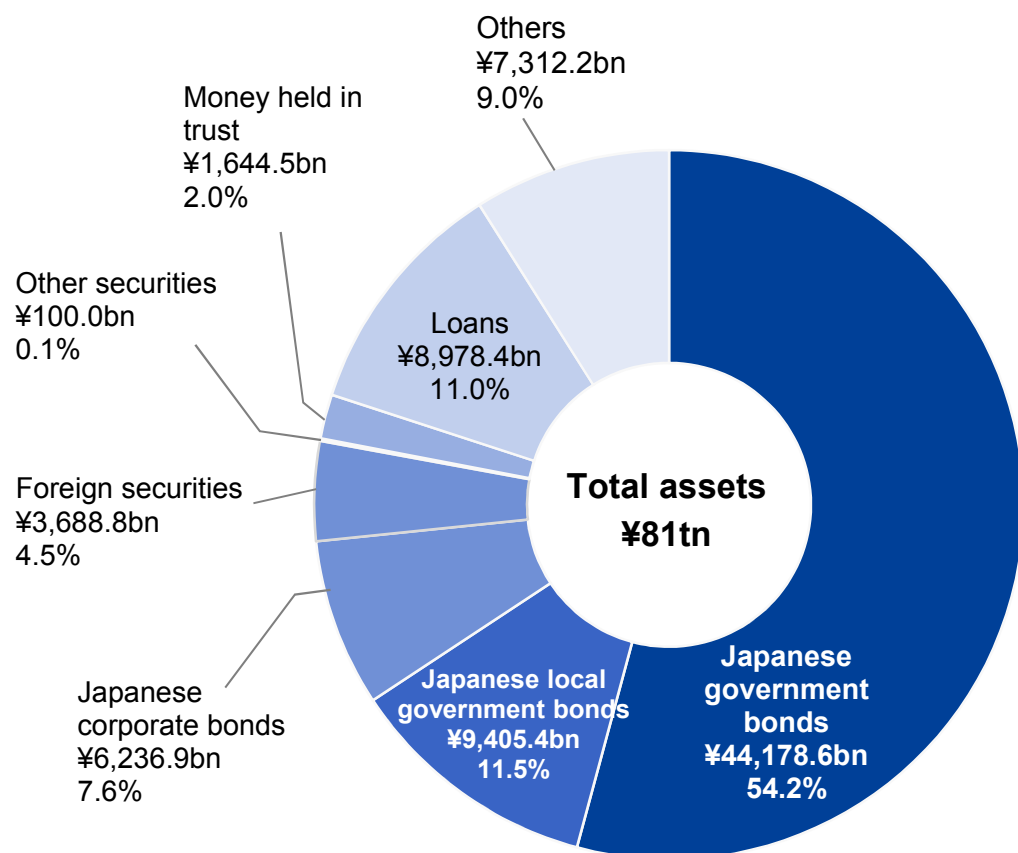
2. Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined according to the relevant payment method to arrive at a single annualized amount. For lump-sum payments, annualized premiums are calculated by dividing the total premium by the insured period.

3. "New Category" shows individual insurance policies underwritten by Japan Post Insurance. "Postal Life Insurance Category" shows Postal Life Insurance Policies reinsured by Japan Post Insurance from the Management Organization for Postal Savings and Postal Life Insurance.



# 1-5-3 Financial Results of Principal Subsidiaries – Japan Post Insurance (Consolidated) – Investment Assets

## Investment Portfolio



Type	(¥bn)			
	As of Mar.31, 2016	Composition ratio (%)	As of Mar.31, 2015	Composition ratio (%)
Loans	8,978.4	11.0	9,977.3	11.7
Securities	63,609.9	78.0	66,276.2	78.1
Japanese government bonds	44,178.6	54.2	48,086.4	56.6
Japanese local government bonds	9,405.4	11.5	9,555.8	11.3
Japanese corporate bonds	6,236.9	7.6	6,652.4	7.8
Foreign securities	3,688.8	4.5	1,981.4	2.3
Other securities	100.0	0.1	-	-
Money held in trust	1,644.5	2.0	1,434.9	1.7
Others	7,312.2	9.0	7,226.4	8.5
<b>Total assets</b>	<b>81,545.1</b>	<b>100.0</b>	<b>84,915.0</b>	<b>100.0</b>

## 1-6 Dividends for the fiscal year ended March 31, 2016

### □ Dividends for the fiscal year ended March 31, 2016

	For the fiscal year ended Mar.31, 2016 Dividend per share	For the fiscal year ended Mar.31, 2016 Dividend payout ratio	(reference) Initial dividends forecast (announced in November 2015)
Japan Post Holdings	¥ 25	25.7%	¥ 23

Note: In accordance with Article 11 of the Act on Japan Post Holdings Co., Ltd., payment of dividends from surplus or other appropriation of surplus of Japan Post Holdings (excluding disposition of loss) shall not effectuate without the approval of the Minister of Internal Affairs and Communications.

### (Two financial subsidiaries)

Japan Post Bank	¥ 25	28.8%	¥ 25
Japan Post Insurance	¥ 56	39.6%	¥ 56

Note: As only one record date falls within the first fiscal year following the listing of our shares, Japan Post Holdings and Japan Post Bank only declare annual dividends for the year ended March 31, 2016. As a result, Japan Post Holdings and Japan Post Bank intend to achieve a consolidated dividend payout ratio of roughly 25% or higher for the year ended March 31, 2016.

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## 2 Financial Results Forecast for the Fiscal Year Ending March 31, 2017

## 2-1 Financial Results Forecast for the Fiscal Year Ending March 31, 2017

(¥bn)

	Net ordinary income	Change	Net income	Change
	(Segment base)	(for the year ended Mar.31, 2016)		(for the year ended Mar.31, 2016)
Japan Post Holdings (Consolidated)	770.0	(196.2)	320.0	(105.9)
Japan Post Co. (Consolidated)	27.0	(15.3)		
Postal and Domestic logistics business	9.0	(14.7)	12.0	(35.2)
International logistics business	29.0	+15.2		
Post office business	14.0	(26.5)		
Japan Post Bank	420.0	(61.9)	300.0	(25.0)
Japan Post Insurance (Consolidated)	310.0	(101.5)	86.0	+1.1

### Changes in business environment and their impacts on Japan Post Group

#### Postal and domestic logistics business

- Competitors have completed their shipping fee revision and reviewed their services  
=> Slowdown in the growth pace of the number of Yu-Pack items  
=> Increase in volume of Yu-Mail (including Yu-Packet) handled
- Increase in minimum wage, rising wage per unit of labor due to tight labor supply and demand
- Changes in administrative systems such as the increase in pension burden, expansion of pro-forma standard taxation, and reduction in real estate tax exemption measures  
=> Increase in personnel expenses and other costs
- Steep rise in unit price for construction  
=> Increase in investment costs for equipment, etc.

#### International logistics business

- Impact of the fall in resource prices, etc. on the Australian economy  
=> Decrease in operating income of Toll

#### Banking business and life insurance business

- Further decrease in interest rates associated with implementation of negative interest rates  
=> Extremely harsh environment surrounding investments
- A majority of deposits reach maturity (maturity concentration)  
=> Increase in costs associated with implementing countermeasures

Note: 1. Amortization of goodwill, etc. in connection with the acquisition of Toll which amounts to ¥23.0bn (same in Japan Post Co. (consolidated)), extraordinary losses which amounts to ¥95.0bn due to post office refurbishment expenses (¥44.0bn), etc. and non-controlling interests which accounts to ¥43.0bn are reflected on Japan Post Holdings (consolidated) figures.

2. The amounts of net income attributable to Japan Post Holdings, net income attributable to Japan Post Co. and net income attributable to Japan Post Insurance have been used for net income of Japan Post Holdings (consolidated), Japan Post Co. (consolidated) and Japan Post Insurance (consolidated).

## 2-2 Dividends Forecast for the Fiscal Year Ending March 31, 2017

- Japan Post Holdings aims to provide stable returns to shareholders while maintaining required internal reserves and paying attention to capital efficiency. Accordingly, Japan Post Holdings intends to maintain a consolidated dividend payout ratio of roughly 50% or higher until the year ending March 31, 2018, while maintaining stable dividends per share.
- Japan Post Holdings and Japan Post Bank intend to declare both annual dividends and interim dividends from the fiscal year ending March 31, 2017.

	For the fiscal year ending Mar.31, 2017			
	Dividend per share (forecast)	Dividend payout ratio	Interim dividends	Annual dividends
Japan Post Holdings	¥ 50	64.3%	¥ 25	¥ 25

Note: In accordance with Article 11 of the Act on Japan Post Holdings Co., Ltd., payment of dividends from surplus or other appropriation of surplus of Japan Post Holdings (excluding disposition of loss) shall not effectuate without the approval of the Minister of Internal Affairs and Communications.

(Reference)

Japan Post Bank	¥ 50	62.4%	¥ 25	¥ 25
Japan Post Insurance	¥ 60 ( Commemorative dividend for the 100th anniversary: ¥2 )	41.9%	—	¥ 60

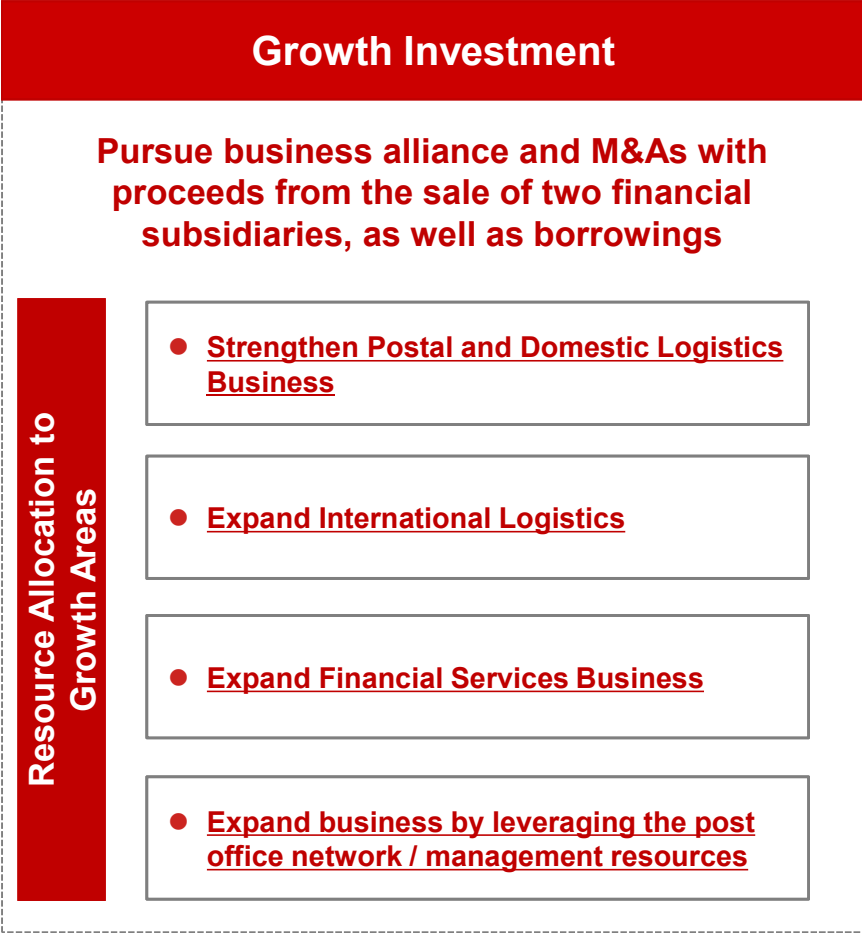
Note: Regarding annual dividend of Japan Post Insurance for the fiscal year ending March 31, 2017, as this year marks the 100th anniversary of Postal Life Insurance, Japan Post Insurance has decided to pay a commemorative dividend of ¥2 per share as a token of gratitude to its shareholders for their support, and therefore, the total annual dividend of Japan Post Insurance for the fiscal year ending March 31, 2017 will be ¥60 per share together with a ¥2 increase of ordinary dividend.

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## 3 Group Strategy for Achieving Growth and Development

# 3-1 Growth Strategy

Illustrative Business Portfolio (Current)



Illustrative Business Portfolio (Future)



## 3-2 Overview of Group Strategy (Medium-term Management Plan (Announced on April 1, 2015))

Growth and development of business	Business targets for the year ending March 31, 2018	(Reference) Results for the year ended March 31, 2016
<ul style="list-style-type: none"> <li>Revival of postal and domestic logistics business (Regain profitability in the Yu-Pack business)</li> </ul>	<ul style="list-style-type: none"> <li>Yu-Pack items : Approx. 680mm</li> <li>Yu-Mail and Yu-Packet items : Approx. 4.1bn</li> <li>Reorganization of the postal and logistics network</li> </ul>	<ul style="list-style-type: none"> <li>Yu-Pack items : 510mm</li> <li>Yu-Mail and Yu-Packet items : 3.5bn</li> <li>North Tokyo Post Office established, construction commencement of 11 regional sorting post offices</li> </ul>
<ul style="list-style-type: none"> <li>Vitalization of the post office network</li> </ul>	<ul style="list-style-type: none"> <li>Merchandise business : ¥150bn</li> <li>Real estate business : ¥25bn</li> <li>Third-party financial product agency services : ¥20bn</li> </ul>	<ul style="list-style-type: none"> <li>Merchandise business : ¥133.7bn</li> <li>Real estate business : ¥30.3bn</li> <li>Third-party financial product agency services : ¥11.5bn</li> </ul>
<ul style="list-style-type: none"> <li>Further increase in Japan Post Bank's revenues</li> </ul>	<ul style="list-style-type: none"> <li>Deposits : +¥3tn</li> <li>Investment products : +¥1tn</li> </ul> <p><small>* total for the three fiscal years</small></p>	<ul style="list-style-type: none"> <li>Deposits : +¥0.9tn*1</li> <li>Investment products : +¥0.3tn*2</li> </ul> <p><small>*1 Including accrued interest and excluding deposits relating to funds paid by us to acquire shares of our common stock held by Japan Post Holdings</small></p> <p><small>*2 Excluding market value fluctuation</small></p>
<ul style="list-style-type: none"> <li>Recovering from bottoming out of Japan Post Insurance's in force</li> </ul>	<ul style="list-style-type: none"> <li>Increase contracted monthly insurance premiums from new policies to over ¥50bn for the year ending March 31, 2017 and aim to further growth in the future</li> </ul>	<ul style="list-style-type: none"> <li>contracted monthly insurance premiums from new policies : ¥51bn</li> </ul>
<ul style="list-style-type: none"> <li>Sophisticated asset management for revenue growth</li> </ul>	<ul style="list-style-type: none"> <li>Japan Post Bank : Increase the satellite portfolio balance to ¥60tn</li> <li>Japan Post Insurance : Increase risk assets</li> </ul>	<ul style="list-style-type: none"> <li>Japan Post Bank – Satellite portfolio balance : ¥62tn</li> <li>Japan Post Insurance – Risk assets : 6.6% of total assets</li> </ul>

**< Consolidated business target > Consolidated net income Approx. ¥450bn**

\* Net income after the adoption of Accounting Standards for Business Combination (ASBJ, amended in 2013) ; includes net income attributable to non-controlling interest, excludes impact of M&As after announcement of medium-term management plan (Toll and other companies).



## 3-3 Strategy Overview for the Fiscal Year Ending March 31, 2017 (by Business Segment)

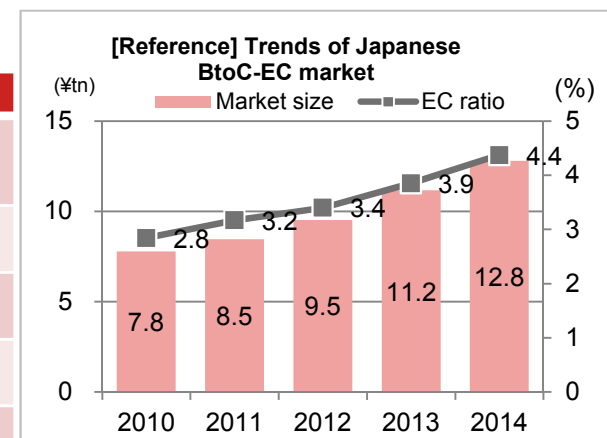
<b>Postal and domestic logistics business</b>	<b>[Shift to a structure that can generate profits by improving earnings capability and productivity centered on the growing e-commerce market]</b>
<b>Regain profitability in the Yu-Pack business</b>	Regaining profitability in the Yu-Pack business in the fiscal year ending March 31, 2017 through increasing profitability via providing highly convenient services such as item receipt services at convenience stores and strengthening sales capability, improving the profitability of customers with low profitability, and promoting revision of business operations.
<b>Promotion of logistics solution sales</b>	Further increase income, mainly targeting at the mail-order business.
<b>Cost control</b>	Improve productivity in pick-up and delivery services by utilizing the Delivery Operation Support System (DOSS).
<b>Restructuring of the postal and domestic logistics network</b>	Centralized processing at 13 areas nationwide including the North Tokyo Post Office, and three new regional sorting post offices to start operations at the end of the fiscal year.
<b>International logistics business</b>	<b>[Expansion of international logistics business by demonstrating synergies with Toll]</b>
<b>Establish a revenue base through cooperation with Toll</b>	New customers acquisition such as Japanese companies through the cooperation of Toll and Japan Post Co. In Australia, establish a profit base by conducting aggressive marketing activities towards retailers, etc. and strict cost control. Capture logistics needs in Europe and America with a base in Asia.
<b>Post office business</b>	<b>[Provision of financial service selected by customers and promotion of total lifestyle support]</b>
<b>Maintaining the total deposit balance and expanding the investment trust balance</b>	Measures to address the increase in maturing amounts of TEIGAKU deposits and maintaining the balance of assets on deposits through targeting a certain amount of net increase in investment trusts and other measures.
<b>Promoting marketing efforts in Japan Post Insurance</b>	Capture the uninsured by holding life plan consultation meetings and strengthening sales of endowment insurance with shortened premium period.
<b>Promoting third-party financial products such as cancer insurance</b>	
<b>Implementation of the Watch Over service</b>	Expanding the Watch Over service providing area and enhancing service level.
<b>Banking business</b>	<b>[Aim to become a financial institution that is "Super Regional &amp; Super Global"]</b>
<b>Securing the customer base</b>	Promoting sales activities for customers to roll over investments in preparation for a rise in the number of maturing TEIGAKU deposits.
<b>Strengthening the commissions business</b>	Expanding investment trust sales (implementing training for sales personnel and various campaigns) and installing ATMs at highly convenient locations .
<b>Shift to more sophisticated fund management</b>	Starting investment in alternative asset classes, strengthening the risk management framework, introduction of performance-linked compensation system, and promotion of recruiting and developing professional human resources.
<b>Strengthening management functions</b>	Reducing default expenses and strengthening IT system infrastructure.
<b>Life insurance business</b>	<b>[Ensure the achievement of the mid-term management plan and reverse the decreasing trend of policies in force]</b>
<b>Strengthen the framework for sales force of post office channel</b>	Strengthening the sales of endowment and whole life insurances with riders, increasing contact points with customers, and activities to visit policyholders.
<b>Enhancing administrative and IT systems</b>	Introduction of paperless application, sophistication of benefit payment operations by using Watson, and launch of Japan Post Insurance's next generation core IT system.
<b>Business model for older adult customers with attentive and caring services</b>	Promotion of Kampo Platinum Life Services (free telephone consultation service) and development of health enhancement service business.
<b>Diversification of investment</b>	Promoting diversification of investment while securing financial soundness and observing the market environment.
<b>Insurance premium revision and reinsurance</b>	Insurance premium revision in line with the market environment and start of underwriting reinsurance.

# 3-4-1 Strategy by Segment—Postal and Domestic Logistics Business

## (1) Strategic Approach to the E-Commerce Market

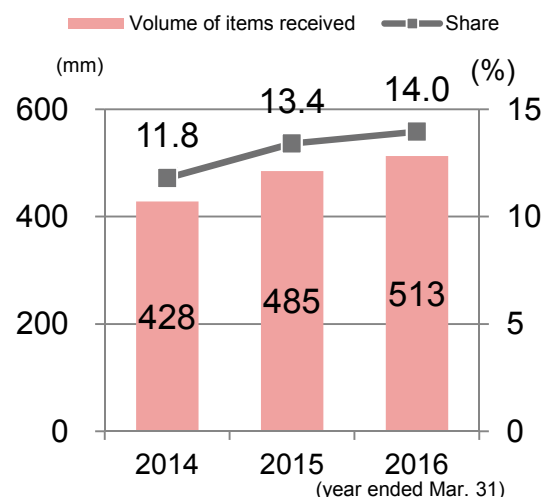
### Strategic products for the e-commerce market

Product	Delivery	Tracking	Size limit		Charges
Yu-Pack	Face-to-face (time specification available)	○	Total of three sides 170cm		30kg Direct dealing possible
Yu-Mail	Posting in receiving box	—	Total of three sides 170cm		3kg Direct dealing possible
Yu-Packet	Posting in receiving box	○	Total of three sides 60cm, longer side 34cm	Thickness 3cm	1kg Direct dealing
Click Post	Posting in receiving box	○	34 × 25cm	Thickness 3cm	1kg ¥164 (Online settlement)
Letter Pack Plus	Face-to-face	○	Exclusive envelope (A4 size)		4kg ¥510
Letter Pack Light	Posting in receiving box	○	Exclusive envelope (A4 size)	Thickness 3cm	4kg ¥360
Smart Letter	Posting in receiving box	—	Exclusive envelope (A5 size)	Thickness 2cm	1kg ¥180
EMS	(Overseas)	○	Maximum side 1.5m, maximum side +circumference of the trunk 3m		30kg By geographical zone, by weight zone



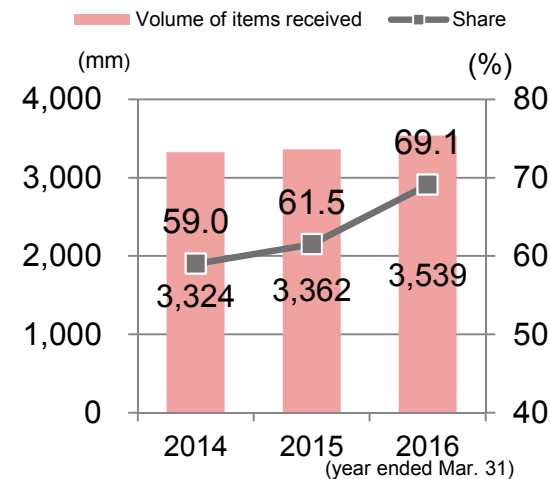
Source: Ministry of Economy, Trade and Industry "Report on Upgrading the Foundation of Japan's Digital Economy (e-commerce market survey)"  
 \* BtoC-EC market is the e-commerce market in the retail and service industries.  
 \* EC ratio is the share of e-commerce transactions among all transactions.

#### Yu-Pack



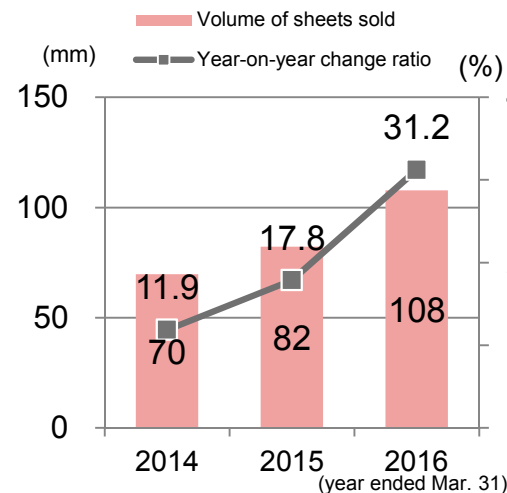
\* Share for the fiscal year ended March 31, 2016 is the percentage against the accumulative figure as of February

#### Yu-Mail



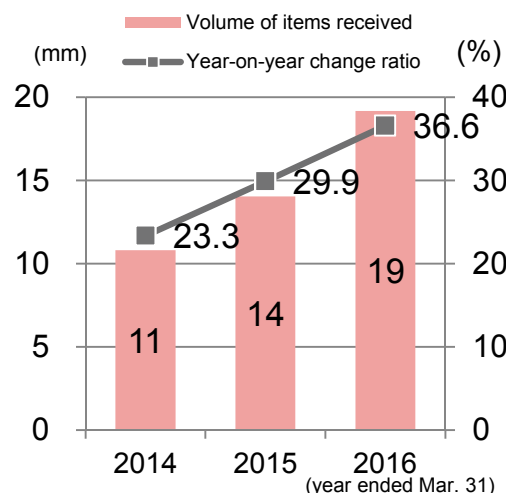
\* Includes Yu-Packet and Click Post  
 \* Share for the fiscal year ended March 31, 2016 is the percentage against the total of Japan Post, YAMATO HOLDINGS and SG Holdings

#### Letter Pack



\* The figure for Letter Pack is the sum of the figures for Letter Pack Plus, Letter Pack Light and Smart Letter  
 \* Our share in the correspondence mail market, which includes Letter Pack and EMS, is 99.9%

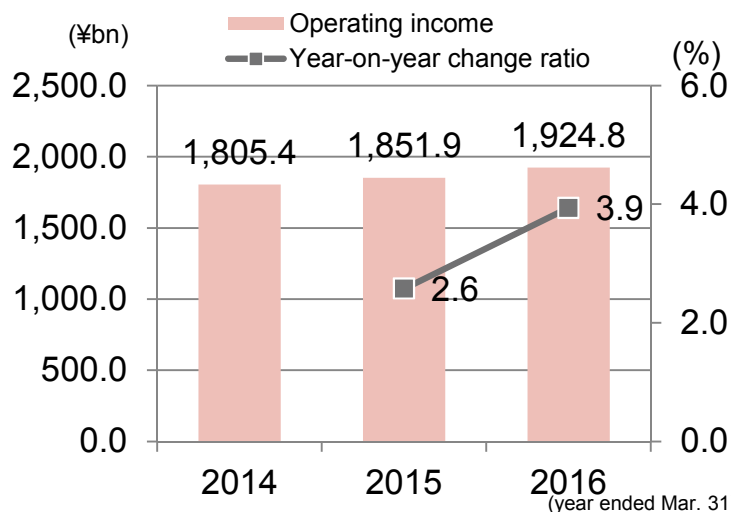
#### EMS



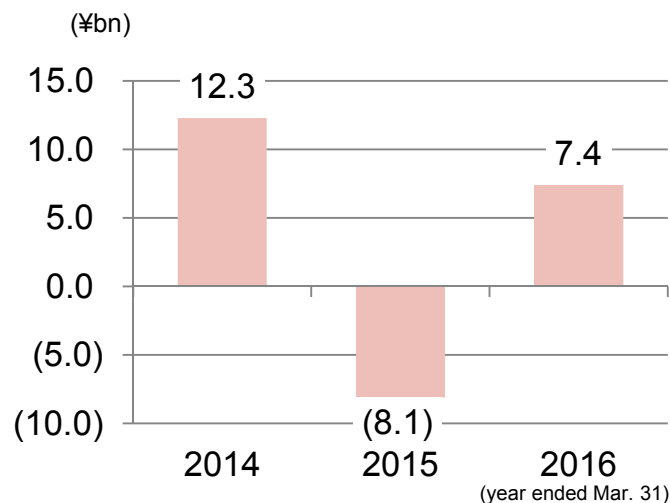
## 3-4-2 Strategy by Segment – Postal and Domestic Logistics Business

### (2) Measures to Improve Profit Structure

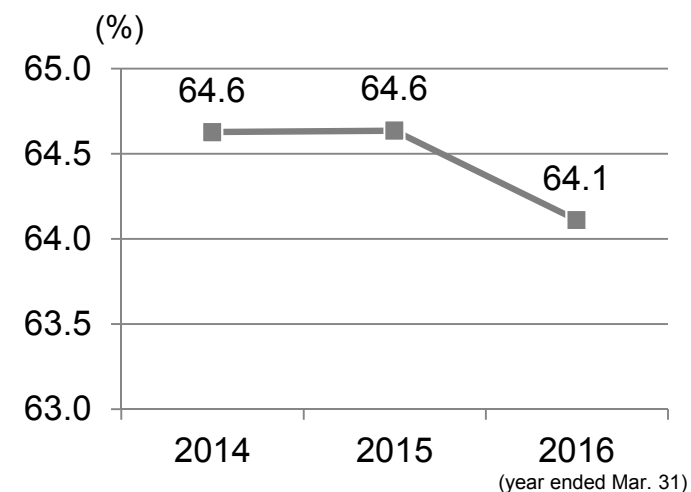
Operating income



Net operating income (loss)



Personnel expenses to sales ratio



\* Comparative information is not shown as the preparation of consolidated financial statements began from the fiscal year ended March 31, 2014

#### Business environment in the fiscal year ending March 31, 2017

Decrease in domestic mail demand



Increase in legal welfare expenses



Increase in unit wage



Expansion of pro-forma standard taxation, etc.



#### Revision to postages and shipping fees

Timing of implementation	Applicable volume of items	General description	Benefits
January 1994	Approx. 18.0bn items (first-class, second-class)	➤ Rise in domestic mail basic postages	Increase in revenue by approx. ¥200.0bn in first- and second-class mail
April 2012	Approx. 1.9bn items	➤ Revision to discount on domestic mail postages (second-class advertising mail)	Increase in revenue by approx. ¥1.0 to 2.0bn
August 2015	Approx. 70mm items	➤ Rise in Yu-pack basic shipping fees	Increase in revenue by approx. ¥2.0bn
June 2016	Approx. 8.7bn items	<ul style="list-style-type: none"> <li>➤ Revision to discount on domestic mail postages (advertising mail, sorted mail, special mail within the same postal area, etc.)</li> <li>➤ Partial revision to international mail postages</li> </ul>	Forecast for the fiscal year ending March 31, 2017: Increase in revenue by approx. ¥20.0bn

# 3-5 Strategy by Segment—International Logistics Business

## Development of Global Logistics

### Synergies between Japan Post Co. and Toll



- Substantial corporate client base
- Brand with high reliability

Realizing synergies through mutual collaboration of management resources

Obtaining end-to-end cross border transport capacities



- Track record in contract logistics business
- Track record in forwarding business
- Strong presence in Asia

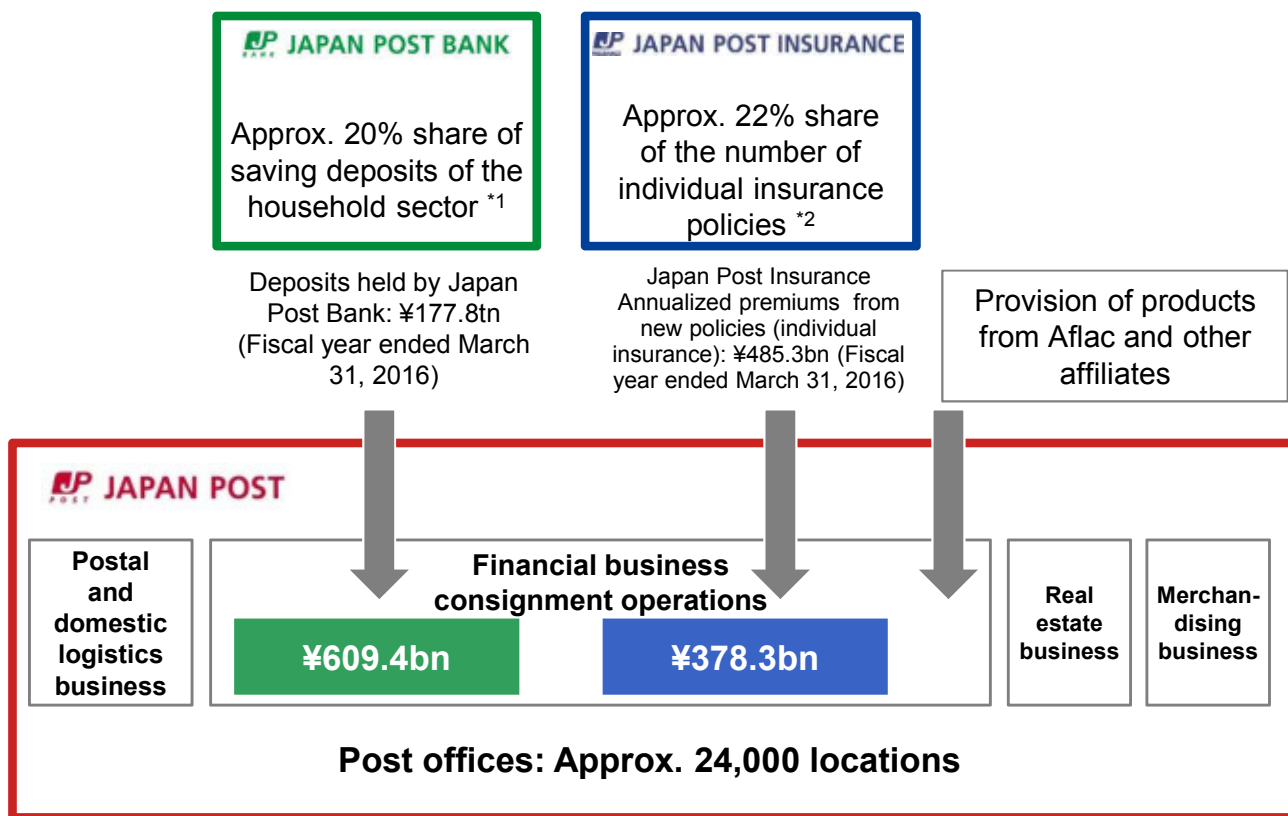
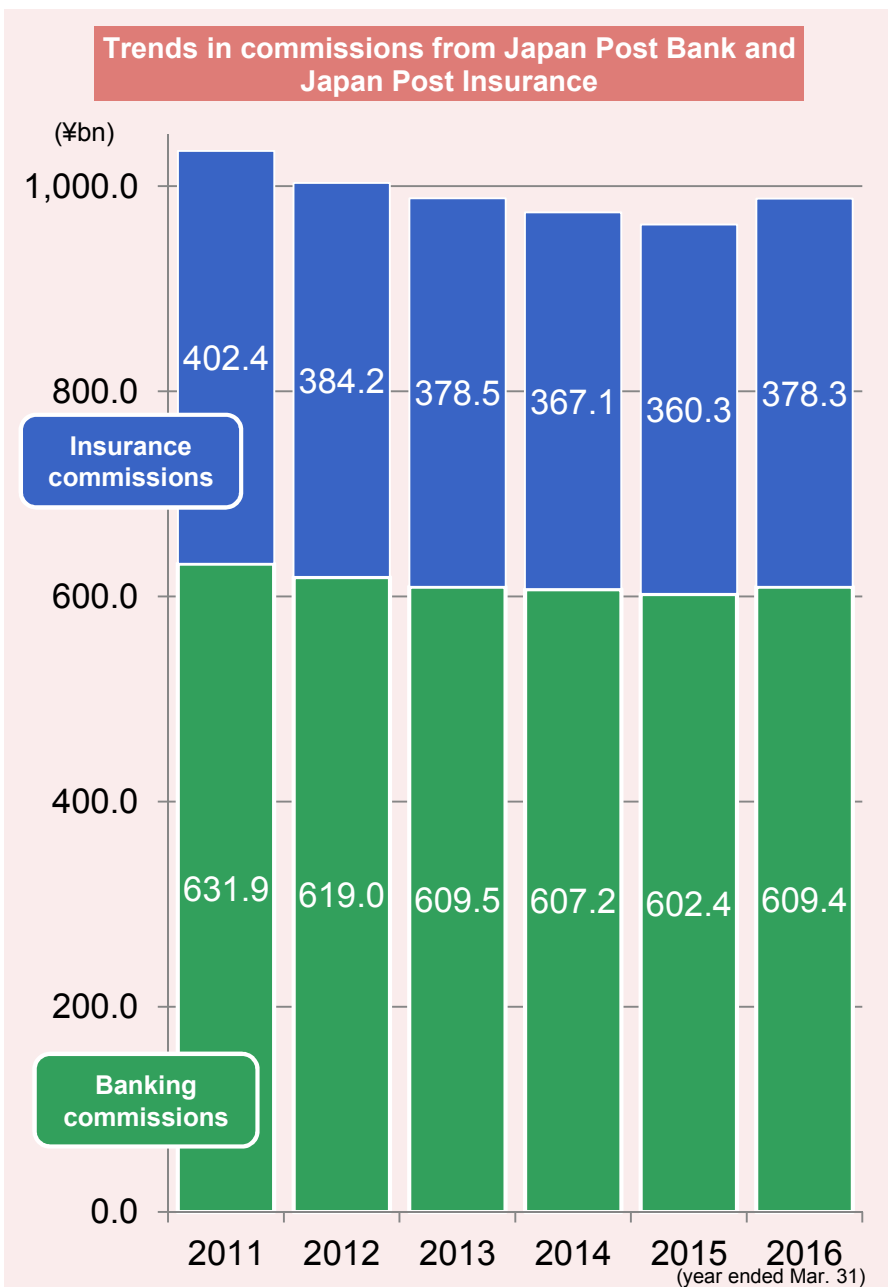
Acquisition of new customers by advancing into the trilateral logistics business through collaboration between Japan Post Co. and Toll



[Case examples]  
International transport on consignment among Europe, Asia and Oceania (transport of devices and equipment via ship or air)

# 3-6-1 Strategy by Segment – Post Office Business

## (1) Securing Stable Income from Japan Post Bank and Japan Post Insurance



### Deposits breakdown (by source)



### New policies mix (by distribution channel)



Source: Bank of Japan "Flow of Funds Accounts Statistics," The Life Insurance Association of Japan "Summary of Life Insurance Business"

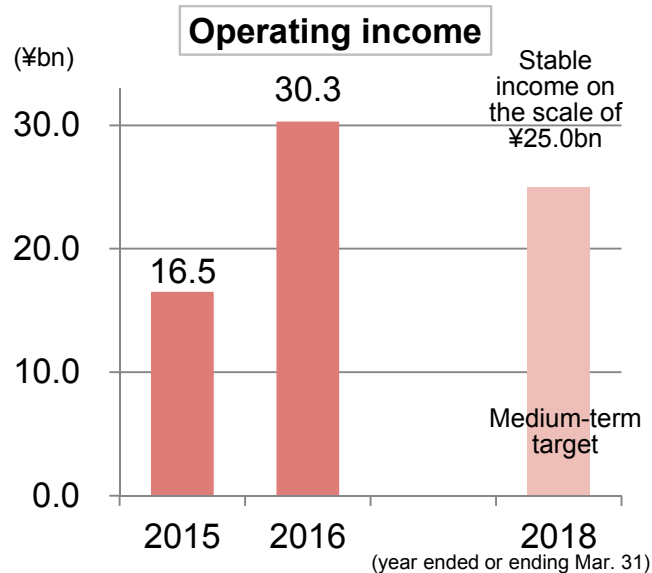
\*1 The figure was derived by dividing individual deposits held by Japan Post Bank (as of March 31, 2015) by the total deposits in the household sector (as of March 31, 2015) based on the "Flow of Funds Accounts Statistics"

\*2 The figure was derived by dividing the number of policies in force held by Japan Post Insurance (as of March 31, 2015) by the number of policies in force for individual insurance (151,734 thousand policies; as of March 31, 2015) based on the "Summary of Life Insurance Business".

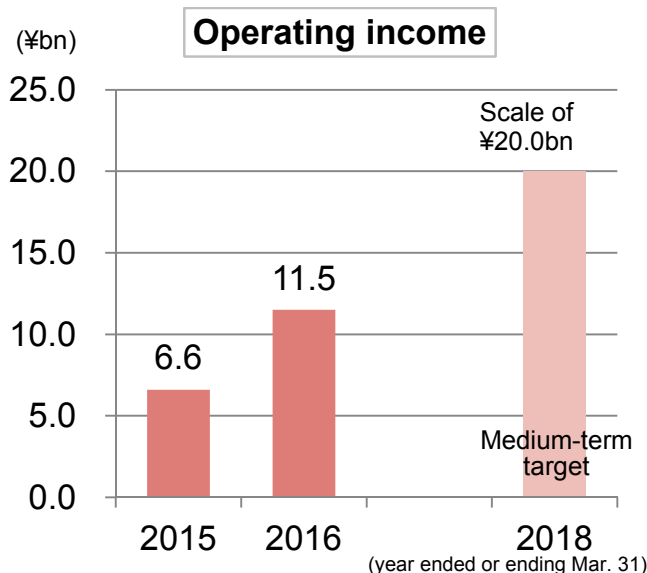
## 3-6-2 Strategy by Segment – Post Office Business

### (2) Expanding Businesses as a Total Lifestyle Support Corporate Group

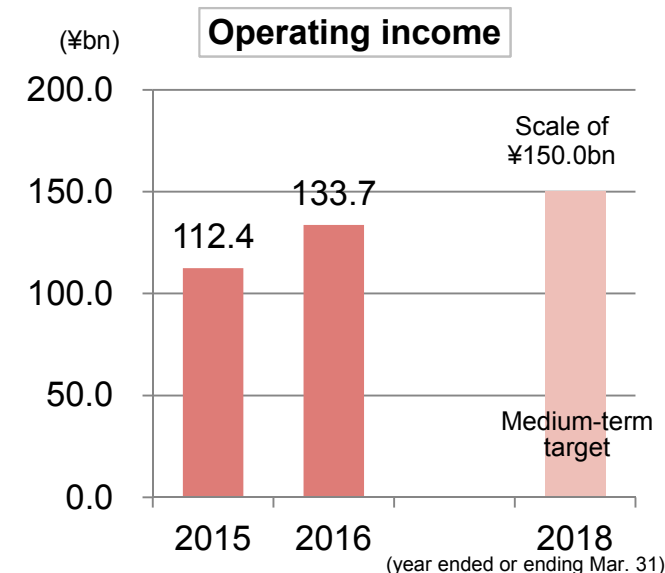
#### Real estate business



#### Third-party financial product agency service business



#### Merchandising business



#### Real estate financial information

Tangible fixed assets (Japan Post Group consolidated)

Buildings ¥1,175.0bn

Land ¥1,559.6bn

Number of post offices handling products

Number of companies supplying products

Cancer insurance	20,063	1
Medical insurance with eased underwriting conditions	1,000	1
Life insurance for corporate (for management-level personnel)	200	7
Automobile insurance	1,495	5
Variable annuity	1,079	2
(Reference)		
Investment trust*	1,316	-

\*Commissions earned from sale of investment trusts are included in bank agency transaction commissions

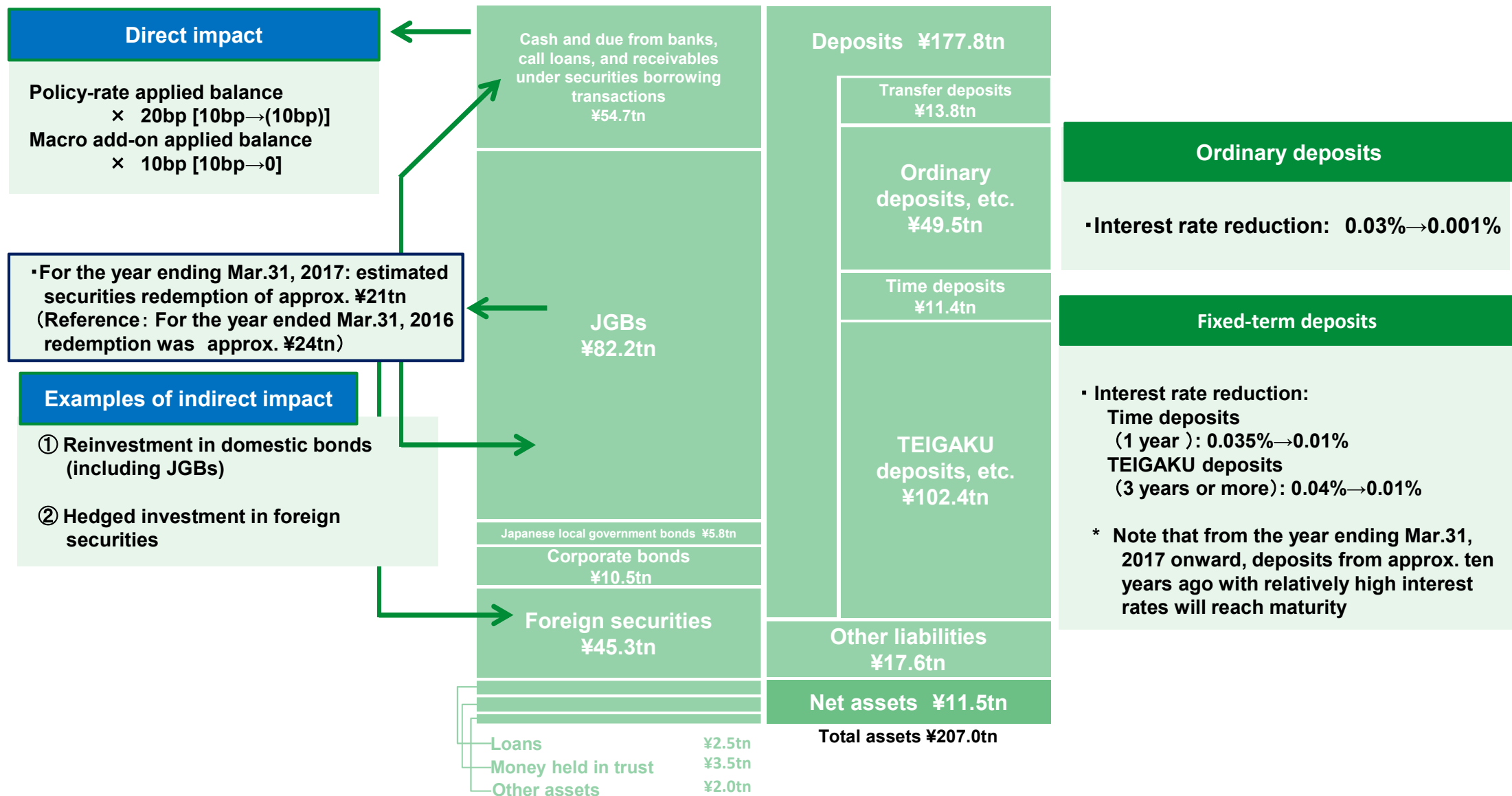
#### Japan Post Office Watch Over Service

- Trial operation currently in progress for a full-scale launch
- Conducted field test jointly with IBM and Apple using tablets tailored to older adult customers (from October 2015).
- Conducting field test on “Health Enhancement Services” in cooperation with Date City, Fukushima Prefecture, and Japan Post Insurance (June 2016 onwards)

# 3-7-1 Strategy by Segment – Banking Business Impact of Negative Interest Rates

## □ Impact of Negative Interest Rates

Condensed Balance Sheet (As of Mar.31, 2016)



## 3-7-2 Strategy by Segment – Banking Business ALM / Investment Strategy to Generate Stable Income and Excess Return

### ALM / Investment Strategy to Generate Stable Income and Excess Return

(management accounting basis, figures are rounded to the trillion)

#### Portfolio Management Policy

##### Base Portfolio (Liability-driven portfolio)

¥136tn [¥13tn] from Mar.31, 2015]

- **Purpose:** The foundation of our ALM
- **Funding:** Stable liabilities (over 90% are retail, small-sized deposits)
- **Strategy:** Main source of income – spread between long and short-term interest rates; aim for carry profits  
Provides internal funding to the Satellite Portfolio

	As of Mar.31, 2016	Difference	As of Mar.31, 2015
Short-term assets <sup>※1</sup>	48	+12	35
Bonds held to maturity – JGBs, Government guaranteed bonds	52	(14)	66
Available for sale securities – JGBs	36	(11)	47
Loans	1	(0)	2

※1 Short term assets include cash and due from banks, call loans, receivables under securities borrowing transactions (excl. those in trust), T-bills, short-term corporate bonds, etc.

#### Portfolio Management Policy

##### Satellite Portfolio (Excess-return portfolio)

¥62tn [+¥13tn from Mar.31, 2015]

- **Purpose:** Pursue excess return
- **Funding:** Mainly internal funding from the Base Portfolio  
(Transfer price based on market interest rates)
- **Strategy:** Promote global asset allocation while assessing market and economic conditions  
Aim to achieve excess return including capital gains  
Create a “hedge position” by adding assets with negative correlation against domestic bonds

	As of Mar.31, 2016	Difference	As of Mar.31, 2015
Available-for-sale securities			
– Japanese local government bonds	6	+1	5
– Corporate bonds, etc. <sup>※1</sup>	7	+1	6
– Foreign securities <sup>※1</sup> [incl. Investment trusts]	45 [26]	+13 [+12]	33 [14]
Bonds held to maturity – Japanese local government bonds, etc.	0	(0)	1
Money held in trust <sup>※2</sup> (Stocks)	2	+0	2
Loans	1	+0	1

※1 Corporate bonds etc., Foreign securities included monetary claims bought.

※2 JGBs contained in money held in trust are included in the Base Portfolio.



# 3-8-1 Strategy by Segment – Life Insurance Business    Actions to Deal with Negative Interest Rates

## □ Actions to Deal with Negative Interest Rates

- Taking appropriate actions from both assets and liabilities side to deal with environmental changes following the introduction of negative interest rate policy
- Committed to shareholder return backed by the stable earnings generation

### Asset management (Asset-side actions)

- Reinforce asset management operations
  - Upgrade training programs and reinforce organization, leverage the Dai-ichi Life's DIAM and Janus for our asset management
- Expand the scope of our investment
  - Alternative investments; in-house management of equity investments

### Products/Sales (Liability-side actions)

- Enhance sales of protection type products
  - Focus on sales of medical care riders, which has stable profitability against interest rate movements
- Consider revising insurance premiums
  - Examining product and pricing strategies based on profitability

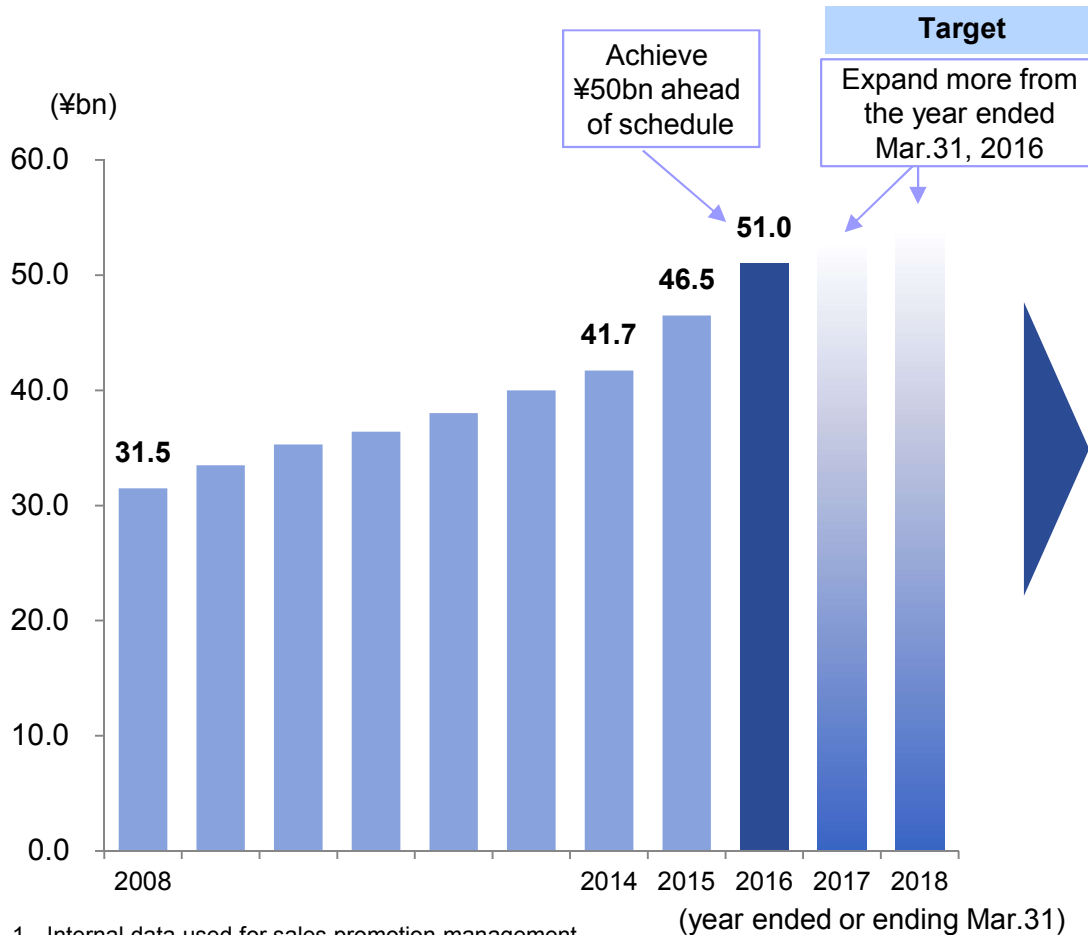
**Shareholder return backed by the stable earnings generation  
(Aim for a steady increase in dividend per share,  
while maintaining a dividend payout ratio within the range of roughly 30% to 50%)**

# 3-8-2 Strategy by Segment – Life Insurance Business Reversal and Growth of Policies in Force

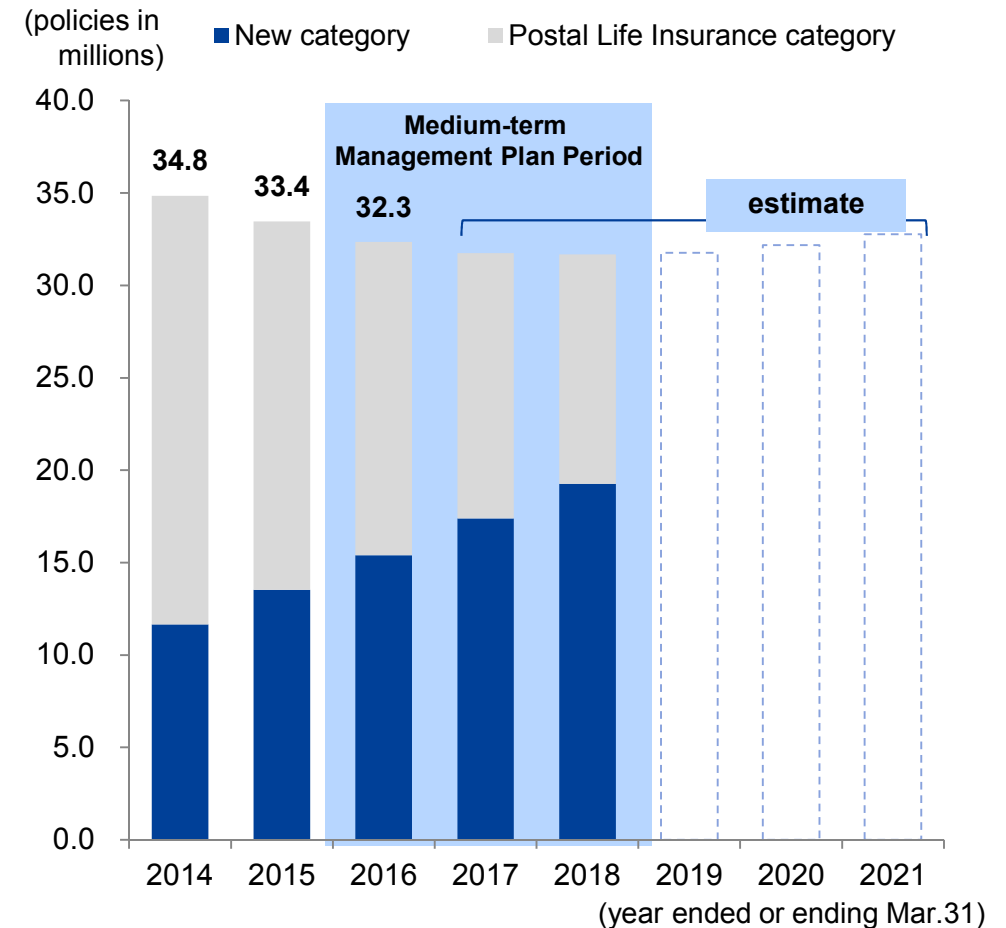
## Reversal and Growth of Policies in Force

- Aim to reverse the decreasing trend of policies in force after the mid-term management plan's final year (the fiscal year ending March 31, 2018) and enter into a growth phase by strengthening quality and quantity of sales force

### Contracted Monthly Insurance Premiums from New Policies<sup>1</sup>

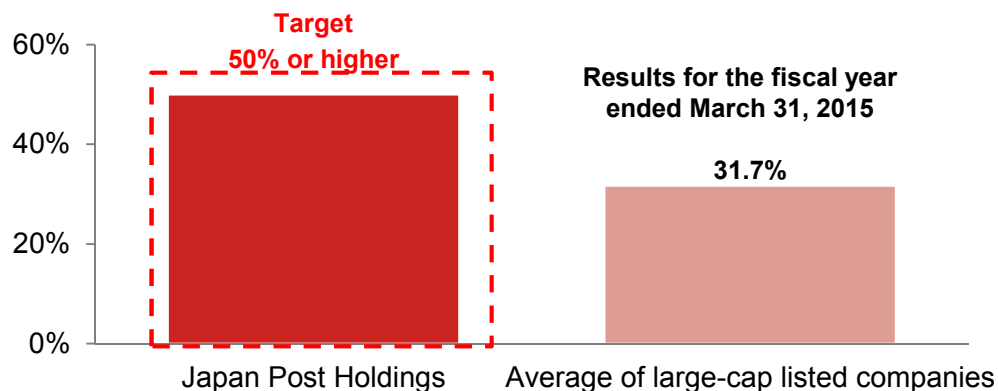


### Number of Policies in Force

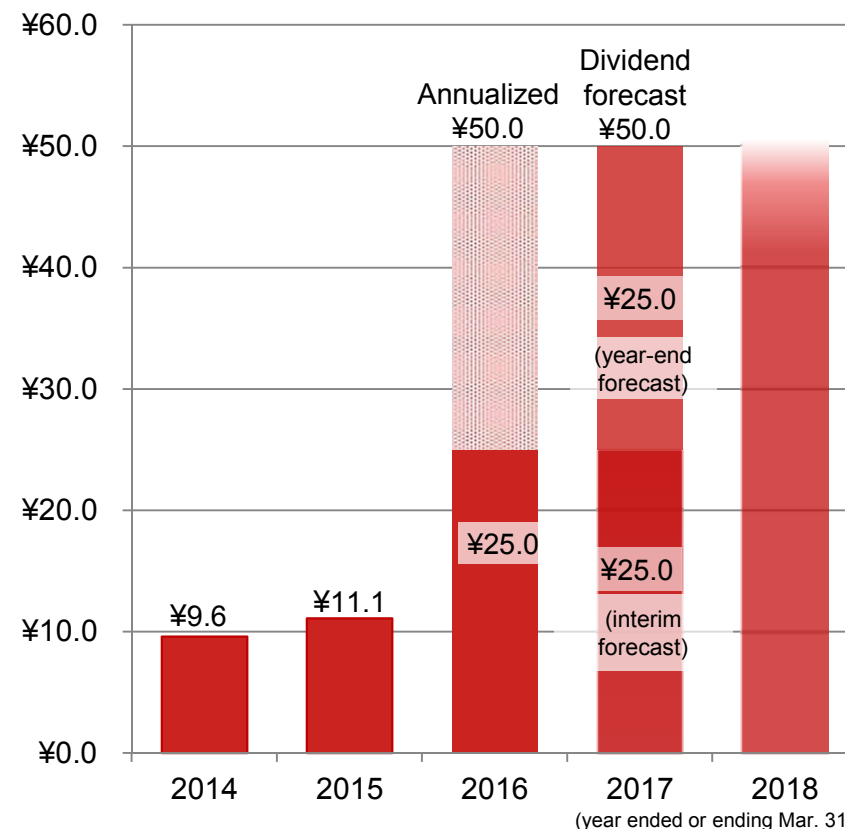


### 3-9 Shareholder Return Policy (Targeting dividend payout ratio of 50% or more on a consolidated basis up to the end of the fiscal year ending March 31, 2018)

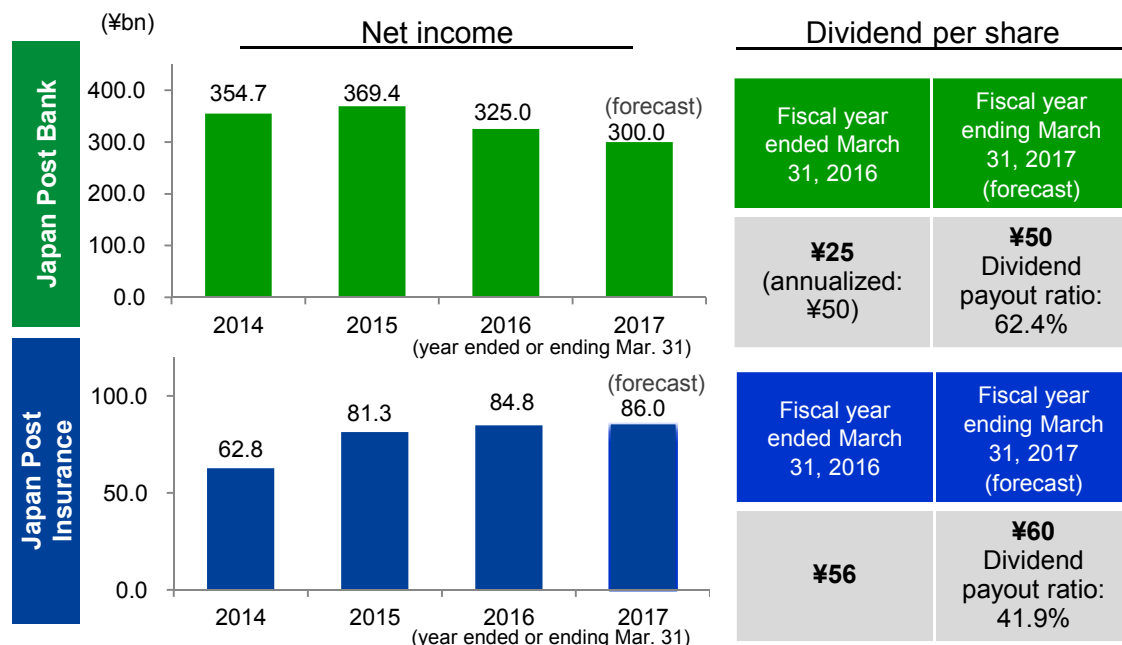
#### Attractive dividend payout ratio



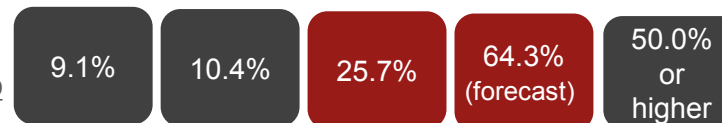
#### Dividend per share



#### Stable cash flows as a source of dividends



#### Dividend payout ratio



\* A 30-for-1 stock split is to be executed in August 2016. Figures presented for fiscal years ended March 31, 2016 and before were calculated using the number of shares after the stock split.

\* Payout of dividends will be limited to annual dividends for the fiscal year ended March 31, 2016, and as only one record date falls within the first fiscal year following the listing of our shares, the dividend payout ratio will be 25%.

## APPENDIX

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	For the year ended Mar. 31, 2011	For the year ended Mar. 31, 2012	For the year ended Mar. 31, 2013	For the year ended Mar. 31, 2014	For the year ended Mar. 31, 2015	For the year ended Mar. 31, 2016
Ordinary income (¥bn)	17,468.9	16,661.4	15,849.1	15,240.1	14,258.8	14,257.5
Net ordinary income (¥bn)	956.9	1,176.8	1,225.0	1,103.6	1,115.8	966.2
Net income attributable to Japan Post Holdings (¥bn)	418.9	468.9	562.7	479.0	482.6	425.9
Comprehensive income (loss) (¥bn)	410.1	973.0	1,551.7	717.1	2,212.0	(177.9)
Total net assets (¥bn)	9,999.9	10,935.3	12,448.1	13,388.6	15,301.5	15,176.0
Total assets (¥bn)	292,933.0	292,126.5	292,892.9	292,246.4	295,849.7	291,947.0
Net assets per share (¥) <sup>1</sup>	2,221	2,429	2,765	2,974	3,399	3,327
Net income attributable to Japan Post Holdings per share (¥) <sup>1</sup>	93.10	104.20	125.06	106.46	107.26	97.26
Equity ratio (%)	3.4	3.7	4.2	4.6	5.2	4.7
Return on equity (%)	4.3	4.5	4.8	3.7	3.4	2.9
Number of employees (regular)	237,155	233,838	226,815	221,078	220,703	-
Number of employees (non-regular)	157,807	150,613	146,787	150,737	158,540	-

\*Figures less than ¥100mm are rounded down.

Note: Figures shown above are based on the consolidated financial statements.

1. A 30-for-1 stock split was executed effective August 1, 2015. Net assets per share and net income per share are calculated assuming that the stock split had been executed at the beginning of the fiscal year ended March 31, 2011.

# Japan Post Co. Performance

	For the year ended Mar. 31, 2011	For the year ended Mar. 31, 2012	For the year ended Mar. 31, 2013	For the year ended Mar. 31, 2014	For the year ended Mar. 31, 2015	For the year ended Mar. 31, 2016
Operating income						
Postal service business income (¥bn)	1,809.8	1,774.4	1,767.7	1,793.0	1,838.4	1,910.4
Commissions for banking business consignment (¥bn)	631.8	619.0	609.5	607.2	602.4	609.4
Commissions for life insurance business consignment (¥bn)	402.4	384.2	378.5	367.1	360.3	378.3
International logistics business income (¥bn)	—	—	—	—	—	544.0
Other operating income (¥bn)	46.2	74.0	89.6	102.5	139.6	184.6
Total operating income (¥bn)	2,890.4	2,851.7	2,845.5	2,869.9	2,940.9	3,627.0
Gross operating income (¥bn)	192.2	239.0	278.8	248.9	227.9	274.7
Sales, general and administrative costs (¥bn)	238.6	216.1	203.7	198.1	215.4	242.1
Net operating income(loss) (¥bn)	(46.3)	22.8	75.1	50.7	12.5	32.6
Net income (loss) (¥bn)	(28.3)	18.0	58.6	36.0	22.1	47.2
Total asset (¥bn)	5,132.9	4,996.3	4,863.9	4,864.4	5,525.4	5,651.3
Total net asset (¥bn)	511.1	520.9	576.1	701.1	1,287.1	1,244.9
Numbers of employees (regular)	—	—	—	197,291	196,875	—

Note: Figures shown above are based on the consolidated financial statements.

\*Figures less than ¥100mm are rounded down.

# Japan Post Bank Performance

	(¥bn)					
	For the year ended Mar. 31, 2011	For the year ended Mar. 31, 2012	For the year ended Mar. 31, 2013	For the year ended Mar. 31, 2014	For the year ended Mar. 31, 2015	For the year ended Mar. 31, 2016
Gross operating profit	1,718.9	1,670.0	1,624.3	1,568.7	1,634.7	1,452.0
Net interest income <sup>1</sup>	1,686.4	1,677.3	1,532.1	1,470.2	1,540.7	1,361.0
Net fees and commissions	87.9	88.4	88.1	92.6	89.2	91.1
General and administrative expenses <sup>2</sup>	(1,210.1)	(1,174.5)	(1,111.5)	(1,096.0)	(1,114.7)	(1,066.1)
Provisions for general reserve for possible loan losses	(0.3)	-	-	-	-	-
Net operating income	508.3	495.4	512.8	472.6	519.9	385.8
Non-recurring gains (losses)	18.1	80.7	80.7	92.4	49.4	96.1
Net ordinary income	526.5	576.2	593.5	565.0	569.4	481.9
Extraordinary income (losses)	(1.3)	(2.4)	(1.9)	(0.6)	1.5	(1.1)
Net income	316.3	334.8	373.9	354.6	369.4	325.0
Total net assets	9,093.6	9,818.1	10,997.5	11,464.5	11,630.2	11,508.1
Total assets	193,443.3	195,819.8	199,840.6	202,512.8	208,179.3	207,056.0
Capital adequacy ratio <sup>3</sup> (domestic standard)	74.82%	68.39%	66.04%	56.81%	38.42%	26.38%
Number of employees	12,351	12,796	12,922	12,963	12,889	-
Average number of temporary employees	6,173	6,006	5,818	5,699	5,523	-

1. "Net interest income" is calculated by subtracting interest expenses (accrual basis) (excluding interest costs related to money held in trust) from interest income (accrual basis).

2. "General and administrative expenses" are calculated by subtracting non-recurring losses from operating expenses.

3. New national standards (Basel III) have been adopted from the fiscal year ended March 31, 2014.

\*Figures less than ¥100mm are rounded down.

	Non-Consolidated	Consolidated				
	For the year ended Mar. 31, 2011	For the year ended Mar. 31, 2012	For the year ended Mar. 31, 2013	For the year ended Mar. 31, 2014	For the year ended Mar. 31, 2015	For the year ended Mar. 31, 2016
Insurance premium and others (¥bn)	7,342.3	6,856.4	6,481.7	5,911.6	5,956.7	5,413.8
Ordinary profit (¥bn)	422.2	531.2	528.9	462.7	492.6	411.5
Net income (¥bn)	77.2	70.0	90.6	62.8	81.3	84.8
Net assets (¥bn)	1,207.6	1,294.4	1,466.7	1,538.1	1,975.7	1,882.9
Return on equity (%) <sup>1</sup>	6.5	5.6	6.6	4.2	4.6	4.4
Dividend to shareholders (¥bn)	19.3	16.9	22.7	16.8	24.5	33.6
Total assets (¥bn)	96,786.7	93,690.8	90,463.5	87,092.8	84,915.0	81,545.1
Number of employees <sup>2</sup>	6,815	7,132	7,182	7,367	7,606	-
Average number of temporary employees <sup>2</sup>	3,466	3,386	3,109	3,165	3,122	-

\*Figures less than ¥100mm are rounded down.

Note: As a result of making Japan Post Insurance System Solutions Co., Ltd. a subsidiary of Japan Post Insurance, the preparation of consolidated financial statements began from the fiscal year ended March 31, 2012. Figures shown for the fiscal year ended March 31, 2012 to the fiscal year ended March 31, 2016 are based on the consolidated financial statements; those for the fiscal year ended March 31, 2011 are based on the non-consolidated financial statements.

1. Return on equity is the ratio of net income to average total equity during the term.

2. Number of employees (on a consolidated basis) indicates the number of persons in employment as of the fiscal-year end. Average number of temporary employees is computed based on the average employment records (converted to 8 hours per work day).



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