



**Interim Financial Results Briefing Session for the Six Months Ended September 30, 2016**

November 21, 2016

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## Interim Financial Results Summary for the Six Months Ended September 30, 2016

# Financial Results Summary

- Consolidated ordinary income for the six months ended September 30, 2016 decreased by ¥477.2 billion year-on-year to ¥6,557.7 billion. This was mainly due to a decrease of number of policies in force.
- Consolidated net income for the six months ended September 30, 2016 decreased by ¥63.7 billion year-on-year to ¥149.7 billion due to the outflow of non-controlling interests (¥21.2 billion) associated with the listing of Japan Post Bank and Japan Post Insurance, in addition to the effects of the interest rate environment, the decrease of number of policies in force, an increase in personnel expenses, etc. By company, Japan Post Co. reported net loss for the interim period despite an increase in ordinary income; while Japan Post Bank and Japan Post Insurance reported decreases in both ordinary income and net income.
- In terms of the consolidated financial results forecast, Japan Post Holdings achieved 46.8% of the forecast net income of ¥320.0 billion, while Japan Post Bank achieved 50.3% and Japan Post Insurance achieved 49.4%. Japan Post Co. reported consolidated net loss for the six months ended September 30, 2016, however, since the second half composing a larger proportion of income is still to come, it is considered to be progressing as initially expected overall.
- An interim dividend of ¥25 per share was paid as per the dividends forecast. The forecast for the year-end dividend remains unchanged at ¥25 per share.
- The Medium-Term Management Plan is considered to be progressing more or less as planned upon reaching the halfway point, and will continue to aim for the achievement of the business target of ¥450.0 billion in consolidated net income (including income or loss attributable to non-controlling interests) for the fiscal year ending March 31, 2018.

# 1 Japan Post Holdings: Financial Highlights

## ■ Results of Operations for the Six Months Ended September 30, 2016

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank	Japan Post Insurance (Consolidated)
<b>Ordinary income</b>	<b>6,557.7</b>	1,790.3	934.2	4,333.8
Year-on-year (for the six months ended Sept. 30, 2015) change	(477.2) (6.8)%	+ 146.3 + 8.9%	(52.9) (5.3)%	(547.4) (11.2)%
<b>Net ordinary income (loss)</b>	<b>303.2</b>	(27.6)	212.4	107.8
Year-on-year (for the six months ended Sept. 30, 2015) change	(170.1) (35.9)%	(5.8) -	(39.2) (15.5)%	(110.9) (50.7)%
<b>Net income (loss)</b>	<b>149.7</b>	(28.7)	150.9	42.5
Year-on-year (for the six months ended Sept. 30, 2015) change	(63.7) (29.9)%	(16.3) -	(20.6) (12.0)%	(5.9) (12.3)%

## ■ Forecast for the fiscal year ending March 31, 2017 (announced in May 2016)

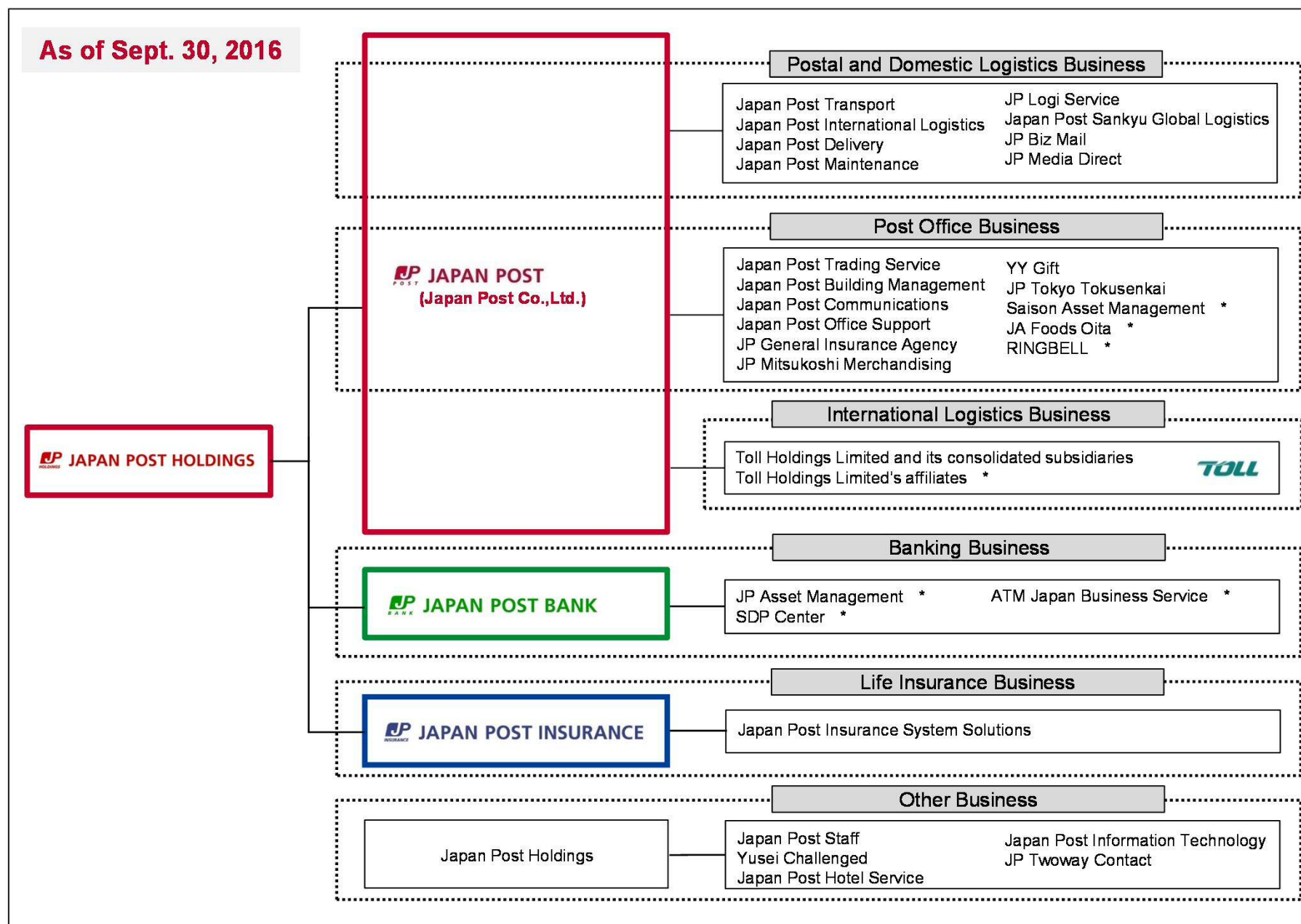
<b>Net ordinary income</b>	770.0	27.0	420.0	310.0
[percentage achievement]	[39.4%]	-	[50.5%]	[34.8%]
<b>Net income</b>	320.0	12.0	300.0	86.0
[percentage achievement]	[46.8%]	-	[50.3%]	[49.4%]

Notes: 1. Figures less than ¥0.1 billion 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 amount of ordinary profit on the consolidated financial statements of Japan Post Insurance has been used for net ordinary income of Japan Post Insurance.

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

## 2 Japan Post Holdings: Organization Chart

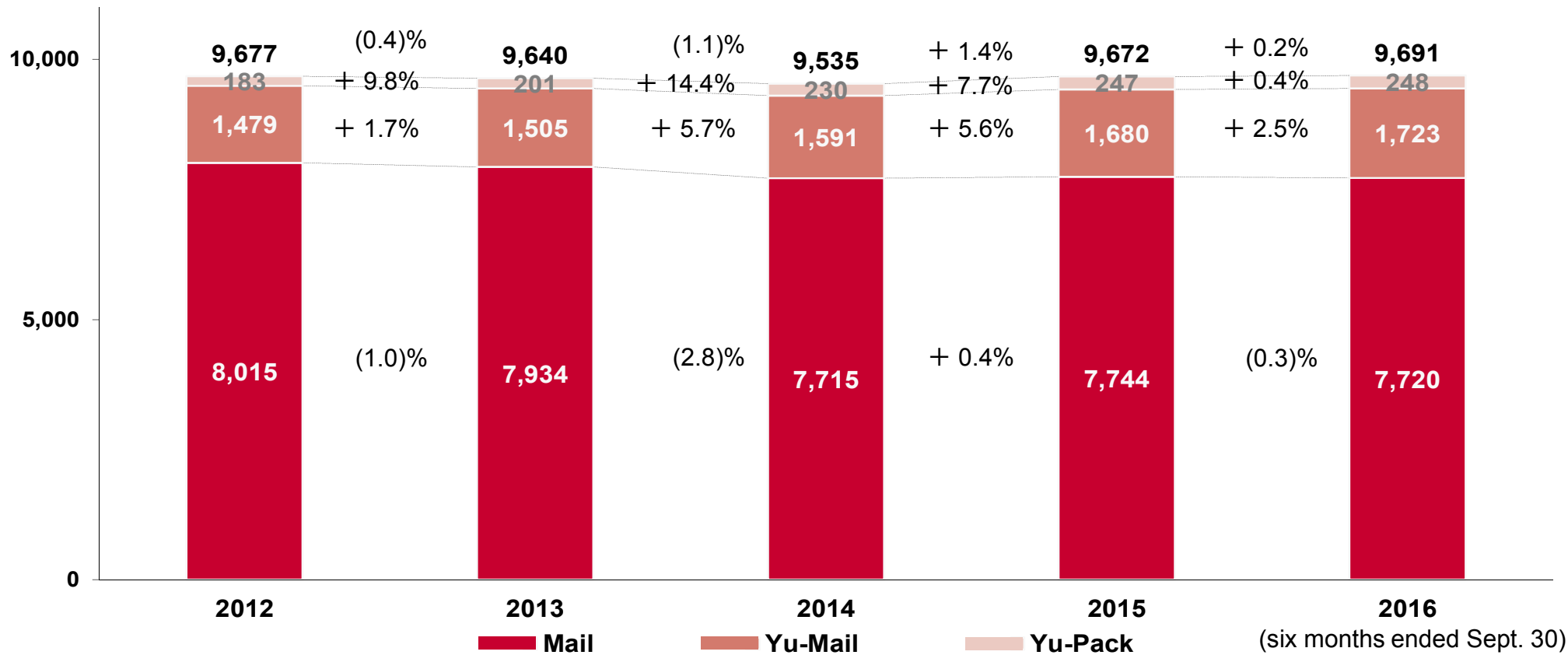


\* Affiliates accounted for by the equity method.

# 3-1 Japan Post Co. (Consolidated) [Postal and Domestic Logistics Business]: Trends in Volume of Items Handled

- Total volume of items handled remained nearly at the same level as the previous corresponding period (an increase of 0.2%). Of which, volume of mail handled decreased only slightly by 0.3% year-on-year partly due to an increase in volume handled as affected by the House of Councilors election, etc.
- Volume of Yu-Pack and Yu-Mail handled continued to maintain an upward trend due to expansion of the e-commerce market and strengthened sales activities for small and medium-sized businesses.

(Volume of items handled in millions)



## 3-2 Japan Post Co. (Consolidated) [Postal and Domestic Logistics Business]: Financial Results

- Operating income increased by ¥14.0 billion year-on-year due to factors including an increase in income from mail handled as affected by the revision in postage fee discounts, etc., an increase in income from Yu-Pack and Yu-Mail handled, and an increase in sales income of Letter Pack.
- Operating expenses increased by ¥12.1 billion year-on-year mainly due to an increase in legal welfare expenses because of a rising premium rate and an increase in unit personnel expenses, despite the measures taken for improving productivity and cost reduction.
- As a result, net operating loss decreased by ¥1.9 billion to ¥42.9 billion.

### Results of Operations for the Six Months Ended Sept. 30, 2016

	(Billions of yen)		
	For the six months ended Sept. 30, 2016	For the six months ended Sept. 30, 2015	Year-on-year change
Operating income	884.5	870.5	+ 14.0
Operating expenses	927.5	915.3	+ 12.1
Personnel expenses	604.2	591.3	+ 12.9
Other expenses	323.2	324.0	(0.8)
Net operating loss	(42.9)	(44.8)	+ 1.9

#### Factors behind the increase in operating income

- Increase in income of the mail handled
- Increase in income of Yu-Pack and Yu-Mail handled
- Increase in sales income of Letter Pack (including Smart Letter)

#### Factors behind the increase in personnel expenses

- Increase in legal welfare expenses because of a rising premium rate
- Increase in salaries and allowances (including for fixed-term employees)

#### Factors behind the decrease in other expenses

- Decrease in collection, transport and delivery outsourcing expenses

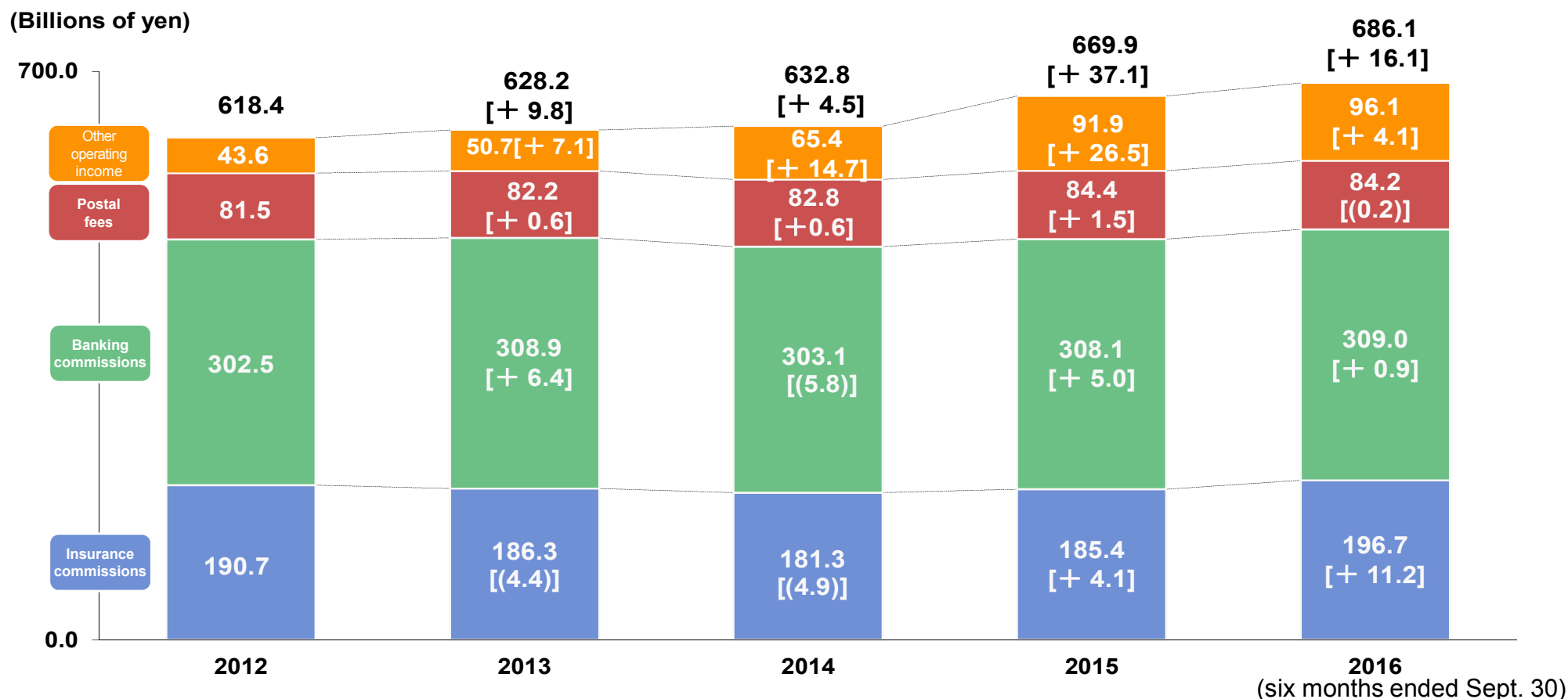
#### Factors behind the increase in other expenses

- Increase in business tax, etc. due to a rise in the tax rate



### 3-3 Japan Post Co. (Consolidated) [Post Office Business]: Trends in the Earnings Structure

- Banking commissions remained nearly at the same level as the previous corresponding period. Insurance commissions increased year-on-year mainly due to an increase in the number of new policies.
- Other operating income showed steady increase due to expansion of merchandising business and third-party financial product agency services.



### 3-4 Japan Post Co. (Consolidated) [Post Office Business]: Financial Results

- Commissions for new policy sales from Japan Post Insurance increased due to promoting the operating initiatives in cooperation with it. Furthermore, operating income increased by ¥16.1 billion year-on-year because of strong catalog sales as part of merchandising business and improvement in third-party financial product agency services. As for real estate business, although operating income decreased year-on-year due to the recording of income from unit sales of residential real estate in the previous fiscal year, its performance was robust if such factor was excluded.
- Operating expenses increased by ¥14.0 billion year-on-year resulting from increases in salaries and allowances, legal welfare expenses because of a rising premium rate, and business tax associated with an increase in the pro-forma standard tax rate.
- As a result, net operating income increased by ¥2.0 billion year-on-year to ¥24.7 billion.

#### Results of Operations for the Six Months Ended Sept. 30, 2016

	(Billions of yen)		
	For the six months ended Sept. 30, 2016	For the six months ended Sept. 30, 2015	Year-on-year change
Operating income	686.1	669.9	+ 16.1
Operating expenses	661.3	647.2	+ 14.0
Personnel expenses	468.3	460.2	+ 8.1
Other expenses	192.9	187.0	+ 5.9
Net operating income	24.7	22.7	+ 2.0

#### Breakdown of operating income

(Billions of yen)

Item	For the six months ended Sept. 30, 2016	Year-on-year change
Commissions for business consignment	589.9	+ 11.9
Other operating income	96.1	+ 4.1
Merchandising business	65.7	+ 3.8
Real estate business	12.7	(2.0)
Third-party financial product agency services	7.6	+ 2.1

#### Factors behind the increase in personnel expenses

- Increase in salaries and allowances
- Increase in legal welfare expenses because of a rising premium rate

#### Factors behind the increase in other expenses

- Increase in cost of sales for merchandising business
- Increase in business tax, etc. due to a rise in the tax rate

### 3-5 Japan Post Co.(Consolidated) [International Logistics Business]:

## Financial Results of Toll

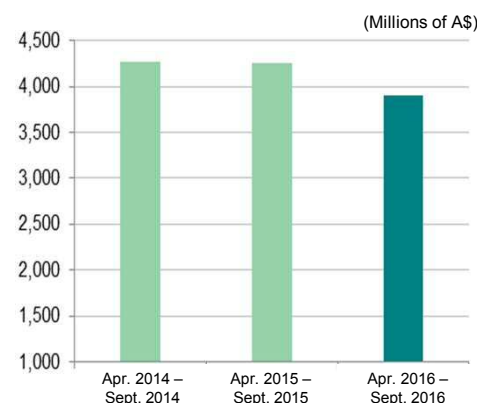
- Financial results of Toll has been consolidated under Japan Post Group from July 2015. Operating income decreased by A\$359 million year-on-year (compared to the first six months of the previous fiscal year including the period prior to consolidation) owing to factors such as decline in usage in the domestic network businesses due to delayed economic recovery in Australia, and weak demand in international sea and air freight markets.
- Operating expenses were reduced by A\$271 million year-on-year as a result of the lower activity and partly due to measures taken for cost reduction such as cutbacks in personnel and other expenses, and improving productivity.
- As a result, net operating income (EBIT) declined by A\$88 million year-on-year.

#### Results of Operations for the Six Months Ended September 30, 2016

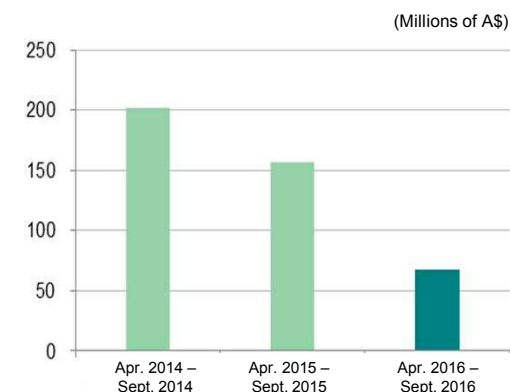
(Millions of Australian dollars)  
[Billions of yen]

	For the six months ended Sept. 30, 2016 (Note1)	For the three-month period from July to Sept. 2015 (Note1)	Year-on-year change (Note1)	Reference (Note2)	
				For the six months ended Sept. 30, 2015	Year-on-year change
Operating income (revenue)	<b>3,903</b> [308.6]	2,156 [191.4]	+ 1,746 [+117.2]	4,262 [390.2]	(359) [(81.6)]
Operating expenses	<b>3,834</b> [303.2]	2,066 [183.4]	+ 1,768 [+119.8]	4,105 [375.9]	(271) [(72.6)]
Net operating income (EBIT)	<b>68</b> [5.4]	90 [8.0]	(21) [(2.6)]	157 [14.3]	(88) [(8.9)]

#### Trends of operating income (revenue)



#### Trends of net operating income (EBIT)



Notes:1.International logistics business is presented as the financial results of Toll and in accordance with IFRS. Net operating income is presented as EBIT of Toll. Figures in square brackets are presented in billions of yen (Average exchange rate for the six months ended September 30, 2016: ¥79.08 to A\$1.00 and for the three-month period from July to September 2015: ¥88.77 to A\$1.00).

2.Figures under "Reference" are indicated for referential purposes only because financial results of Toll has been included in the consolidated figures of Japan Post Group from July 2015 (Average exchange rate for the six months ended September 30, 2015: ¥91.56 to A\$1.00).

## 3-6 Japan Post Co. (Consolidated): Financial Highlights

Operating income increased by ¥146.2 billion year-on-year to ¥1,785.2 billion. Net loss increased by ¥16.3 billion year-on-year to ¥28.7 billion.

- Net operating loss of postal and domestic logistics business decreased by ¥1.9 billion to ¥42.9 billion due to the measures taken for increasing income and improving productivity.
- Net operating income of post office business increased by ¥2.0 billion year-on-year to ¥24.7 billion due to an increase in commissions for new policy sales from Japan Post Insurance.
- Net operating income (EBIT) of international logistics business decreased by ¥2.6 billion to ¥5.4 billion, as affected by the weakness in the Australian economic condition.

### Results of Operations for the Six Months Ended September 30, 2016

(Billions of yen)

Item	Japan Post Co. (Consolidated)	Year-on-year change	Postal and domestic logistics business	Year-on-year change	Post office business	Year-on-year change	International logistics business	Year-on-year change
Operating income	1,785.2	+ 146.2	884.5	+ 14.0	686.1	+ 16.1	308.6	+ 117.2
Operating expenses	1,812.2	+ 148.9	927.5	+ 12.1	661.3	+ 14.0	303.2	+ 119.8
Personnel expenses	1,175.6	+ 64.6	604.2	+ 12.9	468.3	+ 8.1	103.0	+ 43.5
Other expenses	(Note) 636.6	+ 84.3	323.2	(0.8)	192.9	+ 5.9	200.2	+ 76.2
Net operating income (loss)	(27.0)	(2.7)	(42.9)	+ 1.9	24.7	+ 2.0	5.4	(2.6)
Net ordinary loss	(27.6)	(5.8)						
Loss before income taxes	(22.8)	(11.4)						
Net loss	(28.7)	(16.3)						

Note: Includes amortization of goodwill, etc. in connection with the acquisition of Toll, which is ¥10.5 billion.

## 4-1 Japan Post Bank: Financial Highlights

### Results of Operations for the Six Months Ended September 30, 2016

(Billions of yen)			
	As of and for the six months ended		Year-on-year change
	Sept. 30, 2016	Sept. 30, 2015	
Gross operating profit	716.3	759.4	(43.1)
Net interest income	629.3	699.4	(70.1)
Net fees and commissions	42.9	46.9	(3.9)
Net other operating income	44.0	13.1	+ 30.9
General and administrative expenses <sup>(Note1)</sup>	530.9	531.6	(0.6)
Provision for general reserve for possible loan losses	(0.0)	(0.0)	+ 0.0
Net operating profit	185.3	227.8	(42.5)
Non-recurring gains (losses)	27.1	23.8	+ 3.2
Net ordinary income	212.4	251.6	(39.2)
Net income	150.9	171.5	(20.6)
Ordinary income	934.2	987.1	(52.9)
Ordinary expenses	721.7	735.4	(13.7)
Deposits <sup>(Note2)</sup>	178,456.5	177,131.0	+ 1,325.4
Capital adequacy ratio (non-consolidated, domestic standard)	23.15%	30.45%	(7.30)%

### Overview

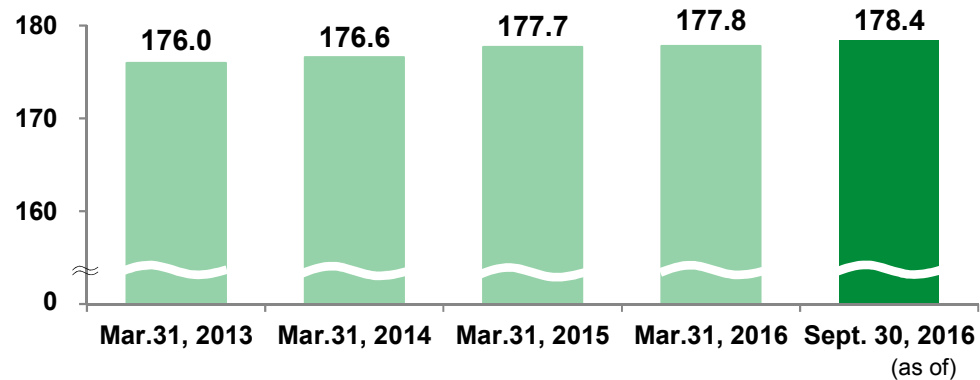
- Gross operating profit for the six months ended September 30, 2016 decreased by ¥43.1 billion year-on-year to ¥716.3 billion. Of which, net interest income decreased by ¥70.1 billion year-on-year mainly due to a decrease in interest on Japanese government bonds. Net fees and commissions decreased by ¥3.9 billion year-on-year. Meanwhile, net other operating income increased by ¥30.9 billion year-on-year mainly due to an increase in gains (losses) on foreign exchange transactions.
- General and administrative expenses decreased by ¥0.6 billion year-on-year to ¥530.9 billion.
- In the adverse business environment from factors such as a low interest rate trend, net operating profit decreased by ¥42.5 billion year-on-year to ¥185.3 billion and net ordinary income decreased by ¥39.2 billion year-on-year to ¥212.4 billion.
- Net income decreased by ¥20.6 billion year-on-year to ¥150.9 billion, which achieved 50.3% of the financial results forecast of ¥300.0 billion for the fiscal year ending March 31, 2017, progressing more or less as planned.
- Deposits as of September 30, 2016 amounted to ¥178,456.5 billion.
- Capital adequacy ratio (non-consolidated, domestic standard) as of September 30, 2016 was 23.15%.

Notes: 1. Excludes non-recurring losses.  
2. Excludes accrued interest.

## 4-2 Japan Post Bank: Business Results

### Deposit Balance

(Trillions of yen)



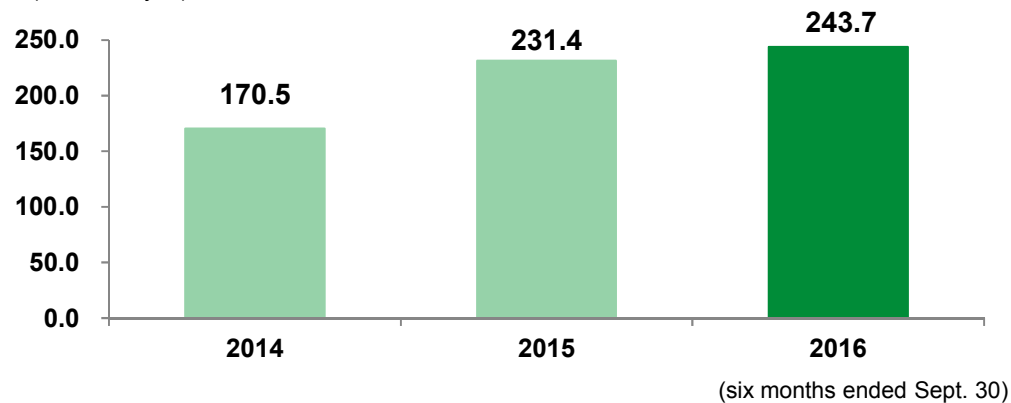
### Net Fees and Commissions

(Billions of yen)



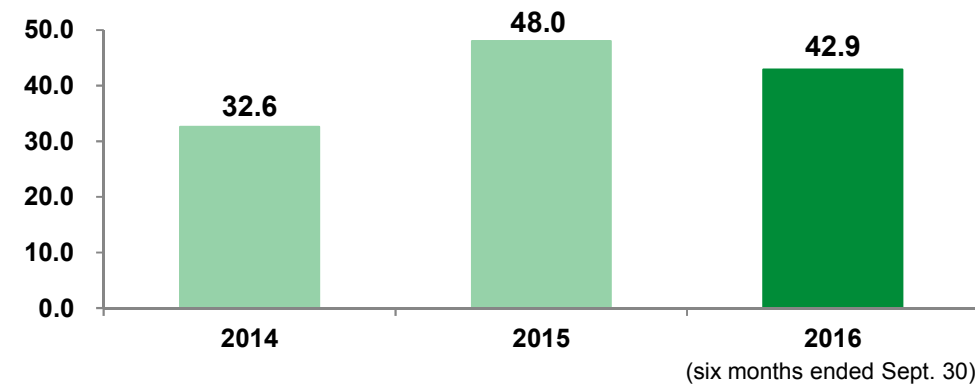
### Investment Trust Sales

(Billions of yen)



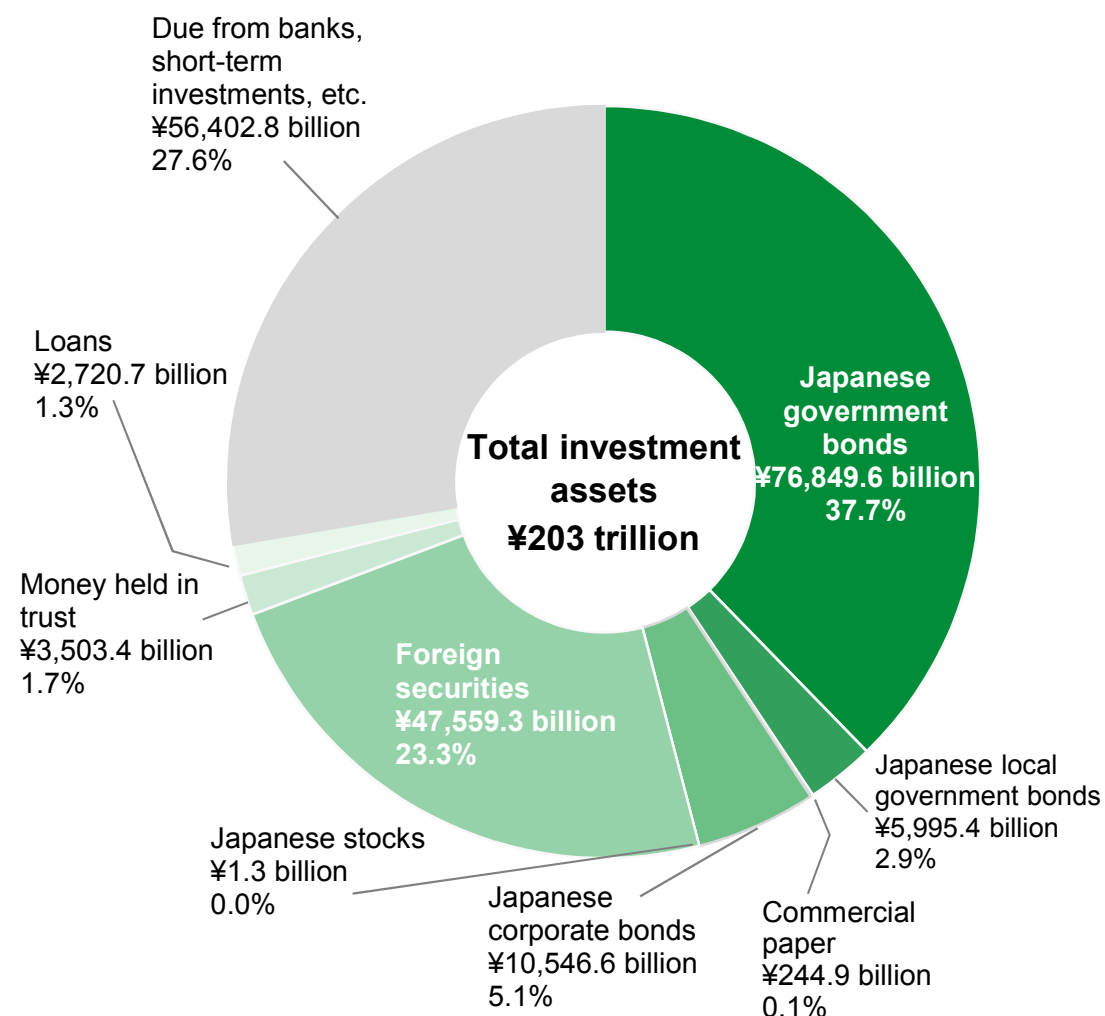
### Variable Annuity Insurance Sales

(Billions of yen)



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

## 4-3 Japan Post Bank: Details of Investment Assets



(Billions of yen)

Type	As of Sept. 30, 2016	Composition ratio (%)	As of Mar. 31, 2016	Composition ratio (%)
Loans	2,720.7	1.3	2,542.0	1.2
Securities	141,197.5	69.2	144,076.8	70.3
Japanese government bonds	76,849.6	37.7	82,255.6	40.1
Japanese local government bonds	5,995.4	2.9	5,856.5	2.8
Commercial paper	244.9	0.1	204.9	0.1
Japanese corporate bonds	10,546.6	5.1	10,362.7	5.0
Japanese stocks	1.3	0.0	1.3	0.0
Foreign securities	47,559.3	23.3	45,395.5	22.1
Money held in trust	3,503.4	1.7	3,561.1	1.7
Due from banks, short - term investments, etc. <sup>(Note)</sup>	56,402.8	27.6	54,696.6	26.6
<b>Total investment assets</b>	<b>203,824.5</b>	<b>100.0</b>	<b>204,876.6</b>	<b>100.0</b>

Note: "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.

## 5-1 Japan Post Insurance (Consolidated): Financial Highlights

### Results of Operations for the Six Months Ended September 30, 2016

(Billions of yen, number of policies in thousands)

	For the six months ended		Year-on-year change
	Sept. 30, 2016	Sept. 30, 2015	
Core profit (non-consolidated)	194.4	239.9	(45.5)
Ordinary income	4,333.8	4,881.3	(547.4)
Ordinary expenses	4,226.0	4,662.5	(436.5)
Ordinary profit	107.8	218.7	(110.9)
Net income	42.5	48.5	(5.9)
Number of new policies (individual insurance)	1,350	1,170	+ 170
Annualized premiums from new policies (individual insurance)	282.3	238.1	+ 44.2

	As of		Change
	Sept. 30, 2016	Mar. 31, 2016	
Number of policies in force (including Postal Life Insurance Policies)	32,060	32,320	(250)
Solvency margin ratio (consolidated)	1,458.0%	1,570.3%	(112.3)%
Real net assets (consolidated)	14,601.4	14,649.5	(48.0)

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.

### Overview

- Core profit (non-consolidated) for the six months ended September 30, 2016 decreased by ¥45.5 billion year-on-year to ¥194.4 billion mainly due to a decrease of number of policies in force. Net income decreased by ¥5.9 billion year-on-year to ¥42.5 billion, and achieved 49.4% of the financial results forecast for the fiscal year ending March 31, 2017.
- As a result of efforts for strengthening sales promotion through various measures including the activities for 100th anniversary of Postal Life Insurance Policies, annualized premiums from new policies for individual insurance increased by 18.6% year-on-year to ¥282.3 billion.
- There were 32,060 thousand policies in force (including Postal Life Insurance Policies), a decrease of 250 thousand policies from the end of the previous fiscal year.
- Internal reserves, which are the sum of contingency reserve and reserve for price fluctuations, amounted to ¥3,066.8 billion.
- Solvency margin ratio (consolidated), an indicator of the financial soundness, amounted to 1,458.0%, continuously maintaining a high level of financial soundness.
- Real net assets (consolidated) amounted to ¥14,601.4 billion.

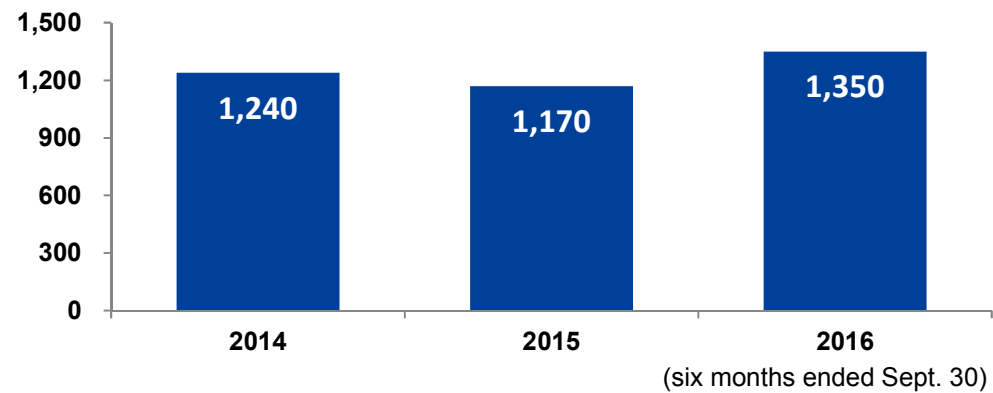


# 5-2 Japan Post Insurance (Consolidated): Status of Insurance Policies

## Number of Policies

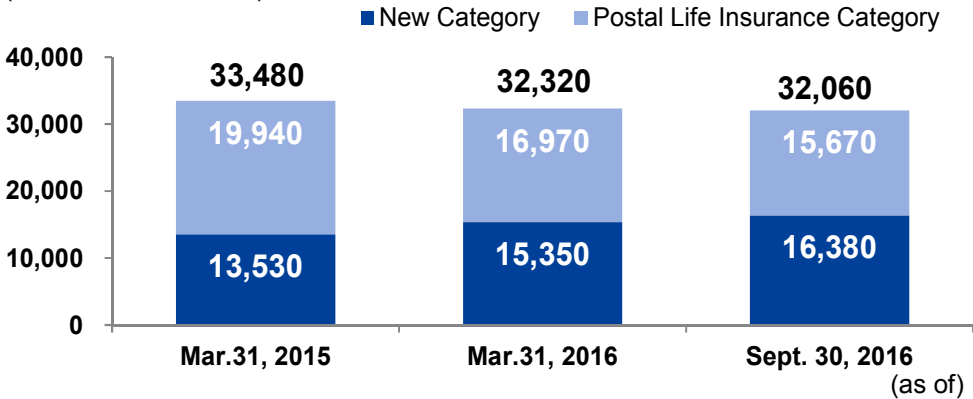
### New Policies (Individual Insurance)

(Policies in thousands)



### Policies in Force (Individual Insurance)

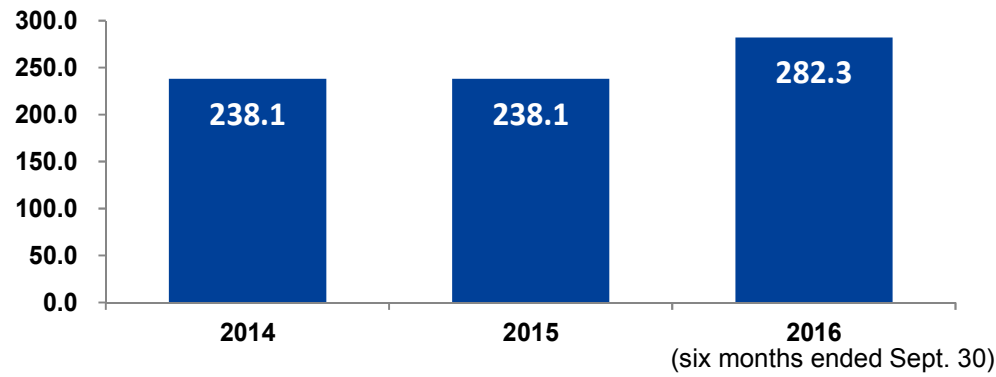
(Policies in thousands)



## Annualized Premiums

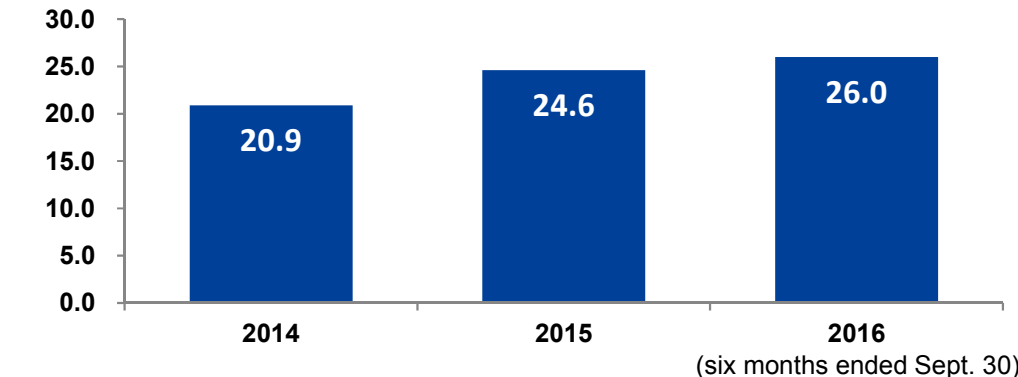
### Annualized Premiums from New Policies (Individual Insurance)

(Billions of yen)



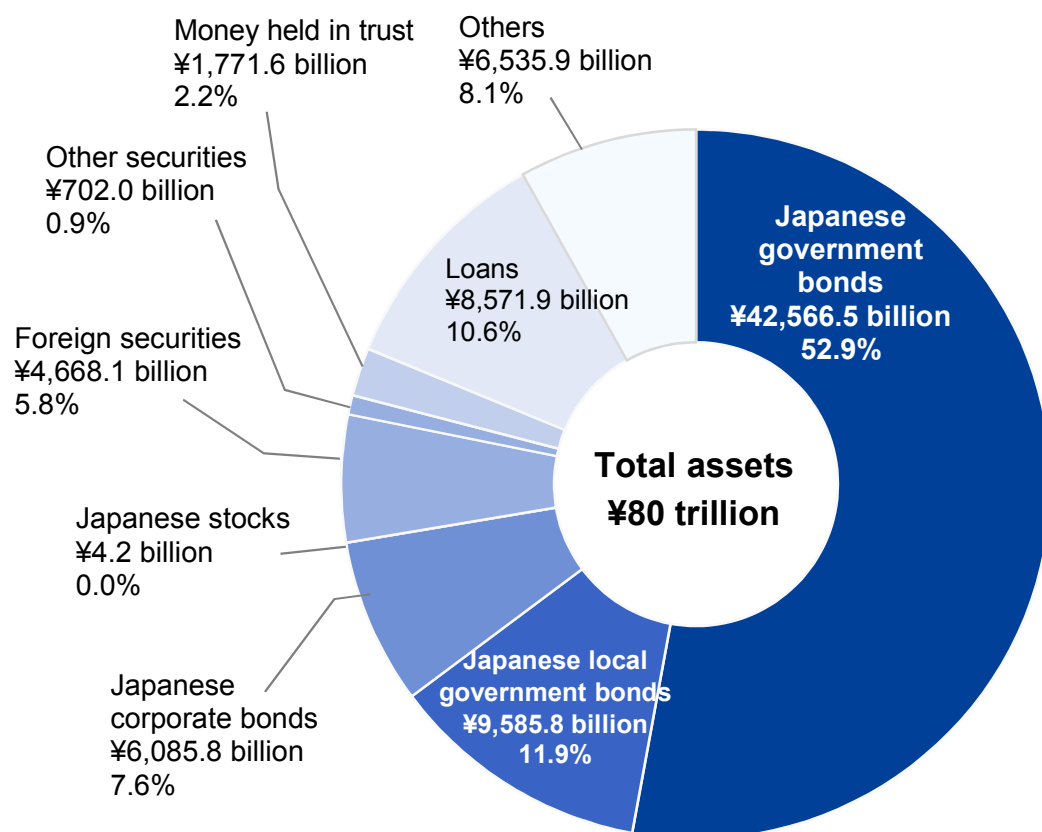
### Annualized Premiums from New Policies (Medical Care)

(Billions of yen)



Notes: 1. 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.  
2. "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.

## 5-3 Japan Post Insurance (Consolidated): Status of Investment Assets



(Billions of yen)

Type	As of Sept. 30, 2016	Composition ratio (%)	As of Mar. 31, 2016	Composition ratio (%)
Loans	8,571.9	10.6	8,978.4	11.0
Securities	63,612.6	79.0	63,609.9	78.0
Japanese government bonds	42,566.5	52.9	44,178.6	54.2
Japanese local government bonds	9,585.8	11.9	9,405.4	11.5
Japanese corporate bonds	6,085.8	7.6	6,236.9	7.6
Japanese stocks	4.2	0.0	-	-
Foreign securities	4,668.1	5.8	3,688.8	4.5
Other securities	702.0	0.9	100.0	0.1
Money held in trust	1,771.6	2.2	1,644.5	2.0
Others	6,535.9	8.1	7,312.2	9.0
Total assets	80,492.2	100.0	81,545.1	100.0

## 6 Financial Highlights by Segment

### ■ Results of Operations by Segment for the Six Months Ended September 30, 2016

(Billions of yen)

	Japan Post Holdings (Consolidated)	Postal and Domestic Logistics Business	Post Office Business	International Logistics Business	Banking Business	Life Insurance Business
<b>Ordinary income</b>	6,557.7	887.0	686.8	308.9	934.2	4,333.8
<b>Year-on-year</b> (for the six months ended Sept. 30, 2015) <b>change</b>	(477.2) (6.8)%	+0.7 + 0.1%	+10.5 + 1.6%	+117.3 + 61.2%	(52.9) (5.4)%	(547.4) (11.2)%
<b>Net ordinary income (loss)</b>	303.2	(40.8)	25.2	0.8	212.4	107.8
<b>Year-on-year</b> (for the six months ended Sept. 30, 2015) <b>change</b>	(170.1) (35.9)%	(8.1) —	+ 1.9 + 8.1%	(5.9) (88.1)%	(39.2) (15.6)%	(110.8) (50.7)%
<b>Forecast</b> (for the fiscal year ending March 31, 2017) <b>[percentage achievement]</b>	770.0 [39.4%]	9.0 —	14.0 [180.0%]	29.0 [2.8%]	420.0 [50.5%]	310.0 [34.8%]
<b>Net income (loss)</b>	149.7	<b>(Reference) Net income for major subsidiaries for the six months ended September 30, 2016</b>				
<b>Year-on-year</b> (for the six months ended Sept. 30, 2015) <b>change</b>	(63.7) (29.9)%					
<b>Forecast</b> (for the fiscal year ending March 31, 2017) <b>[percentage achievement]</b>	320.0 [46.8%]					
		Japan Post Co. (Consolidated)	Japan Post Bank	Japan Post Insurance (Consolidated)		
<b>Net Income (loss)</b>		(28.7)	150.9	42.5		
<b>Year-on-year</b> (for the six months ended Sept. 30, 2015) <b>change</b>		(16.3) —	(20.6) (12.0)%	(5.9) (12.3)%		
<b>Forecast</b> (for the fiscal year ending March 31, 2017) <b>[percentage achievement]</b>		12.0 —	300.0 [50.3%]	86.0 [49.4%]		

Notes: 1. Figures less than ¥0.1 billion are rounded down. The figures of Japan Post Holdings (consolidated) and the combined figures of each segment do not correspond because of other items not included in each reportable segment.  
2. The amount of ordinary profit on the consolidated financial statements of Japan Post Insurance has been used for net ordinary income of Japan Post Insurance.  
3. The amounts of net income attributable to Japan Post Holdings, net income (loss) attributable to Japan Post Co. and net income attributable to Japan Post Insurance have been used for net income (loss) of Japan Post Holdings (consolidated), Japan Post Co. (consolidated) and Japan Post Insurance (consolidated), respectively.

## 7 Interim Dividends for the Fiscal Year Ending March 31, 2017

### □ Interim Dividends for the Fiscal Year Ending March 31, 2017

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

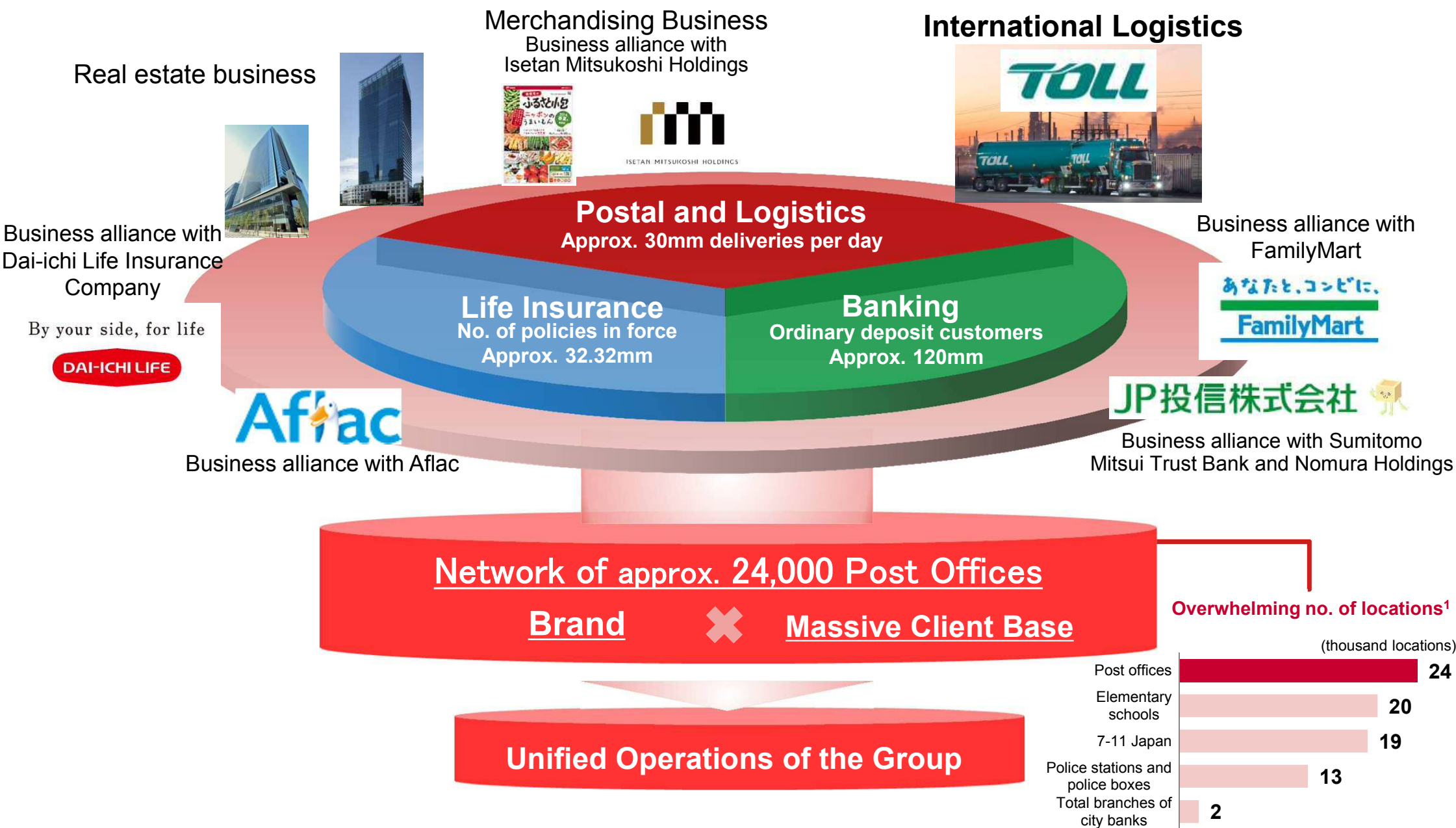
Note: In accordance with Article 11 of the Act on Japan Post Holdings Co., Ltd., payment of dividends from surplus or other appropriation of surplus of Japan Post Holdings (excluding disposition of loss) shall not effectuate without the approval of the Minister of Internal Affairs and Communications.

### (Two financial subsidiaries)

Japan Post Bank	¥ 25	¥ 25	62.4%
Japan Post Insurance	—	¥ 60	41.9%

# APPENDIX

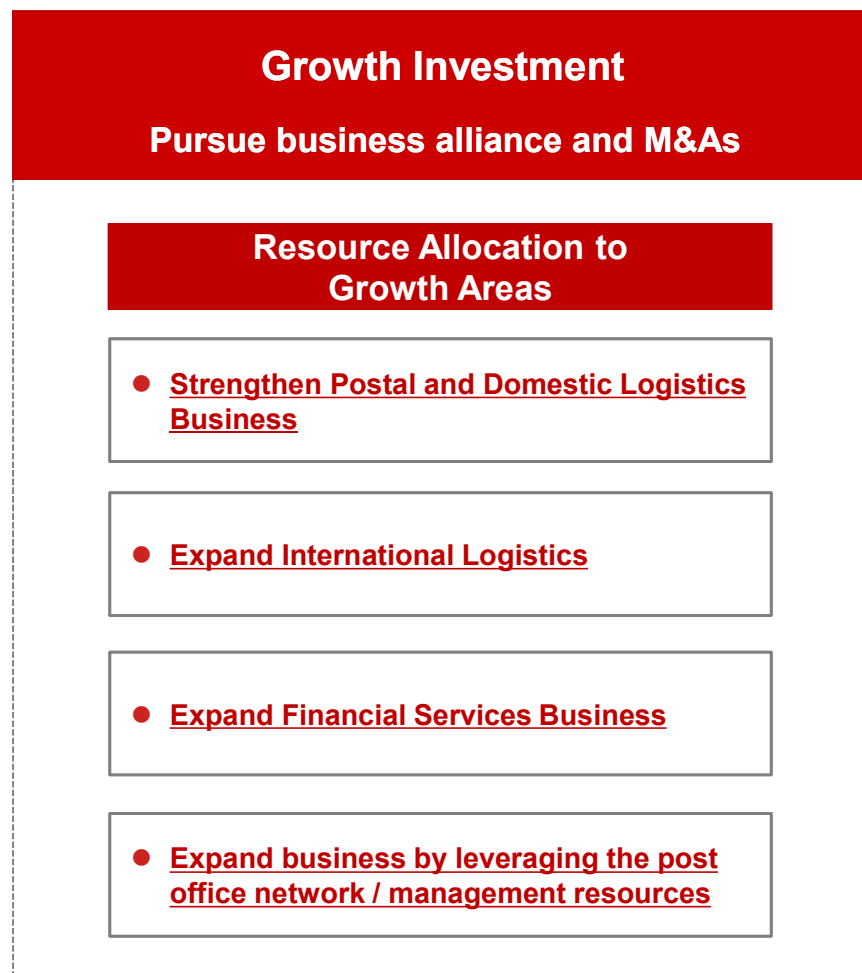
# Group Structure and Business Overview



Source: Ministry of Education, Culture, Sports, Science and Technology / Statics Bureau, Ministry of Internal Affairs and Communications / Japanese Bankers Association / company disclosure

# Growth Strategy

## Illustrative Business Portfolio (Current)



## Illustrative Business Portfolio (Future)



# 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>  <small>*2 Excluding market value fluctuation</small></p>
<ul style="list-style-type: none"> <li>Reversal and growth of Japan Post Insurance's policies 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>

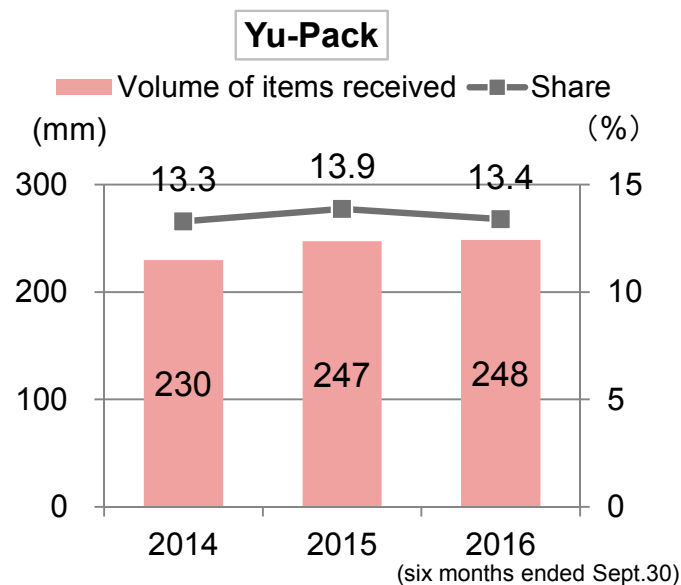
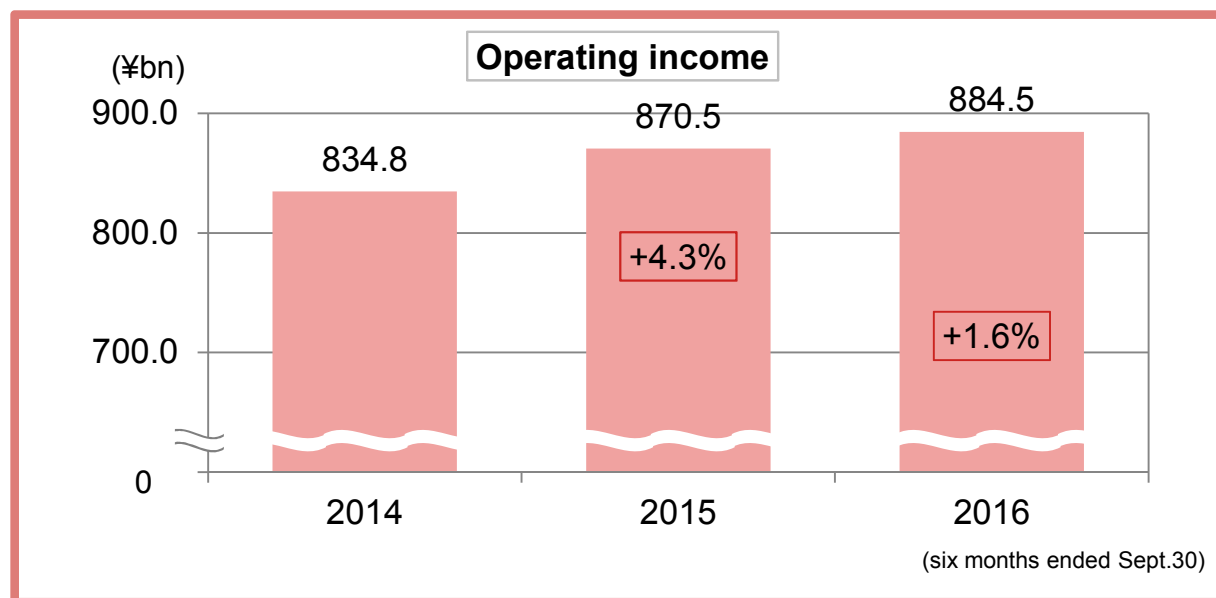
**< Consolidated business target > Consolidated net income Approx. ¥450bn**

\* 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).

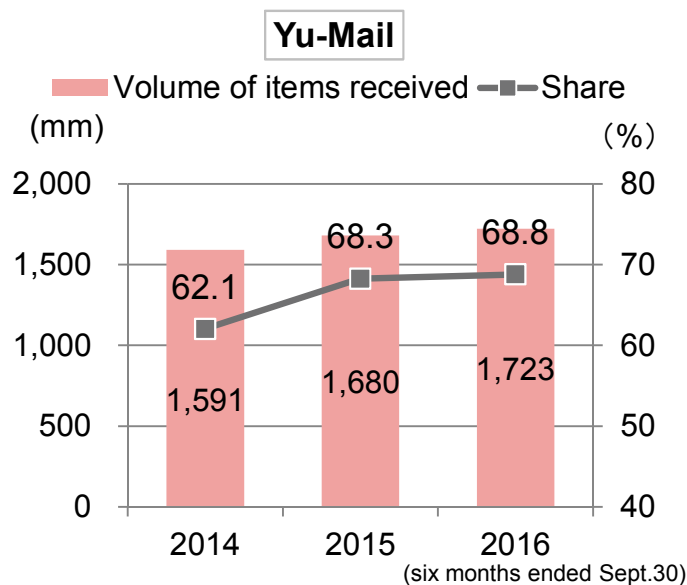


# Postal and Domestic Logistics Business

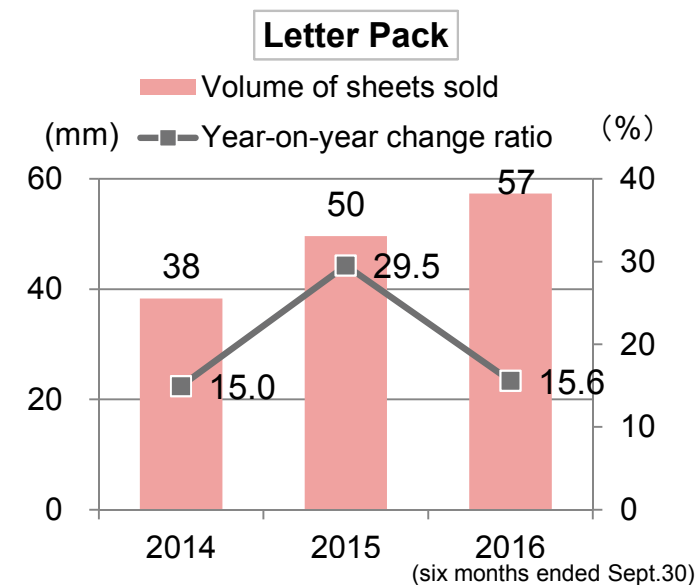
## (1) Strategic Approach to the E-Commerce Market



\* "Share" shows the ratio against the cumulative total from April to September (from April to August for the fiscal year ending March 31, 2017) of "Information on truck transportation" provided by the Ministry of Land, Infrastructure, Transport and Tourism.



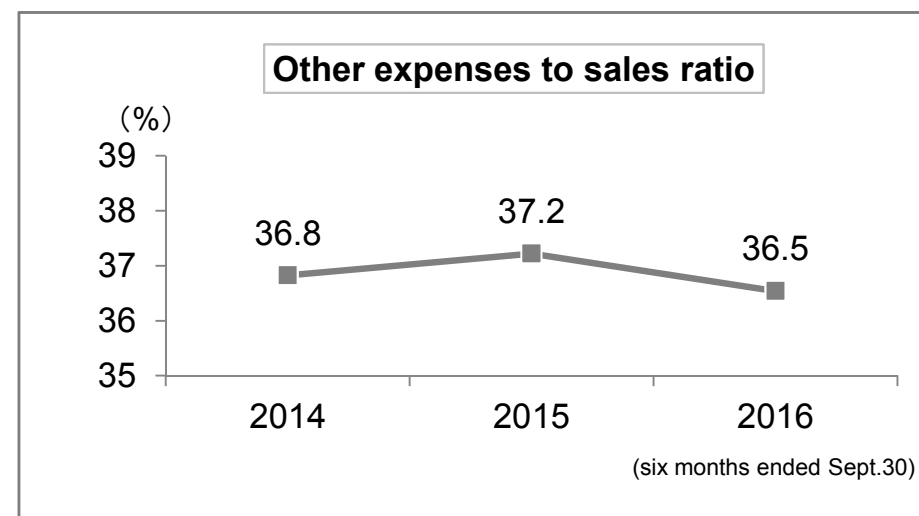
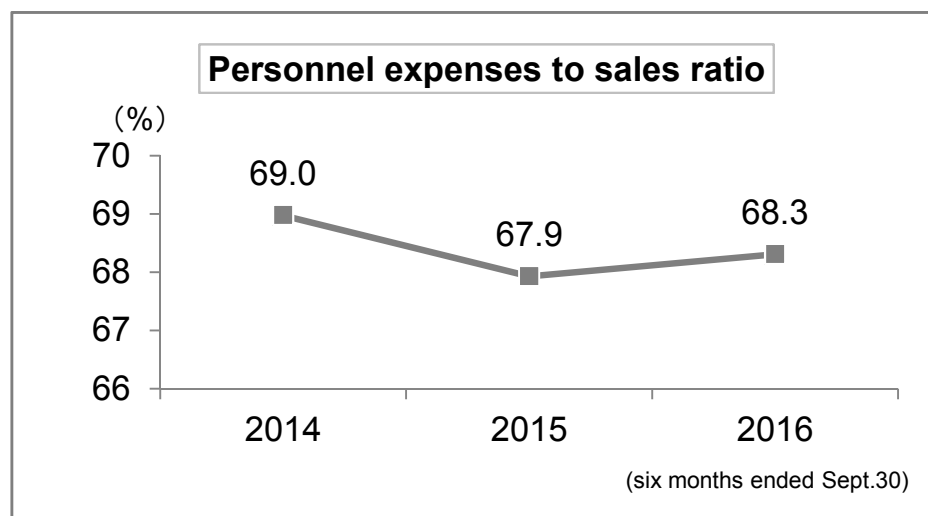
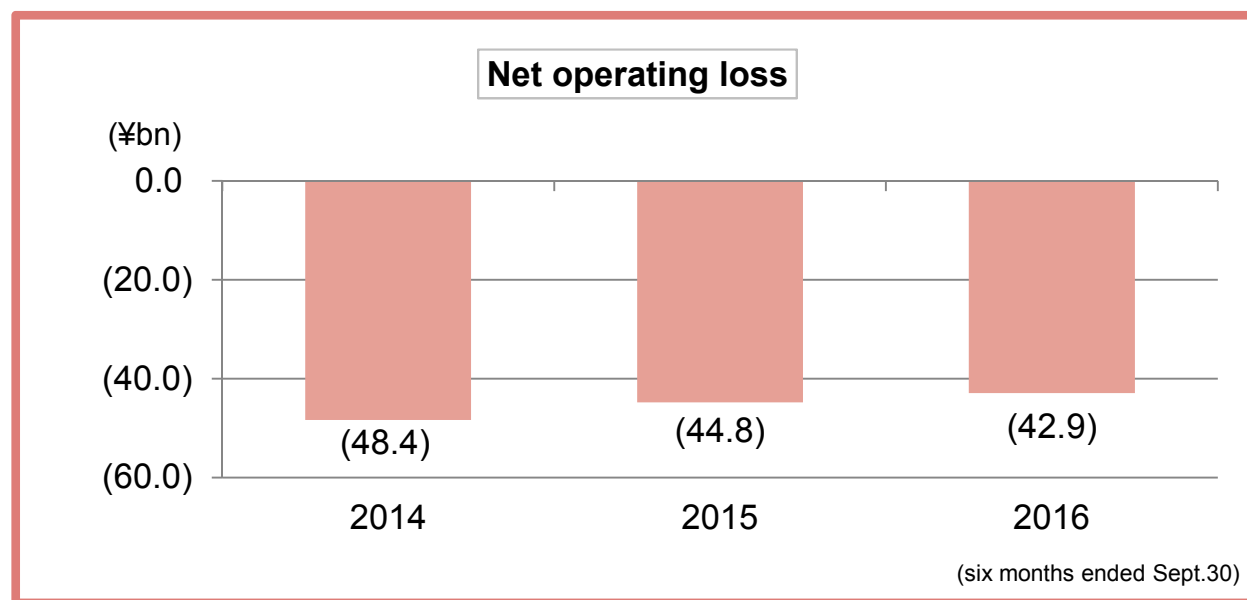
\* Includes Yu-Packet and Click Post  
 \* "Share" shows the ratio against the cumulative total from April to September of Japan Post Co., YAMATO HOLDINGS, and SG Holdings.



\* The figure for Letter Pack is the sum of the figures for Letter Pack Plus, Letter Pack Light and Smart Letter

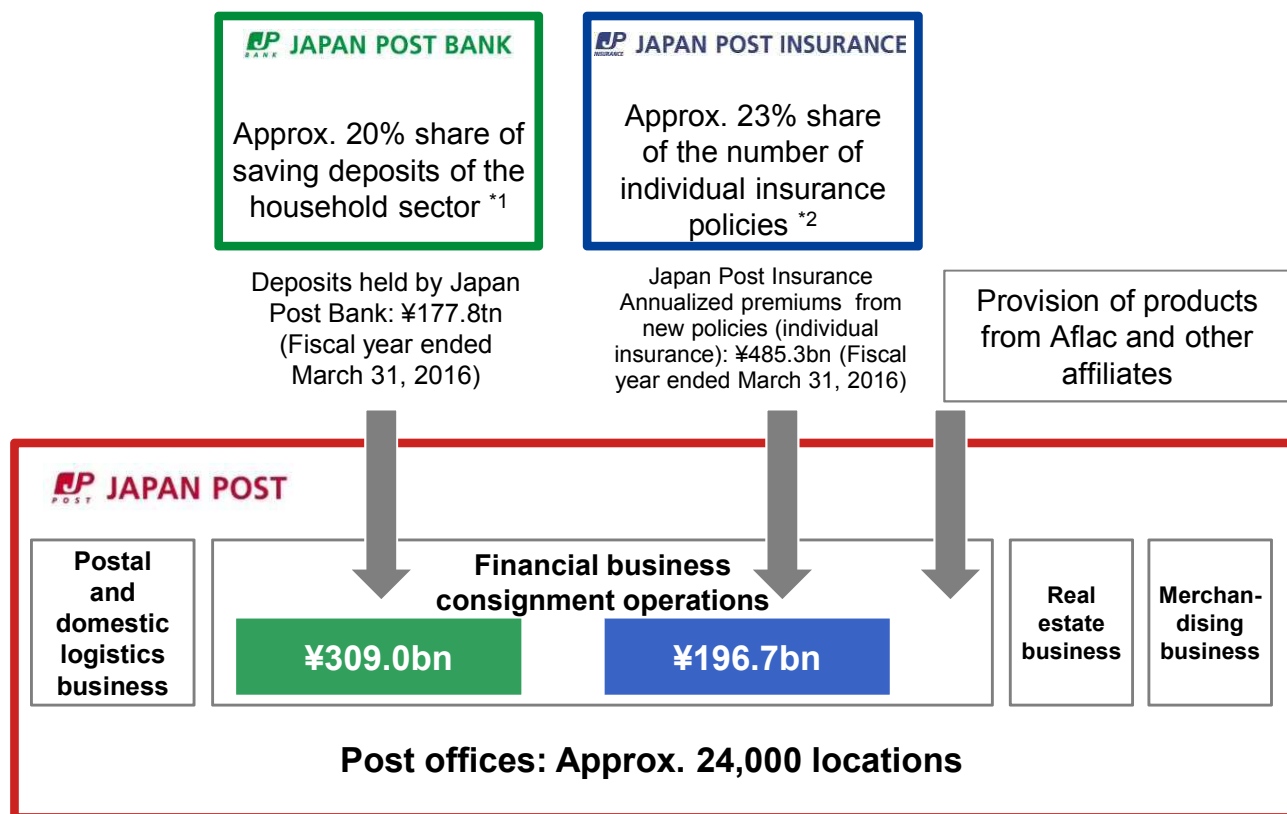
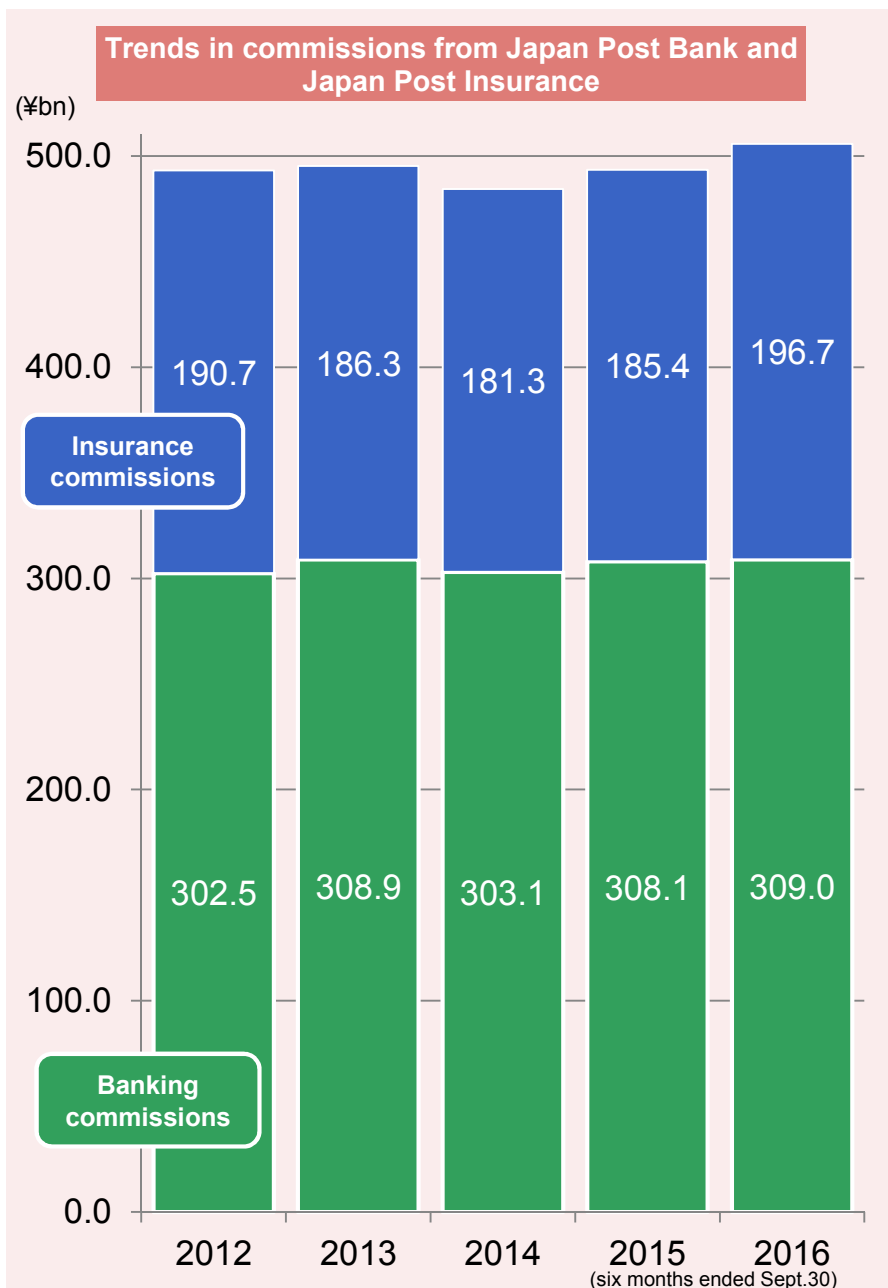
# Postal and Domestic Logistics Business

## (2) Measures to Improve Profit Structure

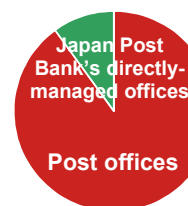


# Post Office Business

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

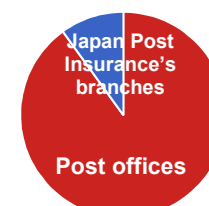


### Deposits breakdown (by source)



Number of offices  
Post offices: Approx. 24,000 locations  
Japan Post Bank's directly-managed offices: 234 offices

### New policies mix (by distribution channel)



Number of field sales personnel  
Post offices: Approx. 18,000 locations  
Japan Post Insurance's branches: Approx. 1,100 persons

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

\*1 Retail deposits of Japan Post Bank as of March 31, 2016 divided by the sum of "transferable deposits" and "time and saving deposits" of households from Bank of Japan "Flow of Funds Accounts" (as of March 31, 2016 (Preliminary)).

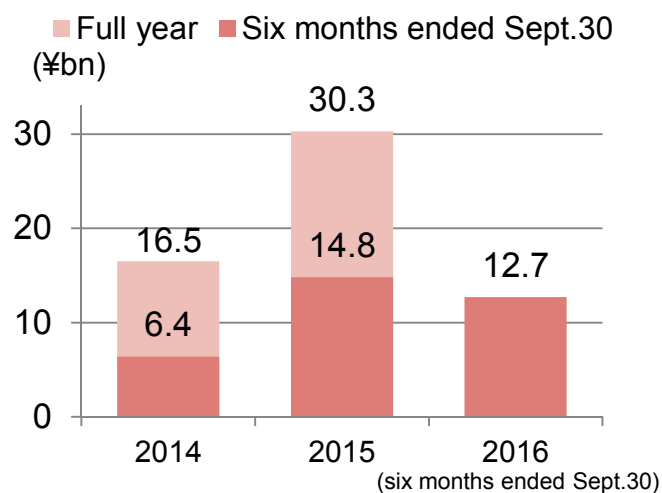
\*2 Annualized premiums from policies in force (individual insurance) held by Japan Post Insurance (as of March 31, 2016, including Postal Life Insurance Policies) divided by the sum of the total Annualized premiums from policies in force (individual insurance) based on the "Summary of Life Insurance Business" and annualized premiums from policies in force of Postal Life Insurance Policies.

# Post Office Business

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

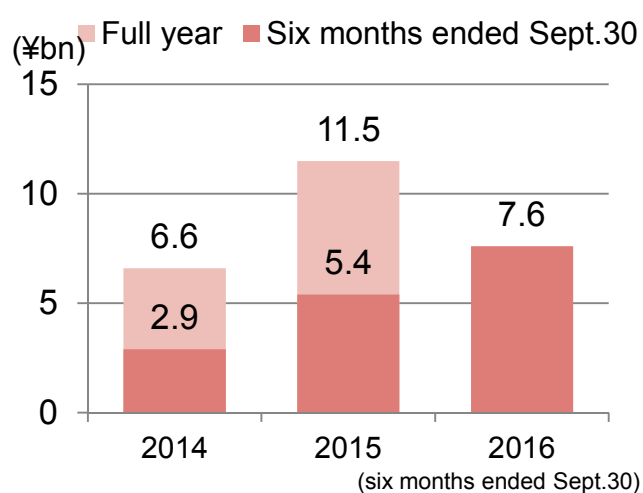
### Real estate business

#### Operating income



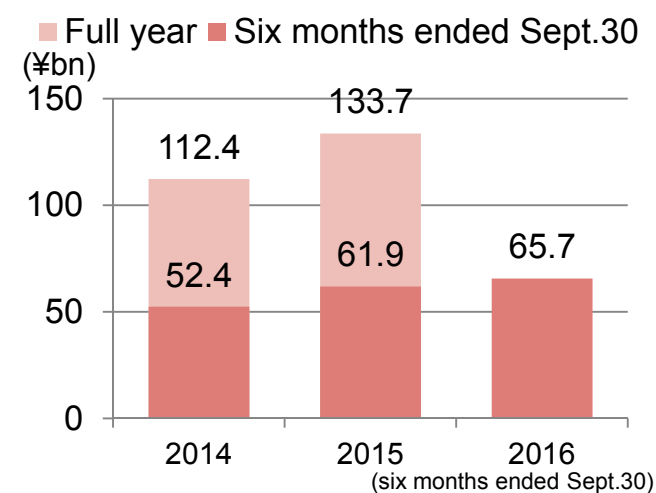
### Third-party financial product agency service business

#### Operating income



### Merchandising business

#### Operating income



### 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	20,064	1
Medical insurance with eased underwriting conditions	1,467	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	-

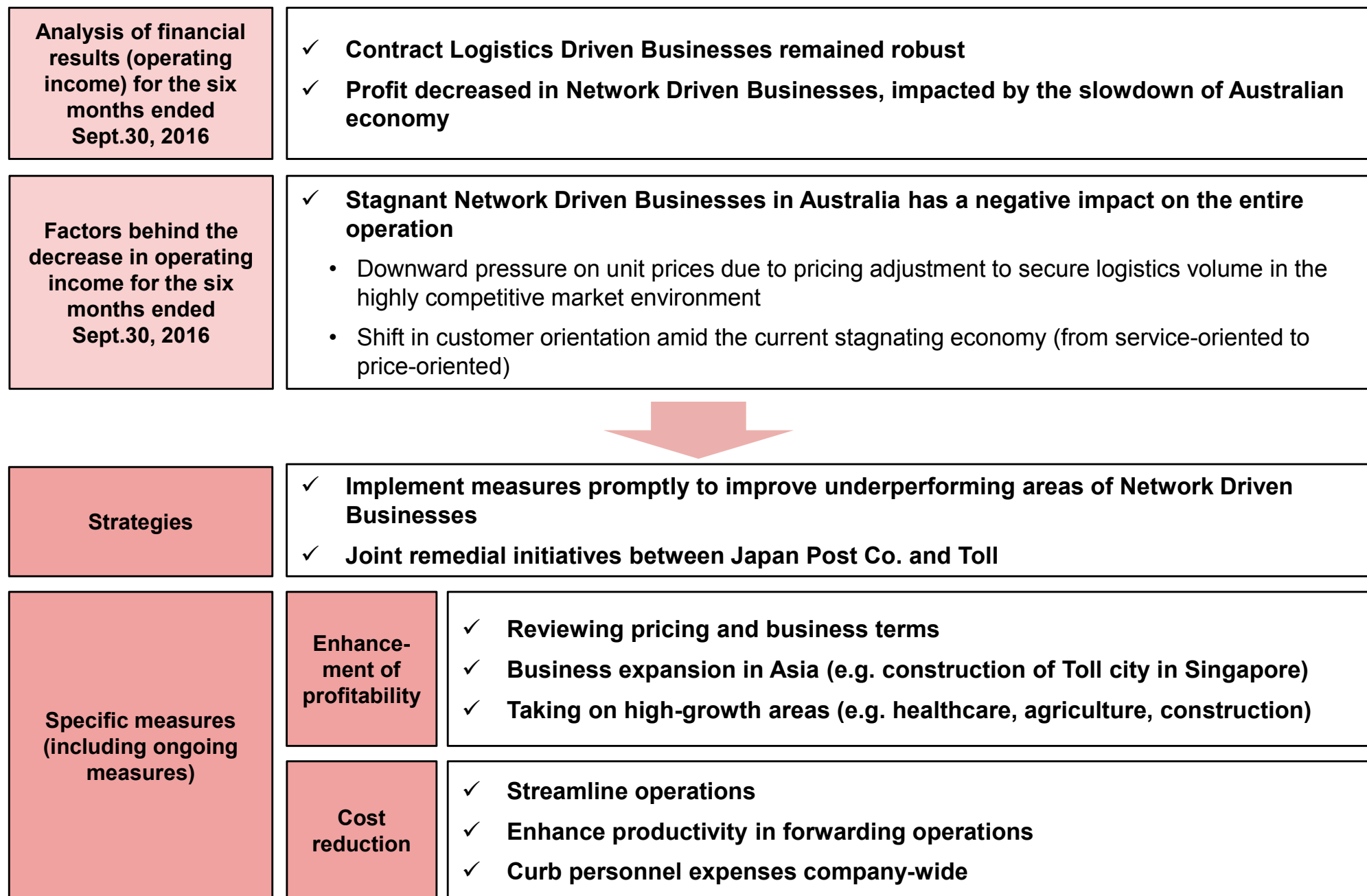
\*Commissions earned from sale of investment trusts are included in bank agency transaction commissions

### Japan Post Office Watch Over Service

- Conducted field test jointly with IBM and Apple using tablets tailored to older adult customers (from October 2015 to September 2016)
- Conducting field test on “Health Enhancement Services” in cooperation with Date City, Fukushima Prefecture, and Japan Post Insurance (June 2016 onwards)
- Planning to pursue as a business

# Strategy by Segment – International Logistics Business

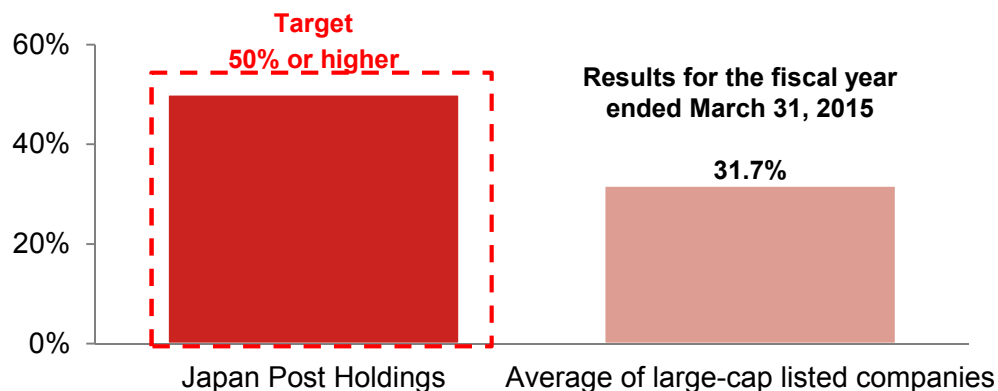
## Measures to Improve Profitability of Toll



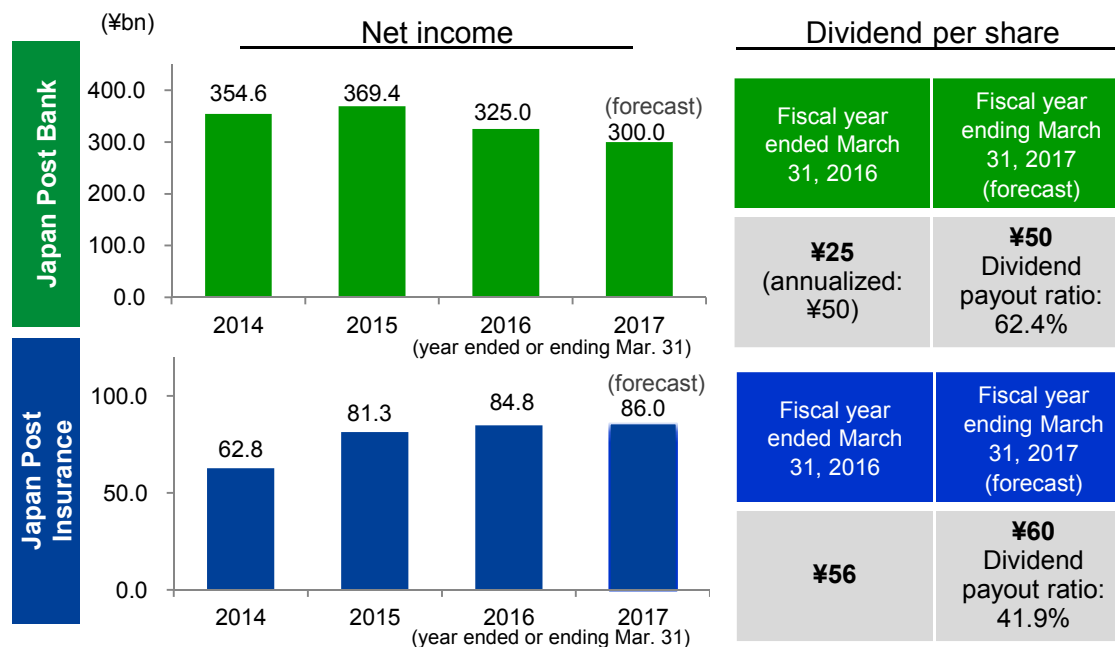
# Shareholder Return Policy

(Targeting dividend payout ratio of 50% or more on a consolidated basis up to the end of the fiscal year ending March 31, 2018)

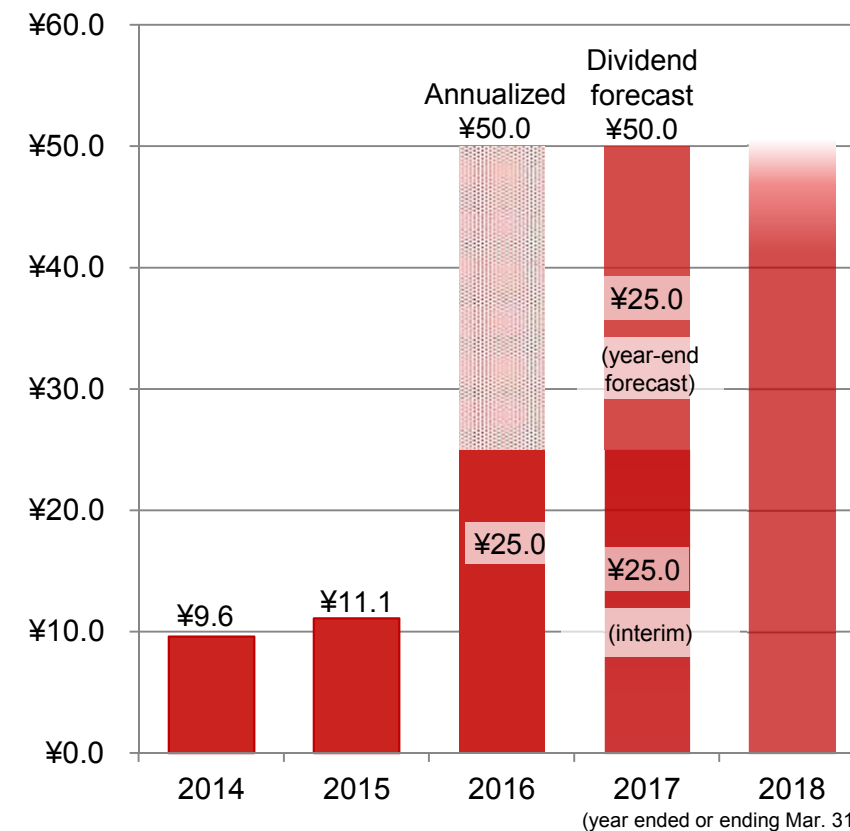
## Attractive dividend payout ratio



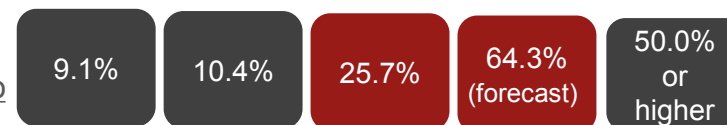
## Stable cash flows as a source of dividends



## Dividend per share



## 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%.

# Japan Post Holdings Performance (Consolidated)

	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)	16,661.4	15,849.1	15,240.1	14,258.8	14,257.5
Net ordinary income (¥bn)	1,176.8	1,225.0	1,103.6	1,115.8	966.2
Net income attributable to Japan Post Holdings (¥bn)	468.9	562.7	479.0	482.6	425.9
Comprehensive income (loss) (¥bn)	973.0	1,551.7	717.1	2,212.0	(177.9)
Total net assets (¥bn)	10,935.3	12,448.1	13,388.6	15,301.5	15,176.0
Total assets (¥bn)	292,126.5	292,892.9	292,246.4	295,849.7	291,947.0
Net assets per share (¥) <sup>1</sup>	2,429	2,765	2,974	3,399	3,327
Net income attributable to Japan Post Holdings per share (¥) <sup>1</sup>	104.20	125.06	106.46	107.26	97.26
Equity ratio (%)	3.7	4.2	4.6	5.2	4.7
Return on equity (%)	4.5	4.8	3.7	3.4	2.9
Number of employees (regular)	233,838	226,815	221,078	220,703	250,876
Number of employees (non-regular)	150,613	146,788	150,737	158,540	173,951

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

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 (Consolidated)

For the year ended Mar. 31, 2014

For the year ended Mar. 31, 2015

For the year ended Mar. 31, 2016

## Operating income

Postal and domestic logistic business (¥bn)	1,805.4	1,851.9	1,924.8
International logistics business (¥bn)	—	—	544.0
Post office business (¥bn)	1,253.3	1,281.9	1,353.0
Eliminations of intersegment transactions (¥bn)	(188.8)	(192.8)	(194.9)
Total operating income (¥bn)	2,869.9	2,940.9	3,627.0
Gross operating income (¥bn)	248.9	227.9	274.7
Sales, general and administrative costs (¥bn)	198.1	215.4	242.1
Net operating income (¥bn)	50.7	12.5	32.6
Net income attributable to Japan Post Co. (¥bn)	36.0	22.1	47.2
Total assets (¥bn)	4,864.4	5,525.4	5,651.3
Total net assets (¥bn)	701.1	1,287.1	1,244.9
Numbers of employees (regular)	197,291	196,875	226,616
Number of employees (non-regular)	137,723	145,586	159,437

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



# Toll Holdings Limited Performance (Consolidated)

	For the year ended June 30, 2013	For the year ended June 30, 2014	For the year ended June 30, 2015
Operating income (Revenue) (¥mm)	783,177	817,503	818,168
EBITDA <sup>1</sup> (¥mm)	63,099	65,827	63,224
EBIT <sup>2</sup> (¥mm)	38,254	41,231	36,143
Net income attributable to Toll Holdings (¥mm)	7,590	26,544	6,837
Total net assets (¥mm)	245,696	260,973	243,316
Total assets (¥mm)	544,406	563,631	612,931
Cash flow from operating activities (¥mm)	34,257	44,636	49,932
Cash flow from investing activities (¥mm)	(20,066)	(22,128)	(30,337)
Cash flow from financing activities (¥mm)	(18,521)	(21,516)	(30,433)
Cash and cash equivalents at the end of the year	42,571	45,659	36,924

Notes: Financial results of Toll is prepared based on the Annual Report. Total assets and net assets are calculated using the items related to the exchange rates at account closing each fiscal year, while items related to income (loss) and cash flow are calculated using the average rate during the term in each fiscal year. The consolidated financial statements in the Annual Report were prepared based on the local currency (Australian dollar) and IFRS, and have been audited. In addition, EBITDA and EBIT are not included in the above audit targets because they are not indices required to be disclosed on IFRS basis.

1. EBITDA is calculated by excluding equity in (earnings) losses of affiliates from EBIT and adding depreciation and amortization.

2. EBIT is calculated by excluding certain income (loss) items such as restructuring expenses, etc. from income (loss) accrued from operating activities.

	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 (¥bn)	1,670.0	1,624.3	1,568.7	1,634.7	1,452.0
Net interest income (¥bn) <sup>1</sup>	1,677.3	1,532.1	1,470.2	1,540.7	1,361.0
Net fees and commissions (¥bn)	88.4	88.1	92.6	89.2	91.1
General and administrative expenses (¥bn) <sup>2</sup>	(1,174.5)	(1,111.5)	(1,096.0)	(1,114.7)	(1,066.1)
Provisions for general reserve for possible loan losses (¥bn)	-	-	-	-	-
Net operating profit (¥bn)	495.4	512.8	472.6	519.9	385.8
Non-recurring gains (losses) (¥bn)	80.7	80.7	92.4	49.4	96.1
Net ordinary income (¥bn)	576.2	593.5	565.0	569.4	481.9
Extraordinary income (losses) (¥bn)	(2.4)	(1.9)	(0.6)	1.5	(1.1)
Net income (¥bn)	334.8	373.9	354.6	369.4	325.0
Total net assets (¥bn)	9,818.1	10,997.5	11,464.5	11,630.2	11,508.1
Total assets (¥bn)	195,819.8	199,840.6	202,512.8	208,179.3	207,056.0
Capital adequacy ratio (%) <sup>3</sup> (domestic standard)	68.39%	66.04%	56.81%	38.42%	26.38%
Numbers of employees (regular)	12,796	12,922	12,963	12,889	12,905
Number of employees (non-regular)	6,006	5,818	5,699	5,523	5,223

1. Net interest income is calculated by deducting interest expenses (excluding the expenses related to money held in trust) from interest income

2. General and administrative expenses exclude non-recurring losses

3. New domestic standards (Basel III) have been applied from FY2013 (year ended March 31, 2014)

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

# Japan Post Insurance Performance (Consolidated)

	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)	6,856.4	6,481.7	5,911.6	5,956.7	5,413.8
Ordinary profit (¥bn)	531.2	528.9	462.7	492.6	411.5
Net income (¥bn)	70.0	90.6	62.8	81.3	84.8
Net assets (¥bn)	1,294.4	1,466.7	1,538.1	1,975.7	1,882.9
Return on equity (%) <sup>1</sup>	5.6	6.6	4.2	4.6	4.4
Dividend to shareholders (¥bn)	16.9	22.7	16.8	24.5	33.6
Total assets (¥bn)	93,690.8	90,463.5	87,092.8	84,915.0	81,545.1
Numbers of employees (regular)	7,136	7,182	7,367	7,606	7,890
Number of employees (non-regular)	3,386	3,109	3,165	3,122	3,165

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

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

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For inquiries about this document, please contact:

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<Disclaimer>

This document contains forward-looking statements regarding the outlook and targets of the Japan Post Group and its group companies.

These statements are based on the information available when this document was produced, or our expectations derived from projections or assumptions made at the time of producing this document.

Please note that these forward-looking statements are subject to a broad range of risks and uncertainties, including changes in the economic conditions or business trends, and revisions to laws or regulations. As a result, the actual results may vary from such statements.