



**For the Fiscal Year Ended March 31, 2019 Results Briefing**

May 22, 2019

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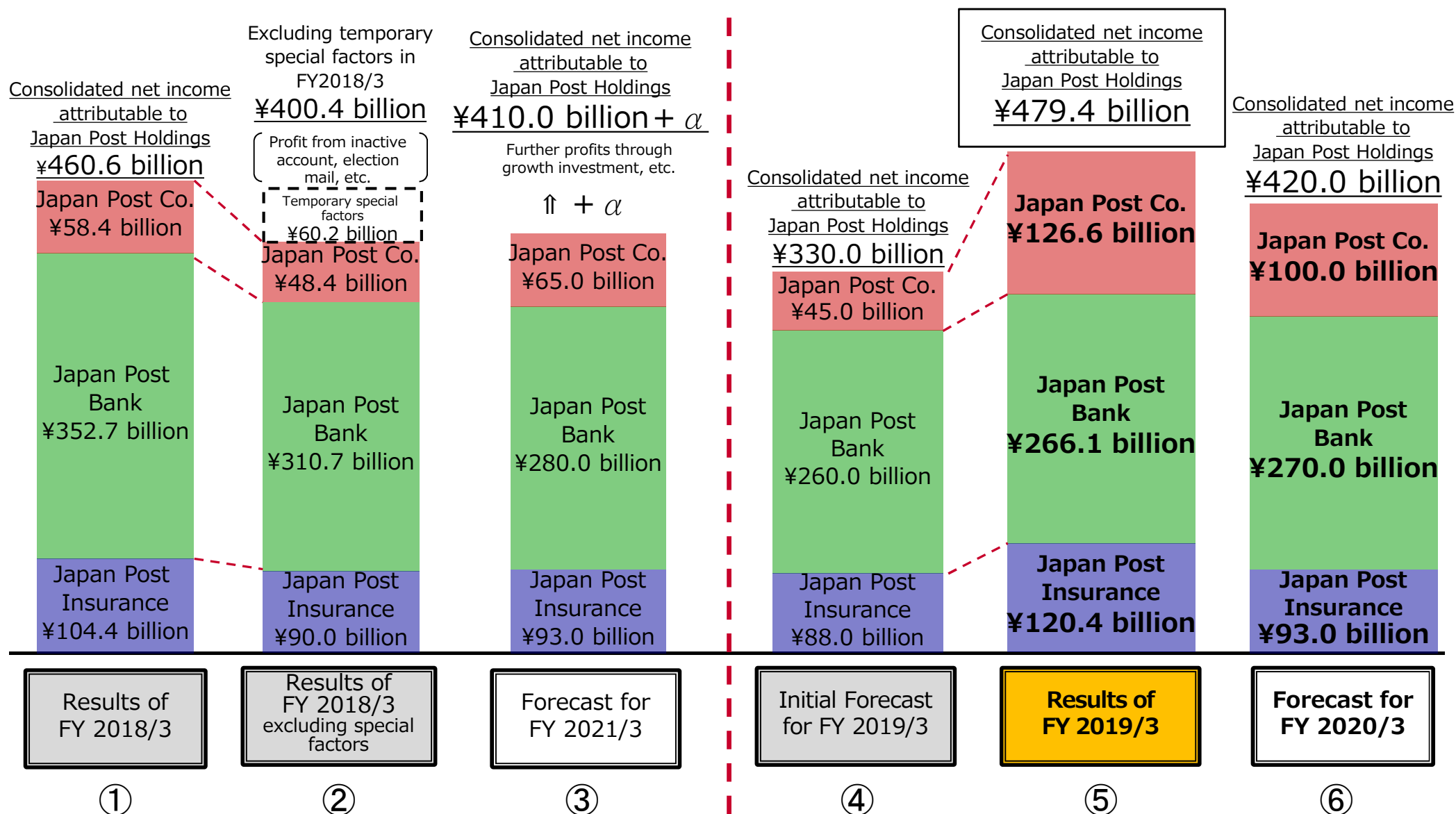
# Summary of the Fiscal Year Ended March 31, 2019 Results

- Japan Post Holdings (consolidated) posted net income of ¥479.4 billion for the fiscal year ended March 31, 2019, which was ¥18.7 billion above the forecast. Results for Japan Post Co., Japan Post Bank, and Japan Post Insurance were also above the forecasts.
- Japan Post Holdings resolved to pay a year-end dividend of ¥25 per share for the fiscal year ended March 31, 2019. For the fiscal year ending March 31, 2020, Japan Post Holdings (consolidated) forecasts net income of ¥420.0 billion and a dividend of ¥50 per share on a full-year basis

	For the fiscal year ended March 31, 2019 Net income ①	Forecast change [percentage achievement]	Year-on-year Change (for the fiscal year ended March 31, 2018)	Forecast (for the fiscal year ending March 31, 2020) Net Income ②	Year-on-year change (for the fiscal year ended March 31, 2019) ②-①	(Billions of yen) Background on the consolidated financial results forecast and key initiatives for the fiscal year ending March 31, 2020
Japan Post Holdings (Consolidated)	<b>479.4</b>	+ 49.4 [111.5%]	+ 18.7	420.0	(59.4)	
Japan Post Co. (Consolidated)	<b>126.6</b>	+ 1.6 [101.3%]	+ 68.1	100.0	(26.6)	<ul style="list-style-type: none"> <li>■ Decreases in net ordinary income and net income are forecast owing to a continued decrease in the volume of mails handled and increase in unit personnel expenses, and a temporary increase in expenses resulting from system reforms, despite an anticipated increase mainly in the volume of Yu-Pack handled</li> <li>■ Key initiatives to accomplish the financial results goal for the fiscal year ending March 31, 2020                             <ul style="list-style-type: none"> <li>- Improvement in the convenience of receipt and shipment of Yu-Pack, etc. for customers and continued development of delivery operations</li> <li>- Promotion of "from savings to asset formation" through the sales of investment trust, etc.</li> <li>- Implementation of the Transformation plan of Toll and growth strategies as well as development of the domestic BtoB business</li> </ul> </li> </ul>
Japan Post Bank (Consolidated)	<b>266.1</b>	+ 6.1 [102.3%]	(86.5)	270.0	+ 3.8	<ul style="list-style-type: none"> <li>■ Net ordinary income and net income are forecast to remain nearly at the same level as the previous fiscal year owing to an increase in fees and commissions resulting from the expansion of sales of investment trust, etc.</li> <li>■ Key initiatives to accomplish the financial results goal for the fiscal year ending March 31, 2020                             <ul style="list-style-type: none"> <li>- Promoting sophisticated and diversified investment, growth of non-interest income, efficient resource allocation</li> <li>- Provision of new money transfer/settlement services</li> </ul> </li> </ul>
Japan Post Insurance (Consolidated)	<b>120.4</b>	+ 9.4 [108.5%]	+ 15.9	93.0	(27.4)	<ul style="list-style-type: none"> <li>■ Decreases in net ordinary income and net income are forecast mainly owing to a decrease in the number of policies in force and the diminishment of effects of temporary factors (decrease in operating expenses and steady performance in investment income) in the previous fiscal year ended March 31, 2019</li> <li>■ Key initiatives to accomplish the financial results goal for the fiscal year ending March 31, 2020                             <ul style="list-style-type: none"> <li>- Acquisition of new policies through launch of new products and maintain the persistency rate</li> <li>- Diversification of investment assets including expansion of return-seeking assets</li> </ul> </li> </ul>
Japan Post Holdings Dividend per share	<b>Year-end dividend of ¥25 (Full-year dividend of ¥50)</b>	—	—	<b>Full-year dividend of ¥50</b>	—	

Notes: 1. The amounts of net income attributable to Japan Post Holdings, net income attributable to Japan Post Co., net income attributable to Japan Post Bank and net income attributable to Japan Post Insurance have been used for net income of Japan Post Holdings (Consolidated), Japan Post Co. (Consolidated), Japan Post Bank (Consolidated) and Japan Post Insurance (Consolidated), respectively.  
 2. Forecast changes for Japan Post Holdings (Consolidated) and Japan Post Co. (Consolidated) are calculated based on revised forecasts announced in February, 2019. Those for Japan Post Insurance (Consolidated) and Japan Post Bank (Consolidated) are calculated based on revised forecast announced in November and forecast announced in May, respectively.  
 3. In accordance with Article 11 of the Act on Japan Post Holdings Co., Ltd., payment of dividends from retained earnings or other appropriation of retained earnings (excluding disposition of loss) of Japan Post Holdings shall not be effective without the approval of the Minister for Internal Affairs and Communications.  
 4. Forecast (for the fiscal year ending March 31, 2020) of net income of Japan Post Holdings (Consolidated) is calculated based on the ratio of voting rights to Japan Post Bank (approximately 89%) and Japan Post Insurance (around 65%), etc. by Japan Post Holdings at the timing of the financial results announcement.

# Profit Forecast of Medium-Term Management Plan 2020 / Results of FY 2019/3 and Forecast for FY 2020/3



# Financial Results Overview for the Fiscal Year Ended March 31, 2019

# Japan Post Holdings: Financial Highlights

## ■ Results of Operations for the Fiscal Year Ended March 31, 2019

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank (Consolidated)	Japan Post Insurance (Consolidated)
<b>Ordinary income</b>	<b>12,774.9</b>	3,966.7	1,845.4	7,916.6
Year-on-year (for the fiscal year ended Mar. 31, 2018) change	(145.3) (1.1)%	+ 79.2 + 2.0%	(199.5) (9.7)%	(36.2) (0.5)%
<b>Net ordinary income</b>	<b>830.6</b>	179.8	373.9	264.8
Year-on-year (for the fiscal year ended Mar. 31, 2018) change	(85.4) (9.3)%	+ 94.4 + 110.5%	(125.6) (25.1)%	(44.3) (14.3)%
<b>Net income</b>	<b>479.4</b>	126.6	266.1	120.4
Year-on-year (for the fiscal year ended Mar. 31, 2018) change	+ 18.7 + 4.1%	+ 68.1 + 116.5%	(86.5) (24.5)%	+ 15.9 + 15.3%

## ■ Forecast for the Fiscal Year Ended March 31, 2019

<b>Net ordinary income</b>	<b>780.0</b>	150.0	370.0	260.0
[percentage achievement]	[106.5%]	[119.9%]	[101.0%]	[101.9%]
<b>Net income</b>	<b>430.0</b>	125.0	260.0	111.0
[percentage achievement]	[111.5%]	[101.3%]	[102.3%]	[108.5%]

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, etc.

2. The amount of ordinary profit on the consolidated statements of income 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 attributable to Japan Post Co., net income attributable to Japan Post Bank and net income attributable to Japan Post Insurance have been used for net income of Japan Post Holdings (Consolidated), Japan Post Co. (Consolidated), Japan Post Bank (Consolidated) and Japan Post Insurance (Consolidated), respectively.

4. The consolidated financial results forecasts for the fiscal year ended March 31, 2019 of Japan Post Holdings (Consolidated) and Japan Post Co. (Consolidated) were revised forecasts announced in February 2019. The consolidated financial results forecast for the fiscal year ended March 31, 2019 of Japan Post Insurance (Consolidated) was a revised forecast announced in November 2018.

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

- The volume of Yu-Pack\* handled increased by 7.6% year-on-year for the fiscal year ended March 31, 2019 (a decrease of 2.0% for the three-month period from January to March 2019). The volume of Yu-Mail handled increased by 0.4%, while the volume of Mail handled decreased by 2.6%.
- Operating income increased by ¥92.4 billion year-on-year (an increase of 4.6% year-on-year) due to the rise in income from parcel field in line with revision of price per unit and increased volume of Yu-Pack handled.
- Net operating income increased by ¥79.4 billion year-on-year (an increase of 189.7% year-on-year) due to the fact that a rise in operating income exceeded increase in operating expenses.

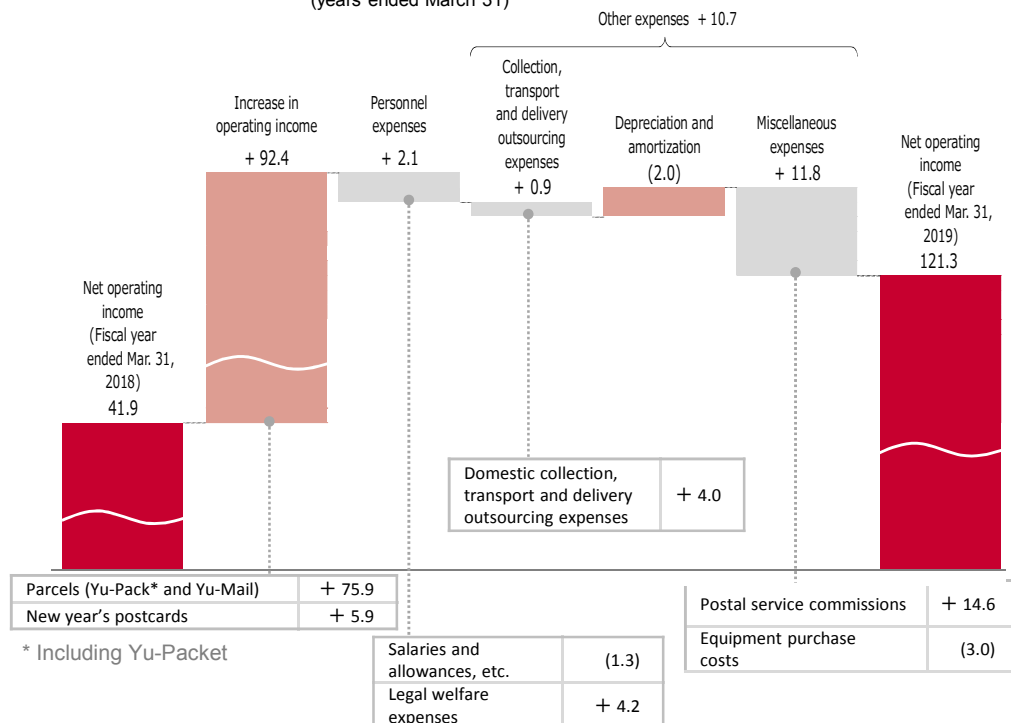
## Analysis of Year-on-year Change in Net Operating Income

[Trends in Net Operating Income]

(Billions of yen)

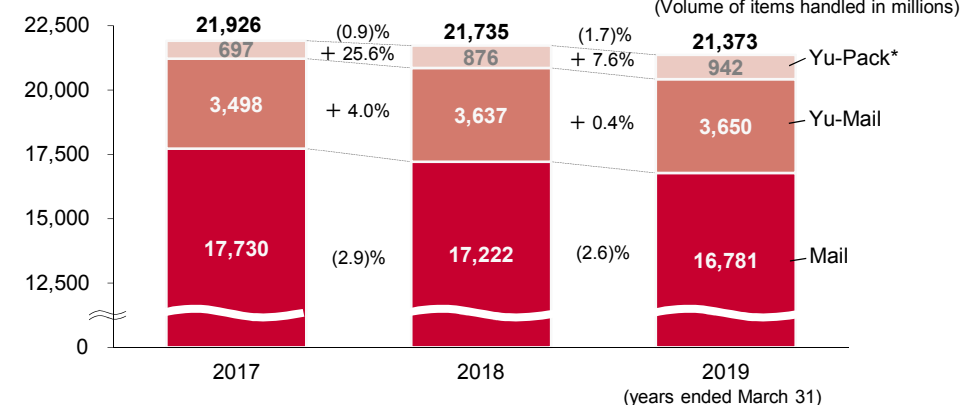
2017	2018	2019
12.0	41.9	121.3

(years ended March 31)



## Trends in Volume of Items Handled

(Volume of items handled in millions)



## Results of Operations for the Fiscal Year Ended March 31, 2019

(Billions of yen)

	For the fiscal year ended Mar. 31, 2019	For the fiscal year ended Mar. 31, 2018	Year-on-year change
Operating income	<b>2,114.9</b>	2,022.5	+ 92.4
Operating expenses	<b>1,993.5</b>	1,980.6	+ 12.9
Personnel expenses	<b>1,261.8</b>	1,259.7	+ 2.1
Other expenses	<b>731.6</b>	720.9	+ 10.7
Net operating income	<b>121.3</b>	41.9	+ 79.4

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

- Operating income remained nearly at the same level as the previous fiscal year, thanks to increases in postal service commissions and banking commissions resulting from increases in acceptance and sales at post offices, and a steady growth of third-party financial product agency services and the real estate business, despite a decrease in insurance commissions due to a fall in new policy sales for Japan Post Insurance, and a decrease in the merchandising business due to the contraction of certain businesses.
- Net operating income increased by ¥19.8 billion year-on-year (an increase of 49.9% year-on-year) due to a decrease in operating expenses.

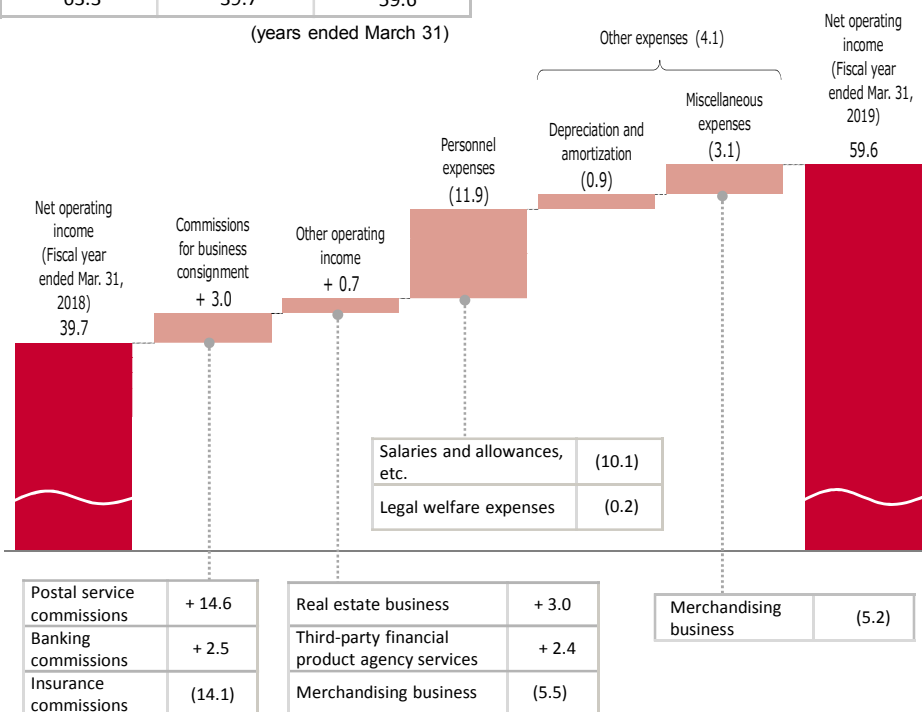
## Analysis of Year-on-year Change in Net Operating Income

[Trends in Net Operating Income]

2017	2018	2019
63.3	39.7	59.6

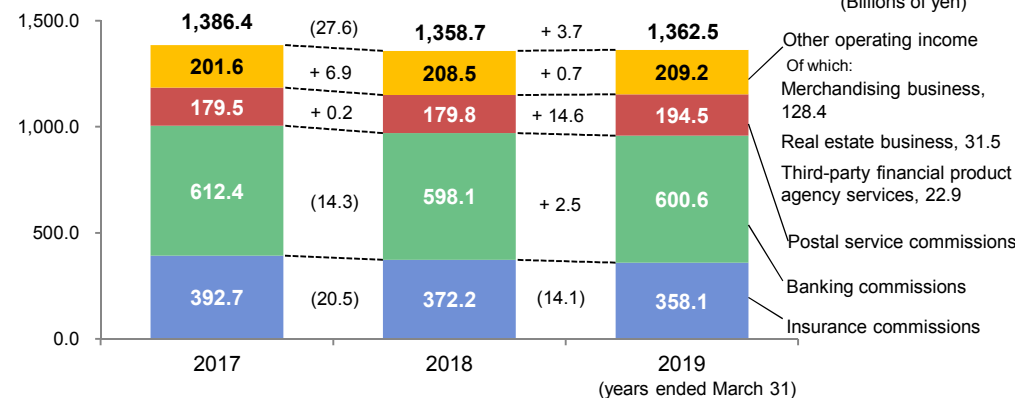
(years ended March 31)

(Billions of yen)



## Trends in the Earnings Structure

(Billions of yen)



## Results of Operations for the Fiscal Year Ended March 31, 2019

(Billions of yen)

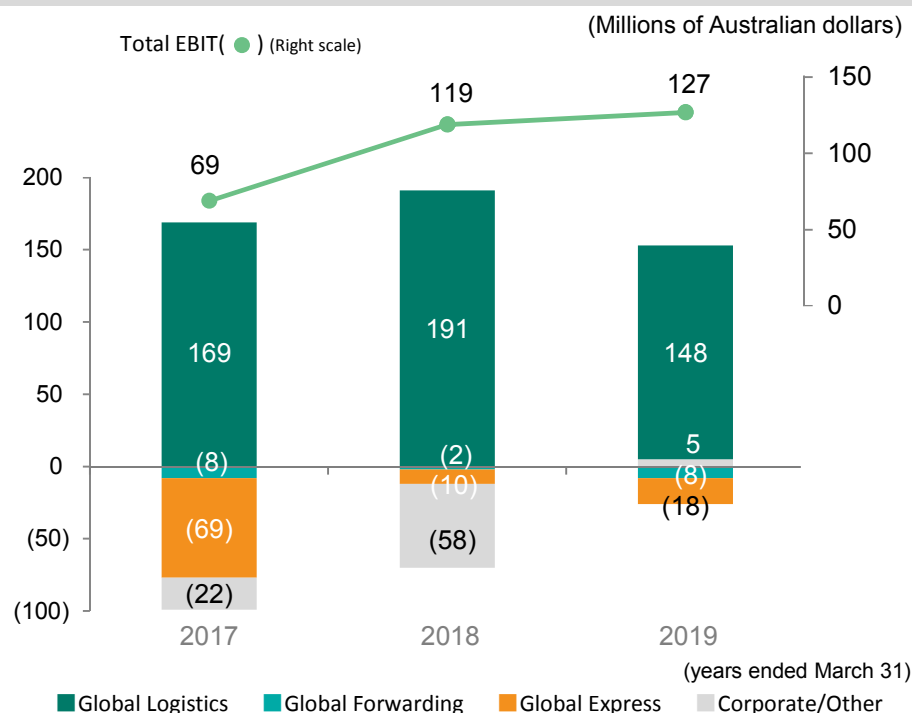
	For the fiscal year ended Mar. 31, 2019	For the fiscal year ended Mar. 31, 2018	Year-on-year change
Operating income	<b>1,362.5</b>	1,358.7	+ 3.7
Operating expenses	<b>1,302.9</b>	1,319.0	(16.0)
Personnel expenses	<b>911.4</b>	923.4	(11.9)
Other expenses	<b>391.4</b>	395.6	(4.1)
Net operating income	<b>59.6</b>	39.7	+ 19.8



# Japan Post Co. (Consolidated) [International Logistics Business]: Financial Results of Toll

- Operating income increased by A\$447 million year-on-year (an increase of 5.5% year-on-year) for the International Logistics Business, owing to an increase in all of the three businesses of Global Logistics, Global Forwarding and Global Express.
- Net operating income (EBIT) remained at the same level as the previous fiscal year, mainly thanks to an improvement in the profitability of Corporate/Other, despite a decrease in all of the three businesses of Global Logistics, Global Forwarding and Global Express, resulting from the deceleration of the Chinese economy and a temporary increase in other expenses primarily due to natural disasters.

## Trends in Net Operating Income (EBIT)



## Results of Operations for the Fiscal Year Ended March 31, 2019

(Millions of Australian dollars)  
[Billions of yen]

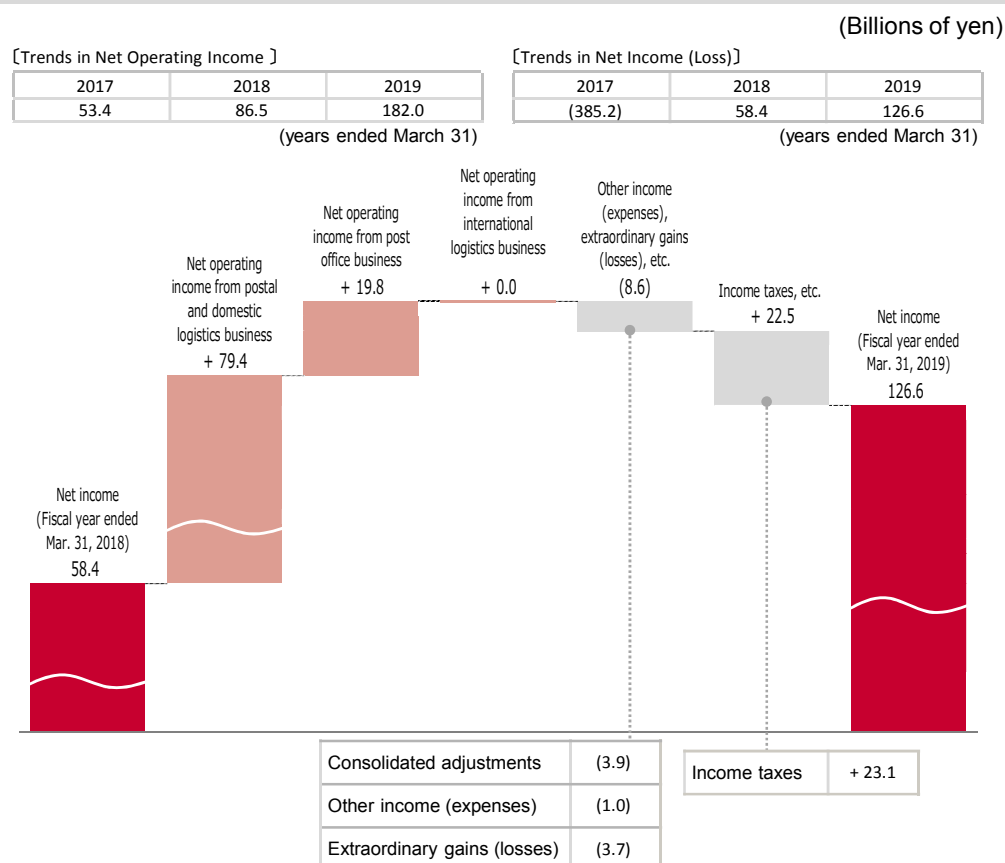
	For the fiscal year ended Mar. 31, 2019	For the fiscal year ended Mar. 31, 2018	Year-on-year change
Operating income (revenue)	<b>8,658</b> [700.6]	8,210 [704.3]	+ 447 [(3.6)]
Operating expenses	<b>8,531</b> [690.3]	8,091 [694.0]	+ 440 [(3.6)]
Personnel expenses	<b>2,649</b> [214.3]	2,584 [221.7]	+ 64 [(7.3)]
Other expenses	<b>5,881</b> [475.9]	5,506 [472.3]	+ 375 [+ 3.6]
<b>Net operating income (EBIT)</b>	<b>127</b> [10.3]	119 [10.2]	+ 7 [+ 0.0]

- Notes: 1. Operating income (revenue), operating expenses and net operating income (EBIT) are the total amount of Toll, JP Toll Logistics and Toll Express Japan, respectively.  
2. Figures in square brackets are presented in billions of yen (Average exchange rate for the fiscal year ended March 31, 2019: ¥80.92 to A\$1.00 and for the fiscal year ended March 31, 2018: ¥85.78 to A\$1.00).  
3. Figures for the fiscal year ended March 31, 2018 were recalculated because of reclassification of certain businesses between segments from the fiscal year ended March 31, 2019. (Total amount for the fiscal year ended March 31, 2018 was unchanged.)

# Japan Post Co. (Consolidated): Financial Highlights

- Operating income increased by ¥78.7 billion year-on-year (an increase of 2.0% year-on-year) to ¥3,960.6 billion due to an expansion in operating income from parcel field in the postal and domestic logistics business.
- Net operating income increased by ¥95.4 billion year-on-year (an increase of 110.3% year-on-year) to ¥182.0 billion, net ordinary income increased by ¥94.4 billion year-on-year (an increase of 110.5% year-on-year) to ¥179.8 billion, and net income increased by ¥68.1 billion year-on-year (an increase of 116.5% year-on-year) to ¥126.6 billion.

## Analysis of Year-on-year Change in Net Income (Loss)



## Results of Operations for the Fiscal Year Ended March 31, 2019

(Billions of yen)

	For the fiscal year ended Mar. 31, 2019	For the fiscal year ended Mar. 31, 2018	Year-on-year change
Operating income	<b>3,960.6</b>	3,881.9	+ 78.7
Operating expenses	<b>3,778.6</b>	3,795.3	(16.7)
Personnel expenses	<b>2,387.7</b>	2,404.8	(17.1)
Other expenses	<b>1,390.9</b>	1,390.5	+ 0.3
Net operating income	<b>182.0</b>	86.5	+ 95.4
Net ordinary income	<b>179.8</b>	85.4	+ 94.4
Extraordinary gains (losses)	<b>(13.5)</b>	(9.8)	(3.7)
Income before income taxes	<b>166.3</b>	75.6	+ 90.6
Net income	<b>126.6</b>	58.4	+ 68.1

# Japan Post Bank (Non-consolidated): Financial Highlights

## Results of Operations for the Fiscal Year Ended March 31, 2019

(Billions of yen, %)

	For the fiscal year ended		Year-on-year change
	Mar. 31, 2019	Mar. 31, 2018	
Gross operating profit	<b>1,327.0</b>	1,462.3	(135.3)
Net interest income	<b>1,016.1</b>	1,175.6	(159.5)
Net fees and commissions	<b>106.7</b>	96.4	+ 10.3
Net other operating income (loss)	<b>204.1</b>	190.2	+ 13.9
General and administrative expenses <sup>(Note 1)</sup>	<b>1,037.5</b>	1,045.0	(7.5)
Provision for general reserve for possible loan losses	-	0.0	(0.0)
<b>Net operating profit</b>	<b>289.4</b>	417.3	(127.8)
Non-recurring gains (losses)	<b>84.8</b>	82.3	+ 2.4
Net ordinary income	<b>374.2</b>	499.6	(125.3)
<b>Net income</b>	<b>266.1</b>	352.7	(86.5)

### (Reference) Consolidated Financial Highlights

Ordinary income	<b>1,845.4</b>	2,044.9	(199.5)
Net ordinary income	<b>373.9</b>	499.6	(125.6)
Net income <sup>(Note 2)</sup>	<b>266.1</b>	352.7	(86.5)

	As of		Change
	Mar. 31, 2019	Mar. 31, 2018	
Deposits <sup>(Note 3)</sup>	<b>180,999.1</b>	179,882.7	+ 1,116.3
Capital adequacy ratio (non-consolidated, domestic standard)	<b>15.78</b>	17.42	(1.64)

## Overview

- Gross operating profit (non-consolidated) for the fiscal year ended March 31, 2019 decreased by ¥135.3 billion year-on-year to ¥1,327.0 billion. Of which, net interest income decreased by ¥159.5 billion year-on-year mainly as a result of a decrease in interest on Japanese government bonds. Meanwhile, net fees and commissions increased by ¥10.3 billion year-on-year. Net other operating income (loss) increased by ¥13.9 billion year-on-year mainly owing to an increase in gains (losses) on foreign exchanges.
- General and administrative expenses (non-consolidated) decreased by ¥7.5 billion year-on-year to ¥1,037.5 billion.
- In the adverse business environment from factors such as a low interest rate trend, net operating profit (non-consolidated) decreased by ¥127.8 billion year-on-year to ¥289.4 billion.
- Net ordinary income (non-consolidated) decreased by ¥125.3 billion year-on-year to ¥374.2 billion.
- Net income (non-consolidated) decreased by ¥86.5 billion year-on-year to ¥266.1 billion.
- Net income (consolidated) was ¥266.1 billion, which achieved 102.3% of the financial results forecast for the fiscal year ended March 31, 2019.
- Deposits as of March 31, 2019 amounted to ¥180,999.1 billion.
- Capital adequacy ratio (non-consolidated, domestic standard) as of March 31, 2019 was 15.78%.

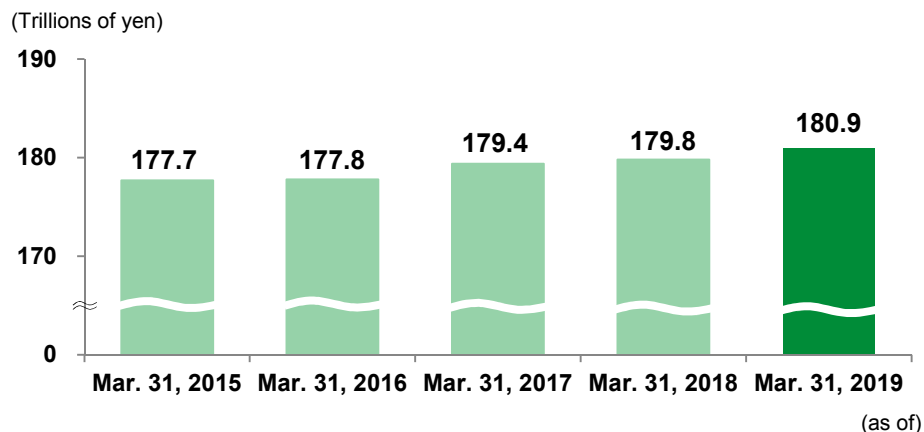
Notes: 1. Excludes non-recurring losses.

2. The amount of net income attributable to Japan Post Bank is used for net income of Japan Post Bank (consolidated).

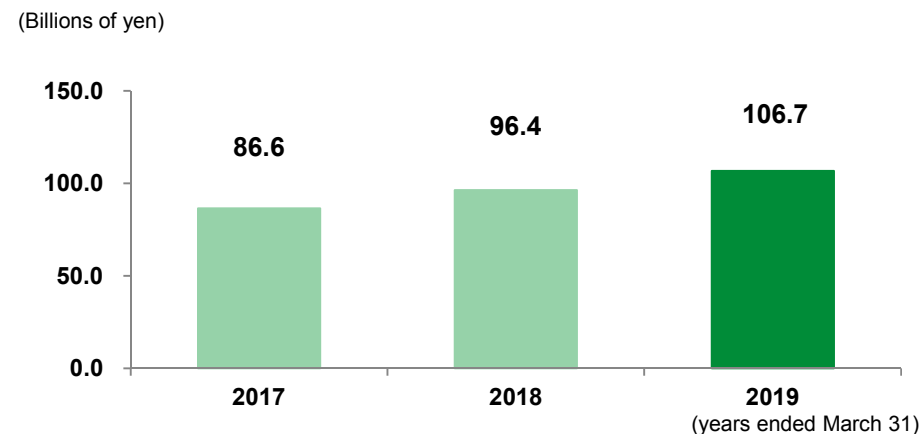
3. Excludes accrued interest.

# Japan Post Bank (Non-consolidated): Business Results

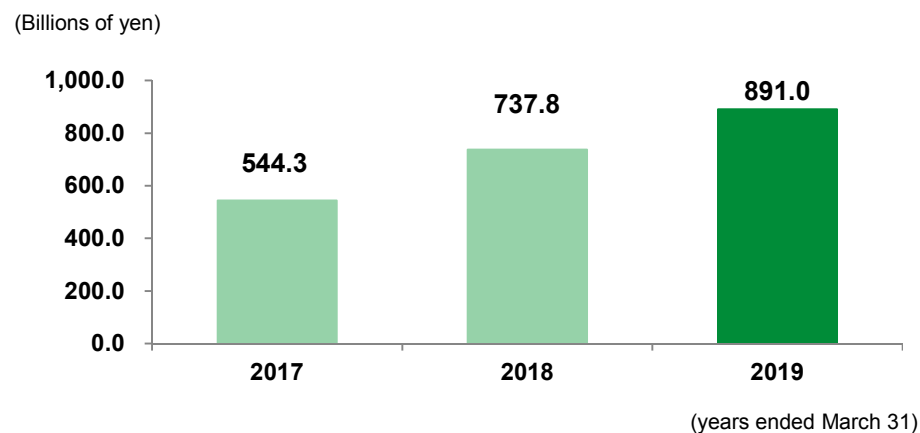
## Deposit Balance



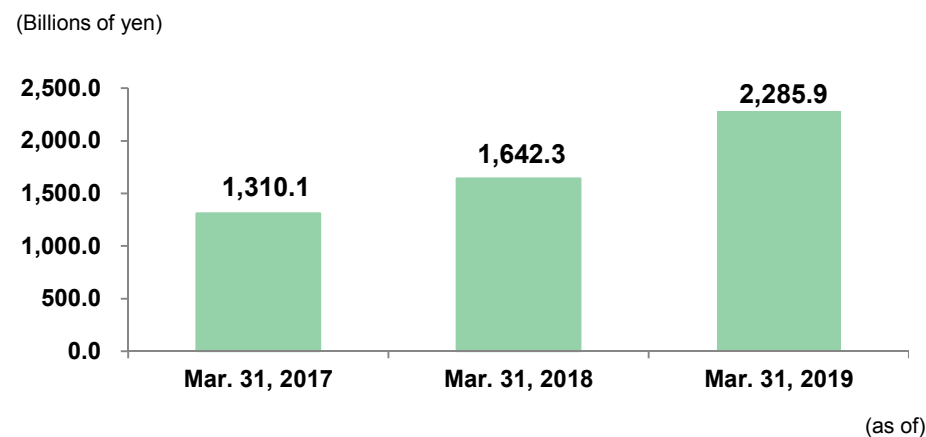
## Net Fees and Commissions



## Investment Trusts Sales



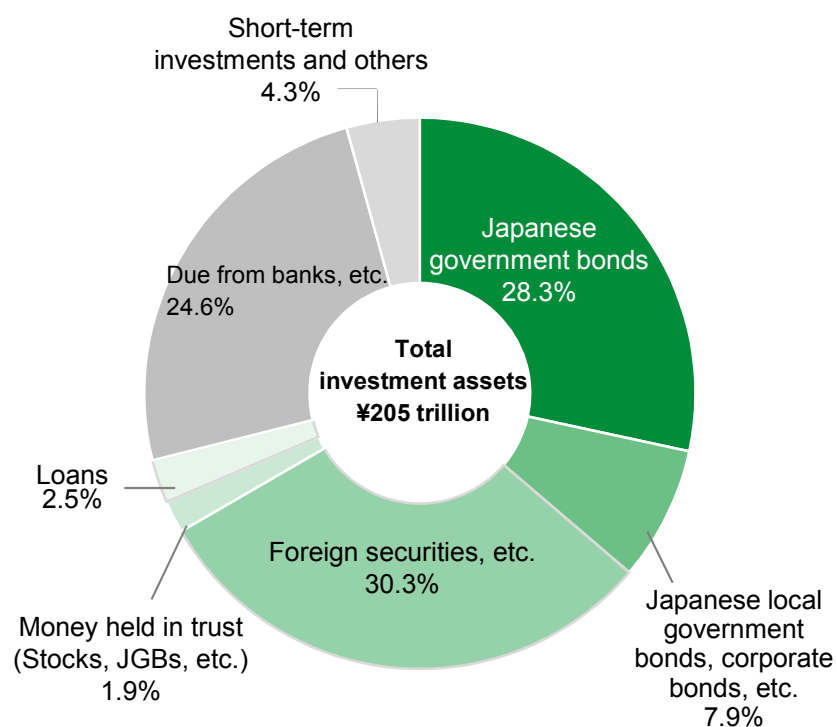
## Net Assets of Investment Trusts



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

# Japan Post Bank (Non-consolidated): Status of Investment Assets

(Billions of yen)



	As of Mar. 31, 2019	Composition ratio (%)	As of Mar. 31, 2018	Composition ratio (%)	Change
Securities	<b>137,135.2</b>	<b>66.5</b>	139,201.2	67.0	(2,065.9)
Japanese government bonds	<b>58,356.5</b>	<b>28.3</b>	62,749.7	30.2	(4,393.1)
Japanese local government bonds, corporate bonds, etc. (Note 1)	<b>16,279.1</b>	<b>7.9</b>	17,152.6	8.2	(873.5)
Foreign securities, etc.	<b>62,499.5</b>	<b>30.3</b>	59,298.8	28.5	+ 3,200.7
Foreign bonds	<b>22,035.5</b>	<b>10.6</b>	20,244.3	9.7	+ 1,791.1
Investment trusts (Note 2)	<b>40,433.9</b>	<b>19.6</b>	39,042.6	18.7	+ 1,391.2
Money held in trust (Stocks, JGBs, etc.)	<b>3,990.7</b>	<b>1.9</b>	4,241.5	2.0	(250.7)
Domestic stocks	<b>2,141.7</b>	<b>1.0</b>	2,286.1	1.1	(144.3)
Loans	<b>5,297.4</b>	<b>2.5</b>	6,145.5	2.9	(848.1)
Due from banks, etc. (Note 3)	<b>50,674.2</b>	<b>24.6</b>	49,314.6	23.7	+ 1,359.6
Short-term investments and others (Note 4)	<b>8,877.5</b>	<b>4.3</b>	8,830.6	4.2	+ 46.8
<b>Total investment assets</b>	<b>205,975.2</b>	<b>100.0</b>	207,733.5	100.0	(1,758.3)

Notes: 1. "Japanese local government bonds, corporate bonds, etc." consists of Japanese local government bonds, commercial paper, Japanese corporate bonds and Japanese stocks.

2. Major investment target in "Investment trusts" are foreign bonds.

3. "Due from banks, etc." consists of negotiable certificates of deposit, Bank of Japan deposits and monetary claims bought.

4. "Short-term investments and others" consists of call loans, receivables under resale agreements and receivables under securities borrowing transactions, etc.

# Japan Post Insurance (Consolidated): Financial Highlights

## Results of Operations for the Fiscal Year Ended March 31, 2019

(Billions of yen, %)

	For the fiscal year ended		Year-on-year change
	Mar. 31, 2019	Mar. 31, 2018	
Ordinary income	<b>7,916.6</b>	7,952.9	(36.2)
Ordinary expenses	<b>7,651.7</b>	7,643.7	+ 8.0
Ordinary profit	<b>264.8</b>	309.2	(44.3)
Net income	<b>120.4</b>	104.4	+ 15.9
(Reference) Non-consolidated Financial Highlights			
Core profit	<b>377.1</b>	386.1	(9.0)
Net capital gains (losses)	<b>(83.7)</b>	(19.1)	(64.6)
Non-recurring gains (losses)	<b>(28.2)</b>	(58.2)	+ 29.9
Ordinary profit	<b>265.1</b>	308.8	(43.7)
Annualized premiums from new policies (individual insurance)	<b>351.3</b>	376.2	(24.8)
	As of		Change
	Mar. 31, 2019	Mar. 31, 2018	
Annualized premiums from policies in force (individual insurance) <sup>(Note 1)</sup>	<b>4,677.1</b>	4,859.5	(182.3)
Solvency margin ratio (consolidated)	<b>1,189.8</b>	1,131.8	+ 58.0
Real net assets (consolidated)	<b>13,535.7</b>	12,904.8	+ 630.8

## Overview

- Ordinary profit (consolidated) for the fiscal year ended March 31, 2019 decreased by ¥44.3 billion year-on-year to ¥264.8 billion mainly due to an increase in capital losses including losses on derivative financial instruments.
- Net income (consolidated) increased by ¥15.9 billion year-on-year to ¥120.4 billion, due to reversal of reserve for price fluctuations, in addition to a decrease in provision for reserve for policyholder dividends associated with a decline in the number of participating insurance, and achieved 108.5% of the financial results forecast for the fiscal year ended March 31, 2019 mainly due to an increase in core profit, more as planned.
- Annualized premiums from new policies and policies in force for individual insurance decreased compared with the previous fiscal year and the end of the previous fiscal year, respectively. On the other hand, annualized premiums from new policies and policies in force for medical care are growing steadily compared with the previous fiscal year and the end of the previous fiscal year, respectively. <sup>(Notes 1 and 3)</sup>
- Internal reserves, which are the sum of contingency reserve and reserve for price fluctuations, amounted to ¥2,860.2 billion.
- Solvency margin ratio (consolidated), an indicator of financial soundness, amounted to 1,189.8% and real net assets (consolidated) amounted to ¥13,535.7 billion, continuously maintaining a high level of financial soundness.

Notes: 1. Policies in force for individual insurance include those for Postal Life Insurance Policies, which show contracts reinsured by Japan Post Insurance from the Organization for Postal Savings, Postal Life Insurance and Post Office Network (formerly named the Management Organization for Postal Savings and Postal Life Insurance until March 31, 2019).

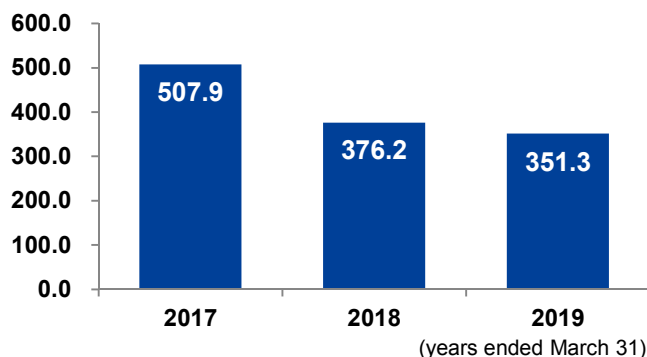
2. Figures less than ¥0.1 billion are rounded down.

3. Please refer to "Status of Insurance Policies" on page 10 for annualized premiums from new policies and policies in force for medical care.

## New Policies

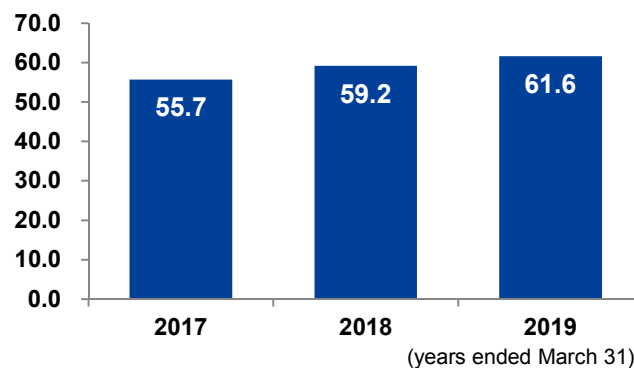
### Annualized Premiums from New Policies (Individual Insurance)

(Billions of yen)



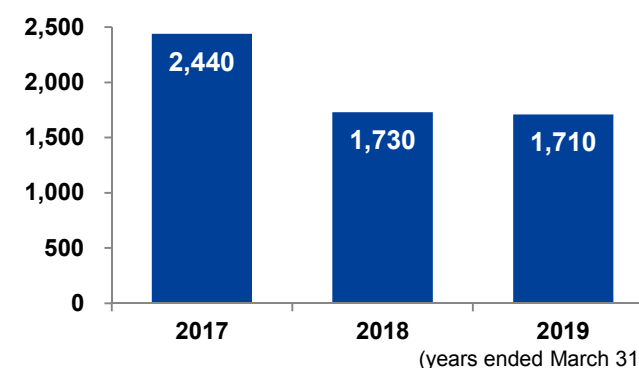
### Annualized Premiums from New Policies (Medical Care)

(Billions of yen)



### Number of New Policies (Individual Insurance)

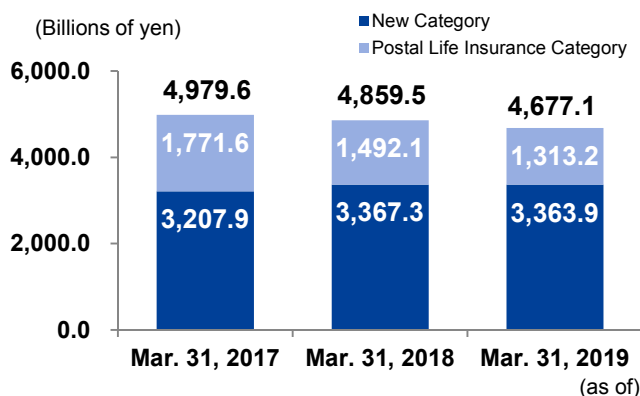
(Policies in thousands)



## Policies in Force

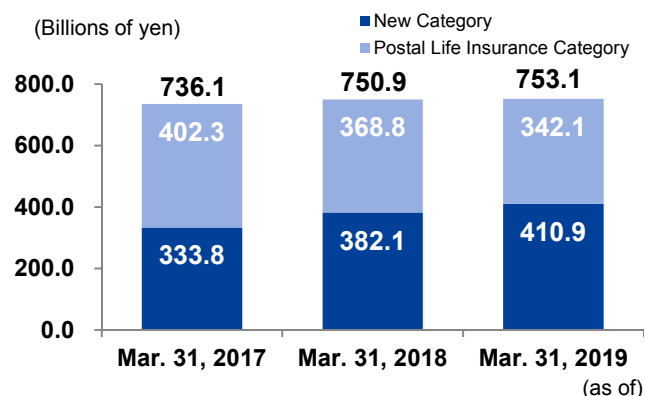
### Annualized Premiums from Policies in Force (Individual Insurance)

(Billions of yen)



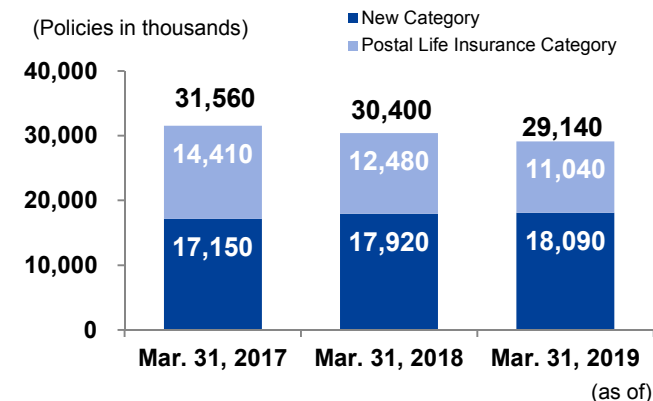
### Annualized Premiums from Policies in Force (Medical Care)

(Billions of yen)



### Number of Policies in Force (Individual Insurance)

(Policies in thousands)



Notes: 1. Figures less than ¥0.1 billion are rounded down, and 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.

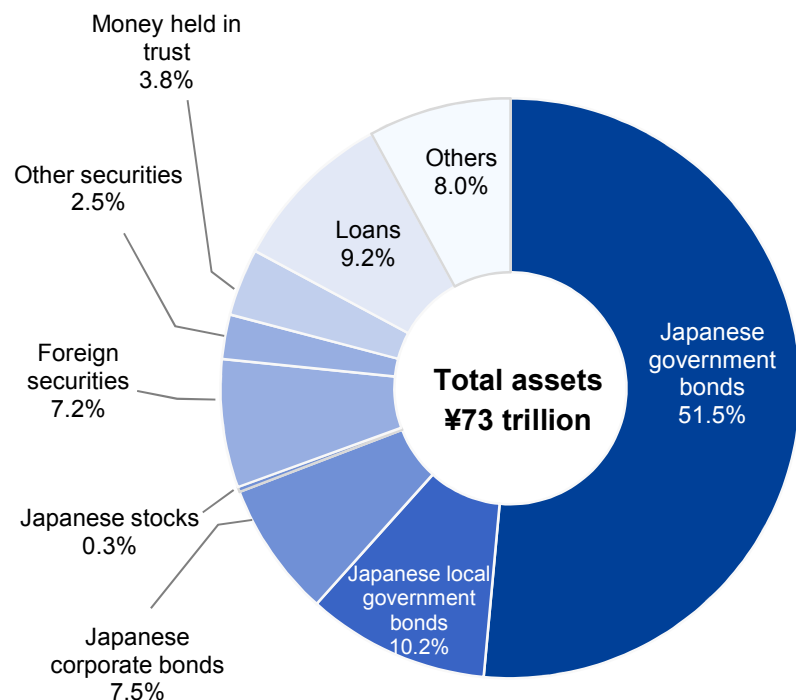
For lump-sum payments, annualized premiums are calculated by dividing the total premium by the insured period. Annualized premiums for individual insurance include those for medical care. Annualized premiums for medical care are the total of those for individual insurance and individual annuity insurance.

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 Organization for Postal Savings, Postal Life Insurance and Post Office Network.



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

(Billions of yen)



	As of Mar. 31, 2019	Composition ratio (%)	As of Mar. 31, 2018	Composition ratio (%)	Change
Securities	<b>58,451.5</b>	<b>79.1</b>	60,130.9	78.3	(1,679.3)
Japanese government bonds	<b>38,041.4</b>	<b>51.5</b>	39,589.8	51.5	(1,548.4)
Japanese local government bonds	<b>7,524.4</b>	<b>10.2</b>	8,513.5	11.1	(989.1)
Japanese corporate bonds	<b>5,562.9</b>	<b>7.5</b>	5,472.9	7.1	+ 89.9
Japanese stocks	<b>205.5</b>	<b>0.3</b>	195.3	0.3	+ 10.1
Foreign securities	<b>5,284.9</b>	<b>7.2</b>	4,347.5	5.7	+ 937.3
Other securities	<b>1,832.3</b>	<b>2.5</b>	2,011.5	2.6	(179.2)
Money held in trust	<b>2,787.5</b>	<b>3.8</b>	2,814.8	3.7	(27.3)
Loans	<b>6,786.0</b>	<b>9.2</b>	7,627.1	9.9	(841.0)
Others	<b>5,879.8</b>	<b>8.0</b>	6,258.3	8.1	(378.5)
<b>Total assets</b>	<b>73,905.0</b>	<b>100.0</b>	76,831.2	100.0	(2,926.2)



# Financial Results Forecast for the Fiscal Year Ending March 31, 2020

# Japan Post Holdings:

## Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020



(Billions of yen)

	Net ordinary income		Net income		Background on the consolidated financial results forecast and key initiatives for the fiscal year ending March 31, 2020
		Year-on-year change		Year-on-year change	
Japan Post Holdings (Consolidated)	710.0	(120.6)	420.0	(59.4)	<p>■ Decreases in net ordinary income and net income are forecast owing to a continued decrease in the volume of mails handled and increase in unit personnel expenses, and a temporary increase in expenses resulting from system reforms, despite an anticipated increase mainly in the volume of Yu-Pack handled</p> <p>■ Key initiatives to accomplish the financial results goal for the fiscal year ending March 31, 2020</p> <ul style="list-style-type: none"> <li>- Improvement in the convenience of receipt and shipment of Yu-Pack, etc. for customers and continued development of delivery operations</li> <li>- Promotion of "from savings to asset formation" through the sales of investment trust, etc.</li> <li>- Implementation of the Transformation plan of Toll and growth strategies as well as development of the domestic BtoB business</li> </ul> <p>■ Net ordinary income and net income are forecast to remain nearly at the same level as the previous fiscal year owing to an increase in fees and commissions resulting from the expansion of sales of investment trust, etc.</p> <p>■ Key initiatives to accomplish the financial results goal for the fiscal year ending March 31, 2020</p> <ul style="list-style-type: none"> <li>- Promoting sophisticated and diversified investment, growth of non-interest income, efficient resource allocation</li> <li>- Provision of new money transfer/settlement services</li> </ul> <p>■ Decreases in net ordinary income and net income are forecast mainly owing to a decrease in the number of policies in force and the diminishment of effects of temporary factors (decrease in operating expenses and steady performance in investment income) in the previous fiscal year ended March 31, 2019</p> <p>■ Key initiatives to accomplish the financial results goal for the fiscal year ending March 31, 2020</p> <ul style="list-style-type: none"> <li>- Acquisition of new policies through launch of new products and maintain the persistency rate</li> <li>- Diversification of investment assets including expansion of return-seeking assets</li> </ul>
Japan Post Co. (Consolidated)	125.0	(54.8)	100.0	(26.6)	
Japan Post Bank (Consolidated)	375.0	+ 1.0	270.0	+ 3.8	
Japan Post Insurance (Consolidated)	190.0	(74.8)	93.0	(27.4)	

Notes: 1. The amounts of net income attributable to Japan Post Holdings, net income attributable to Japan Post Co., net income attributable to Japan Post Bank and net income attributable to Japan Post Insurance have been used for net income of Japan Post Holdings (consolidated), Japan Post Co. (consolidated), Japan Post Bank (consolidated) and Japan Post Insurance (consolidated), respectively.  
 2. Net income of Japan Post Holdings (consolidated) is calculated based on the ratio of voting rights to Japan Post Bank (approximately 89%) and Japan Post Insurance (around 65%), etc. by Japan Post Holdings at the timing of the financial results announcement.

	Net operating income	
		Year-on-year change
Japan Post Co. (Consolidated)	140.0	(42.0)
Postal and Domestic Logistics Business	77.0	(44.3)
Post Office Business	49.0	(10.6)
International Logistics Business	17.0	+ 6.6

### ■ Returns to shareholders

#### - Information Concerning Dividends (Japan Post Holdings)

##### • For the fiscal year ended March 31, 2019

##### • For the fiscal year ending March 31, 2020 (Forecast)

Dividend per share	Dividend payout ratio (consolidated)	Interim dividend	Year-end dividend	Dividend per share	Dividend payout ratio (consolidated)	Interim dividend	Year-end dividend

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

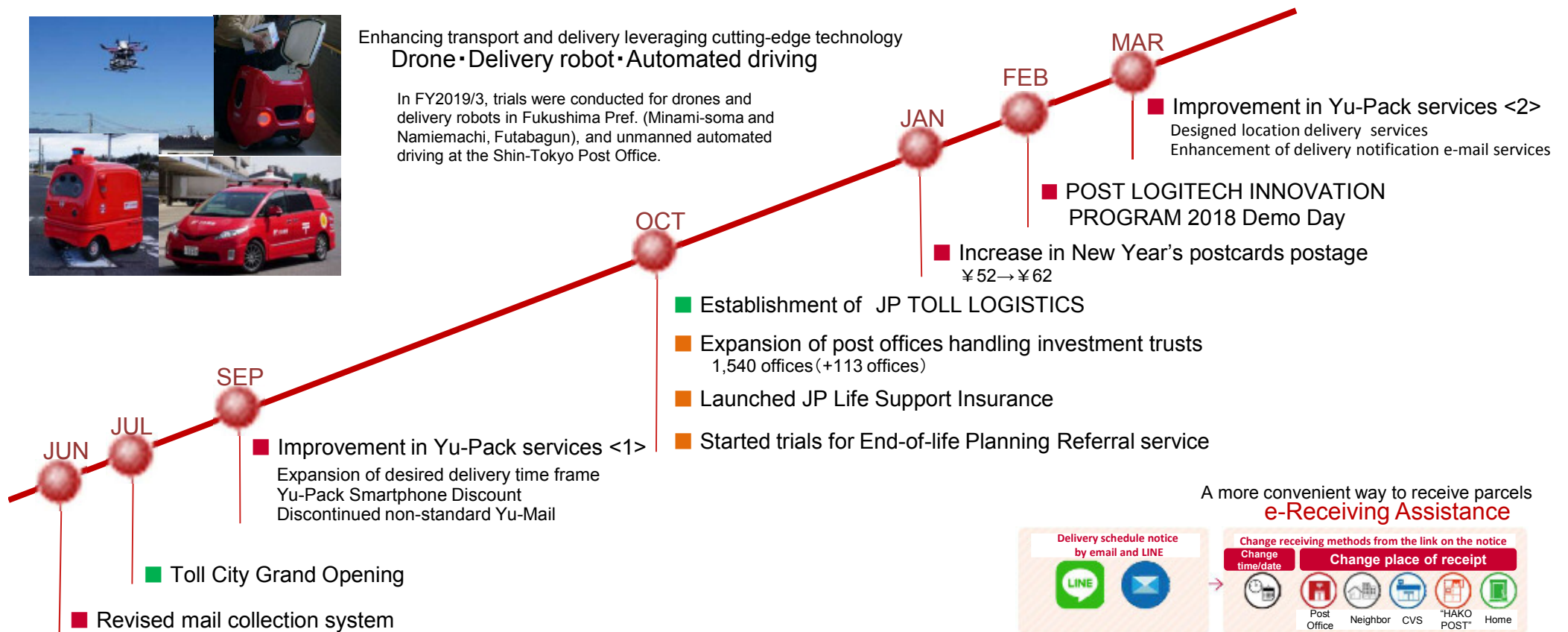
- Japan Post Holdings will also consider the share repurchase for the purpose of returning profits to shareholders in the future.

# Japan Post Co. Business Initiatives

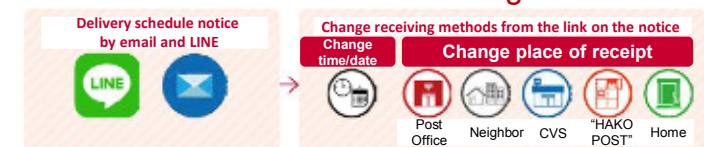


## Enhancing transport and delivery leveraging cutting-edge technology Drone • Delivery robot • Automated driving

In FY2019/3, trials were conducted for drones and delivery robots in Fukushima Pref. (Minami-soma and Namiemachi, Futabagun), and unmanned automated driving at the Shin-Tokyo Post Office.



## A more convenient way to receive parcels e-Receiving Assistance



(Postal and Domestic Logistics Business) Improved Yu-Pack and Yu-Mail unit prices

(Postal and Domestic Logistics Business) Built infrastructure for expansion of parcels, and controlled costs

(Post Office Business) Enhanced sales and management capabilities

(International Logistics Business) Strengthened corporate infrastructure, leveraging advanced technologies

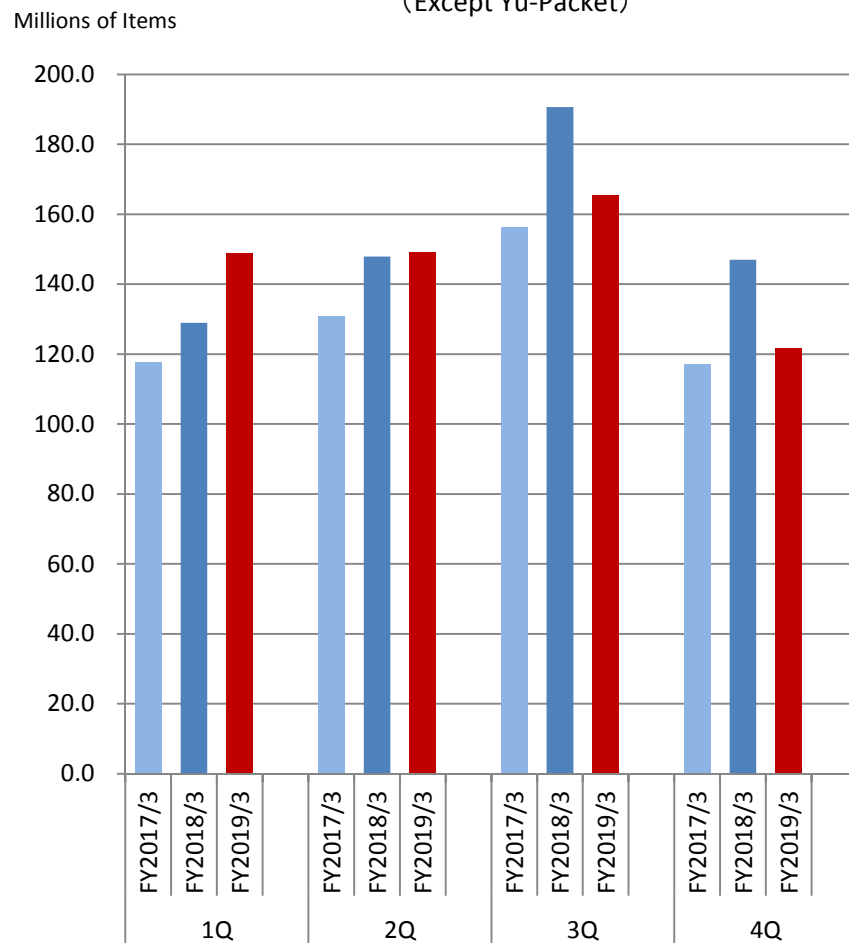
(Common) Promoted workstyle reform, diversity and thorough compliance

# Japan Post Co. (Consolidated) – Postal and Domestic Logistics Business

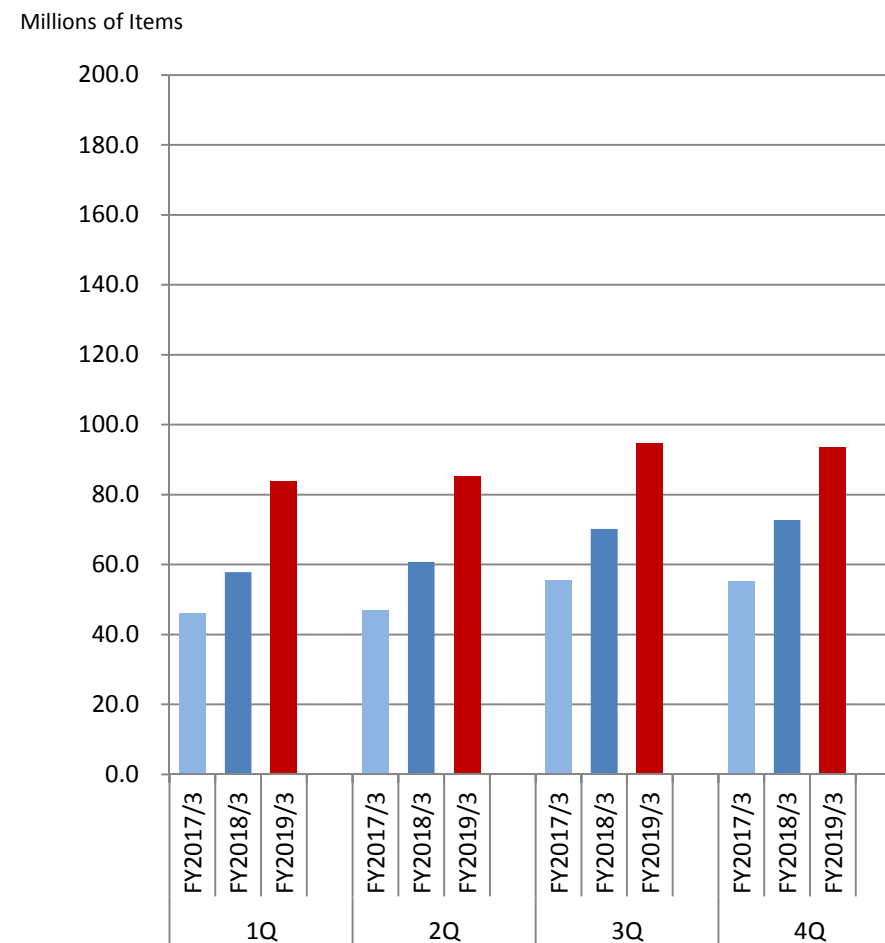
## – Quarterly Volume Trend and Unit Price



### Original Yu-Pack (Except Yu-Packet)



### Yu-Packet



### Yu-Pack Unit Price (Including Yu-Packet)

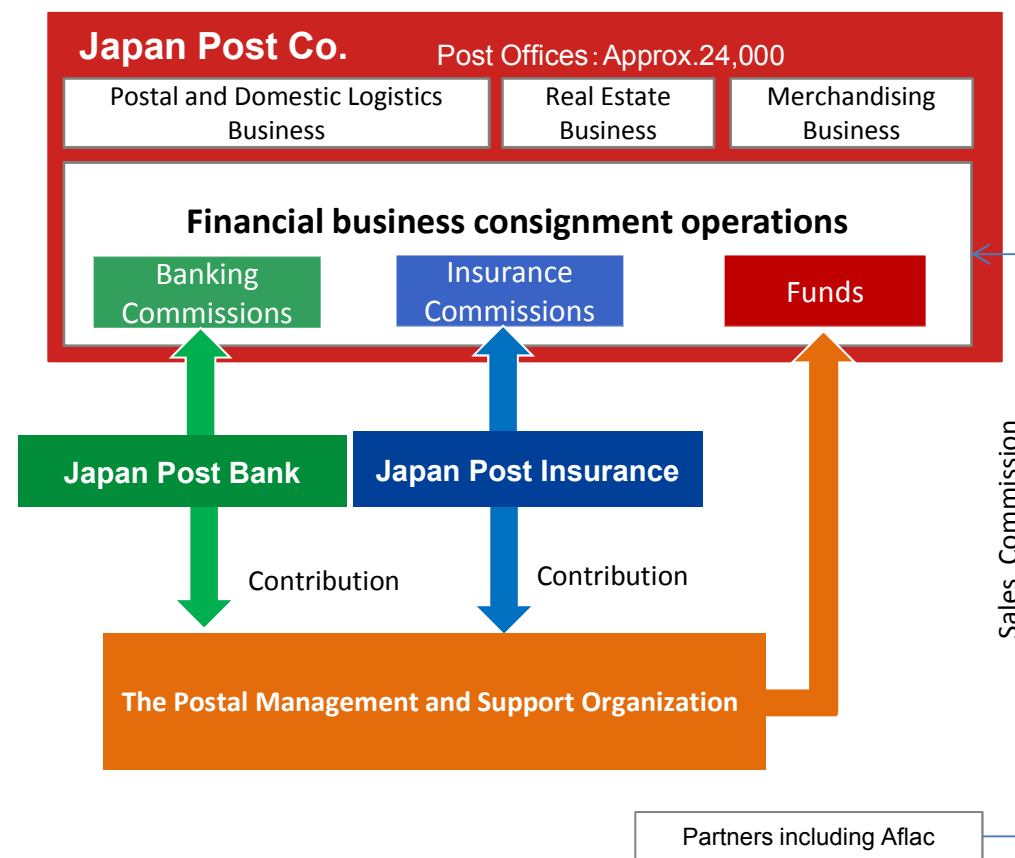
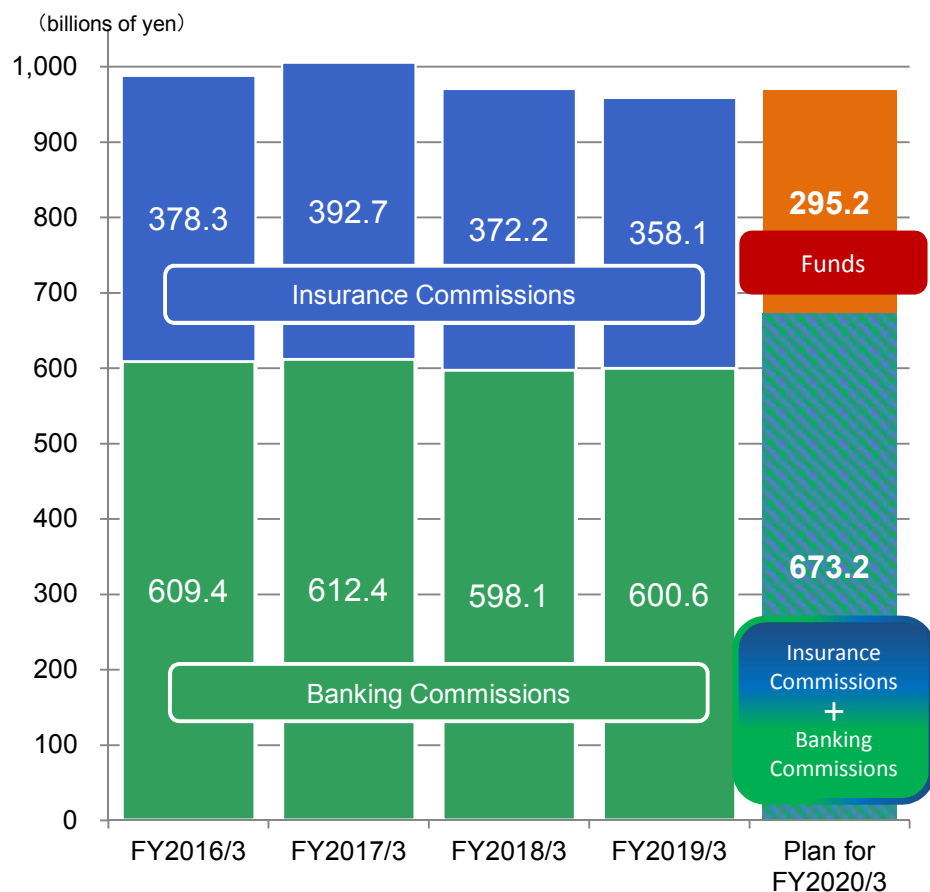
	FY2018/3	FY2019/3
	¥ 397	¥ 443

# Japan Post Co. (Consolidated) – Post Office Business①

## – Securing Stable Income from Japan Post Bank and Japan Post Insurance



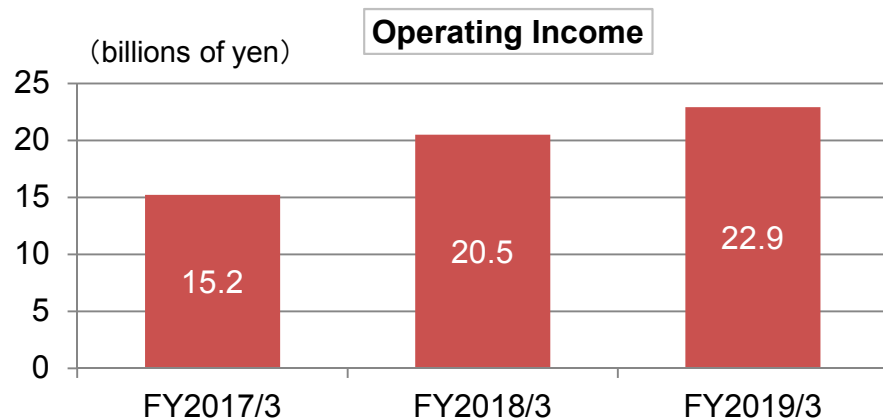
- On December 1, 2018, amendments to the Act on the Management Organization for Postal Savings and Postal Life Insurance took effect.
- From April 2019, the portion of expenses that are indispensable to securing the universal services of the postal business are to be covered by the funds granted to Japan Post Co. by the Postal Management and Support Organization, which is funded by contributions from Japan Post Bank and Japan Post Insurance.



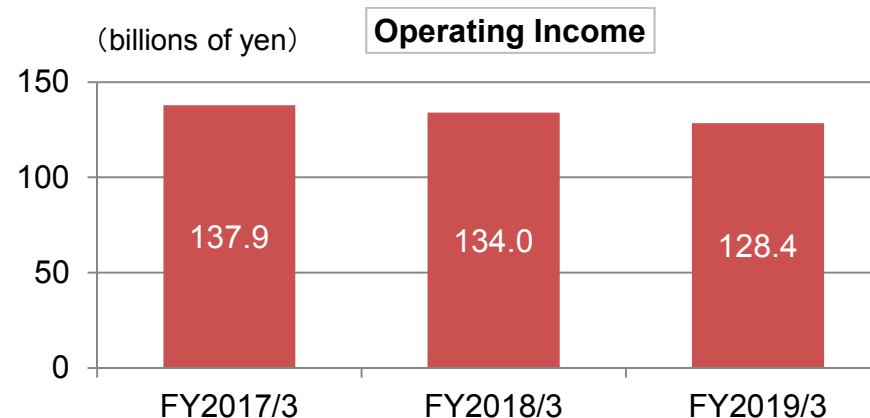
# Japan Post Co. (Consolidated) – Post Office Business②

## – Securing Further Income

### Third-party Financial Product Agency Services



### Merchandising Business



### Post Offices Expansion for Enhancing Customers Convenience

On May 10, 2019, opened “JJ+T” in ecute Tachikawa

Japan Post Co. and East Japan Railway Company tied up with Tully’s Coffee Japan Co., Ltd. to open “JJ+T,” a one-stop lifestyle store, in ecute Tachikawa, a commercial facility located inside JR Tachikawa station.

JP Financial Laboratory within the facility offers consultation services that entail life planning towards the future and providing financial information, as it serves as a consultation counter of the post office near you.

(It does not handle postal services and logistics.)



Inside the store

Choosing locations that capture customer needs

Parallel establishment of convenience stores



Saidaiji-Tomisaki Post Office (Okayama Prefecture) (Relocation on January 28, 2019)

Offices in shopping centers



THE OUTLETS HIROSHIMA Post Office (Hiroshima Prefecture) (Open on July 30, 2018)

Offices in local government facilities

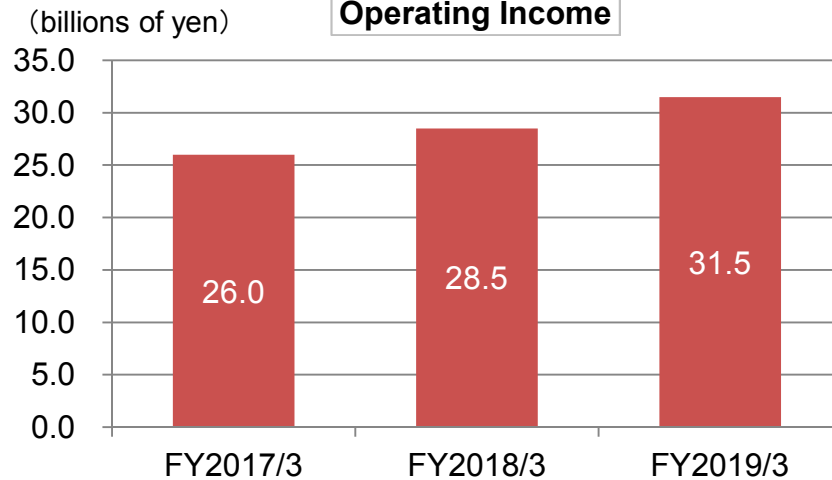


Ashiyasu Post Office (Yamanashi Prefecture) (Relocation on February 19, 2018)



Real Estate Business

Operating Income



Diverting Former Company Housing Sites

Constructed facilities for the elderly, nursery schools and rental houses in Tokyo

Japan Post Co. has been engaged in the real estate development business using former company housing sites. In FY2019/3, Granda Mejiro Nibankan, Nichii Kids Kami-ikebukuro Nursery School and JP noie Mita have been completed (announced on March 28, 2019).



Granda Mejiro Nibankan

This is a complex of Granda Mejiro Nibankan opened in March 2019 as a private nursing home for the elderly, and Benesse Mejiro Nursery opened in April 2019. These facilities were leased en bloc to Benesse Style Care Co., Ltd., which operates each facility. This is the first nursing home built by Japan Post Co.



Nichii Kids Kami-ikebukuro Nursery School

Opened in April 2019. Nichii Kids Kami-ikebukuro is leased en bloc to Nichiigakkan Co., Ltd., the operator. This is the third nursery school built by Japan Post Co.



JP noie Mita

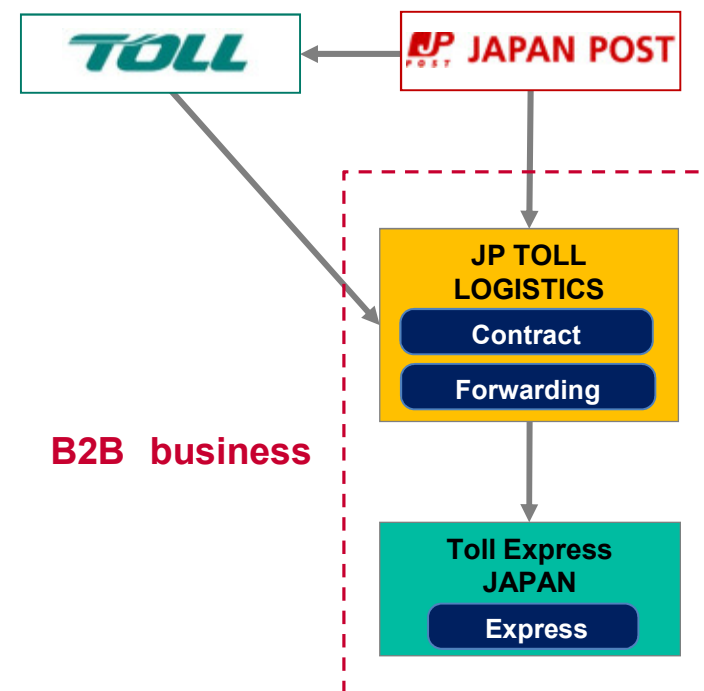
Rental housing with 23 units. This is the sixth rental housing building under the “JP noie” series.



# Japan Post Co. – International Logistics Business Establishment of JP TOLL LOGISTICS Co., Ltd.

We established a new company called JP TOLL LOGISTICS Co., Ltd. on October 1, 2018.  
JP TOLL is going to offer integrated international logistic services mainly to the customers in Japan.

- 1 Trade Name JP TOLL LOGISTICS Co., Ltd.
- 2 Description of Business Air transport agency business, air freight forwarding business, motor truck transportation business, etc.
- 3 Head Office Otemachi Place West Tower, 2-3-1 Otemachi, Chiyoda-ku, Tokyo, Japan
- 4 Representative President & CEO Taneki Ono
- 5 Share Holders Japan Post Co., Ltd 50%  
Toll Group 50%
- 6 Corporate Logo **JP TOLL LOGISTICS**
- 7 Purpose of Establishment We aim to provide consistent solutions through development of the general logistics business both in Japan and abroad, by expanding B to B business in Japan, based primarily on contract logistics.



Develop services addressing changes in the business environment to strengthen postal and logistics functions and the post office network with thorough compliance

Postal and Domestic  
Logistics Business



Expand revenue through products and services that respond to the expanding e-commerce market, reviewing operations system, and enhancing sales infrastructure

Post Office Business



Aiming at managing and strengthening the post office network into the future, capitalize on the trend from savings toward asset-building, rebuild Japan Post Insurance's sales structure and strengthen the infrastructure by changing customer composition

International Logistics  
Business



Develop domestic BtoB business through JP TOLL LOGISTICS Co., Ltd., as well as continue to improve Toll's management with a steady growth strategy

Common

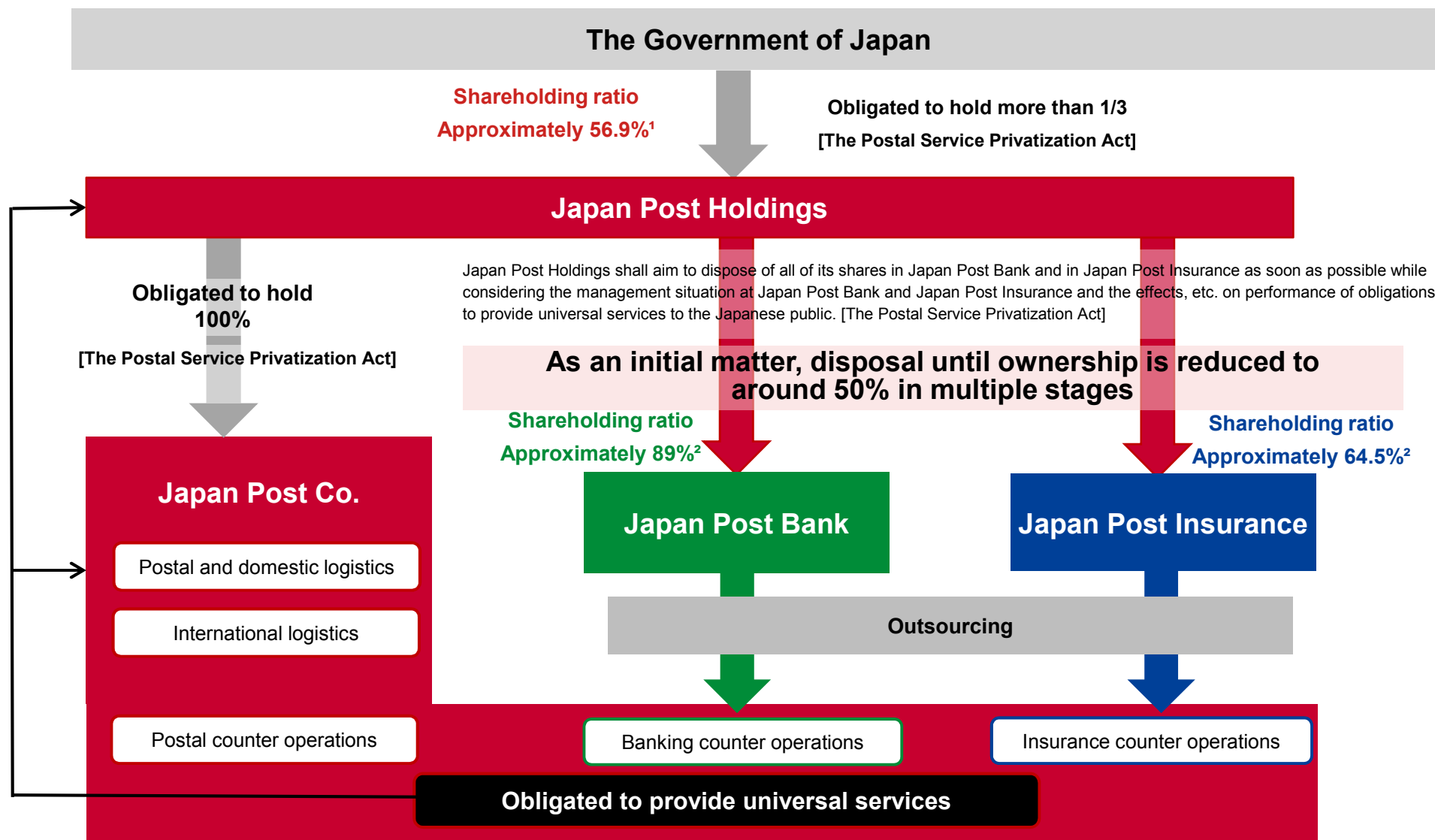


Secure confidence on the basis of thorough compliance, and continue efforts to enable employees to demonstrate their capabilities and strengthen the business infrastructure

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# APPENDIX

# Management Structure of Japan Post Group

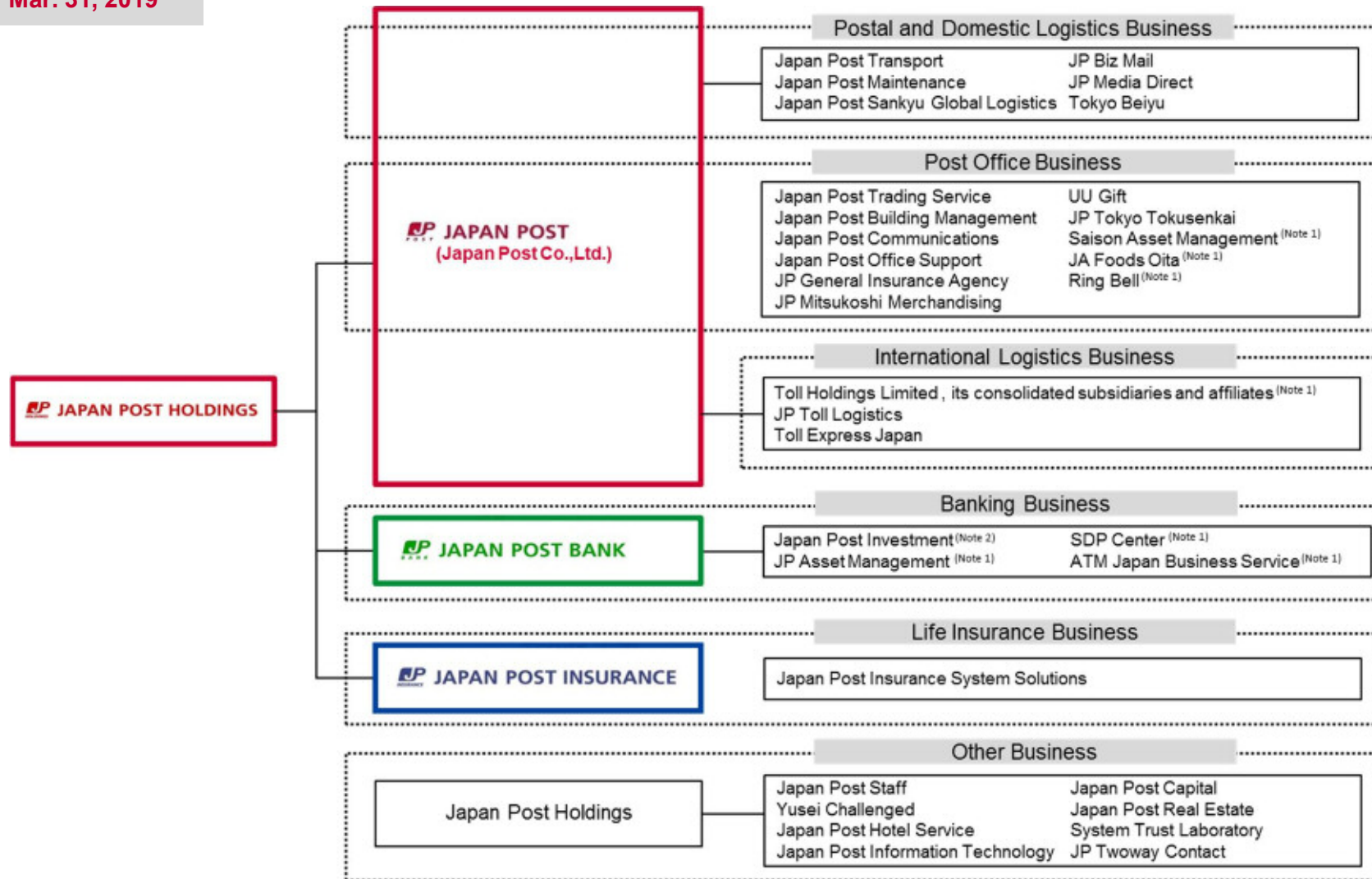


1. Shareholding ratio to the total number of issued shares  
 2. Shareholding ratio to the voting shares except for treasury shares

As of May 22, 2019

# Japan Post Group: Organization Chart

As of Mar. 31, 2019



Notes: 1. Affiliates accounted for by the equity method  
2. Including its consolidated subsidiaries

# Japan Post Co. (Consolidated): Quarterly Consolidated Statements of Income



													(Billions of yen)											
													For the three-month period from Apr. to June 2018	For the three-month period from Apr. to June 2017	Year-on-year change	For the three-month period from July to Sept. 2018	For the three-month period from July to Sept. 2017	Year-on-year change	For the three-month period from Oct. to Dec. 2018	For the three-month period from Oct. to Dec. 2017	Year-on-year change	For the three-month period from Jan. to Mar. 2019	For the three-month period from Jan. to Mar. 2018	Year-on-year change
<b>Japan Post Co. (Consolidated)</b>	Operating income	948.4	911.3	+ 37.1	939.0	920.4	+ 18.5	1,111.1	1,094.8	+ 16.2	962.0	955.2	+ 6.7											
	Operating expenses	923.3	903.8	+ 19.5	938.6	940.1	(1.5)	999.0	1,007.5	(8.4)	917.6	943.8	(26.2)											
	Personnel expenses	595.0	582.4	+ 12.5	591.6	598.3	(6.6)	612.6	619.9	(7.2)	588.3	604.1	(15.7)											
	Other expenses	328.3	321.3	+ 6.9	346.9	341.8	+ 5.1	386.3	387.5	(1.2)	329.2	339.7	(10.4)											
	Net operating income (loss)	25.1	7.4	+ 17.6	0.4	(19.6)	+ 20.0	112.0	87.3	+ 24.6	44.4	11.4	+ 33.0											
<b>Postal and Domestic Logistics Business</b>	Operating income	497.7	461.6	+ 36.1	468.7	447.3	+ 21.4	622.6	601.6	+ 21.0	525.7	511.9	+ 13.7											
	Operating expenses	482.9	468.1	+ 14.7	488.4	478.7	+ 9.7	530.9	534.7	(3.8)	491.2	498.9	(7.6)											
	Personnel expenses	311.1	300.0	+ 11.0	310.3	308.0	+ 2.3	325.7	331.7	(6.0)	314.7	319.8	(5.1)											
	Other expenses	171.8	168.1	+ 3.7	178.1	170.6	+ 7.4	205.1	203.0	+ 2.1	176.5	179.0	(2.5)											
	Net operating income (loss)	14.8	(6.4)	+ 21.3	(19.6)	(31.4)	+ 11.7	91.7	66.8	+ 24.9	34.4	12.9	+ 21.4											
<b>Post Office Business</b>	Operating income	331.6	335.6	(4.0)	345.0	341.4	+ 3.6	362.2	359.5	+ 2.7	323.6	322.1	+ 1.4											
	Operating expenses	320.7	320.8	(0.0)	327.8	332.4	(4.5)	342.5	343.5	(1.0)	311.7	322.0	(10.3)											
	Personnel expenses	230.3	228.0	+ 2.2	228.5	233.1	(4.5)	230.8	232.1	(1.3)	221.7	230.0	(8.2)											
	Other expenses	90.4	92.8	(2.3)	99.3	99.3	(0.0)	111.7	111.4	+ 0.2	89.9	91.9	(2.0)											
	Net operating income	10.8	14.7	(3.9)	17.1	8.9	+ 8.2	19.7	15.9	+ 3.7	11.8	0.0	+ 11.7											
<b>International Logistics Business</b>	Operating income	169.0	162.7	+ 6.2	177.5	179.7	(2.2)	188.2	191.0	(2.7)	165.8	170.7	(4.8)											
	Operating expenses	168.3	163.5	+ 4.8	174.2	176.0	(1.7)	185.5	185.2	+ 0.3	162.1	169.1	(7.0)											
	Personnel expenses	53.6	54.3	(0.7)	52.7	57.1	(4.3)	56.1	56.0	+ 0.1	51.8	54.1	(2.3)											
	Other expenses	114.7	109.1	+ 5.5	121.5	118.9	+ 2.5	129.4	129.2	+ 0.1	110.3	114.9	(4.6)											
	Net operating income (loss)	0.6	(0.7)	+ 1.4	3.2	3.6	(0.4)	2.6	5.7	(3.0)	3.7	1.6	+ 2.1											

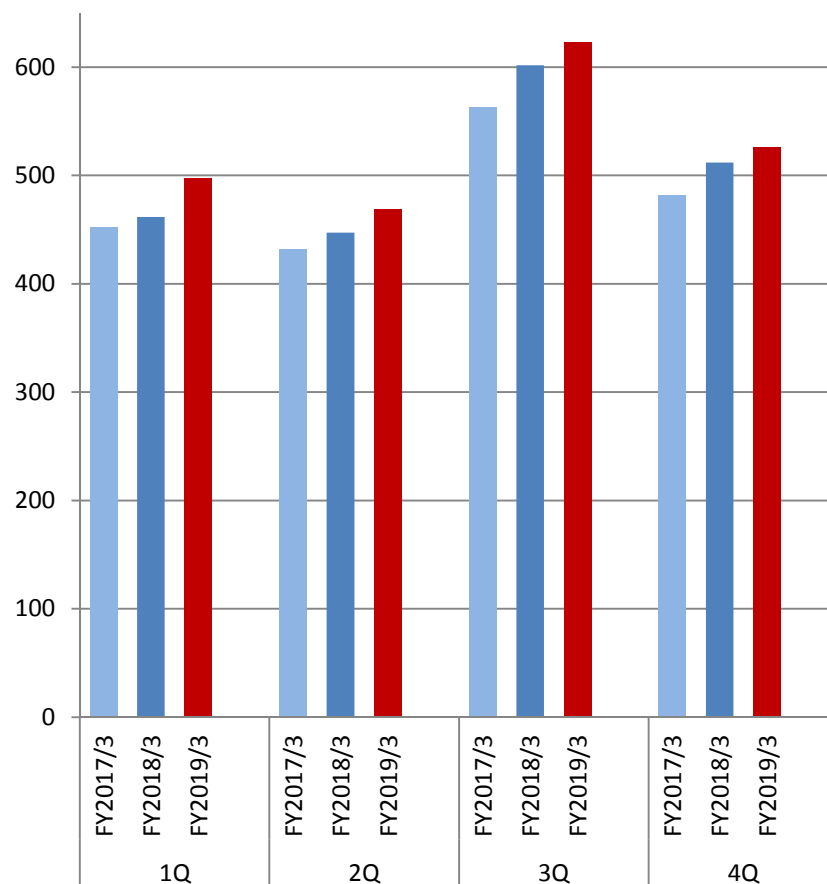
Note: Figures for the international logistics business for the three-month period from July to September, from October to December and from January to March were calculated by subtracting the accumulated figures in billions of yen until each previous quarter's end (translated by the average exchange rate for the corresponding period) from the accumulated figures in billions of yen until each quarter's end (translated by the average exchange rate for the corresponding period).

# Japan Post Co. (Consolidated) – Postal and Domestic Logistics Business – Quarterly Trends in Income and Net Income



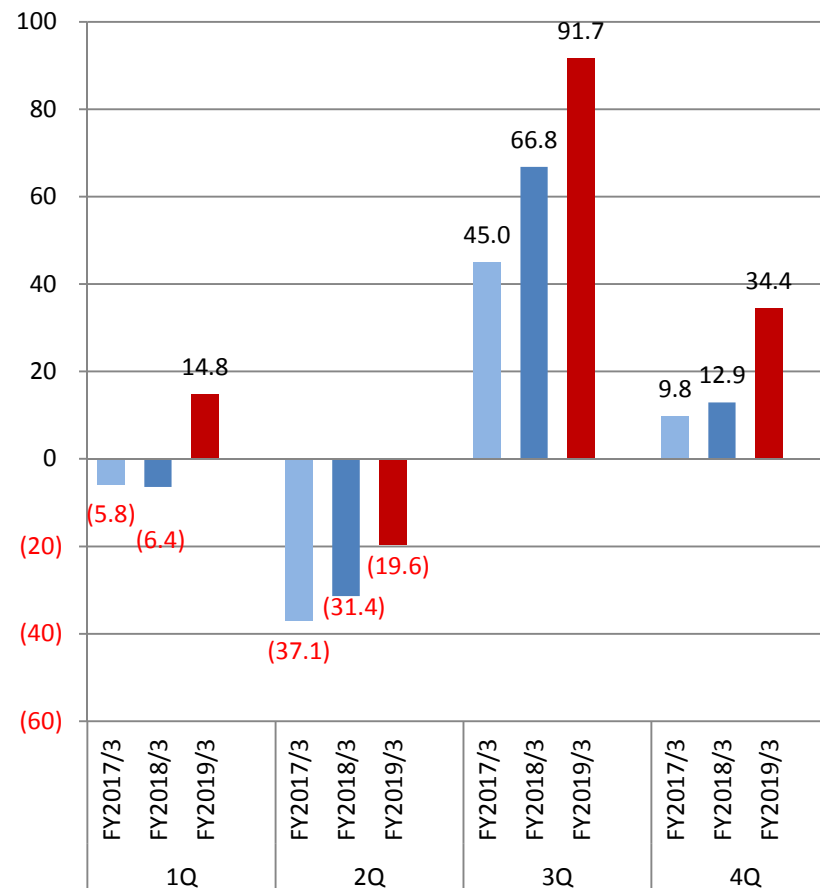
## Operating Income

(billions of yen)



## Net Operating Income(loss)

(billions of yen)

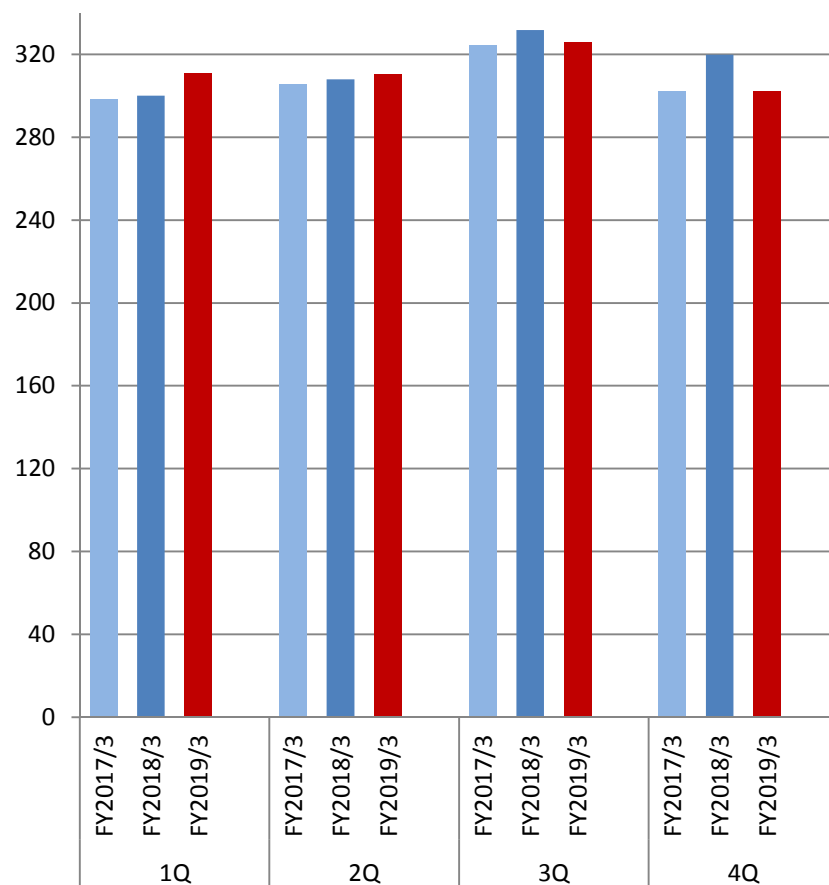


# Japan Post Co. (Consolidated) – Postal and Domestic Logistics Business – Quarterly Trends in Costs



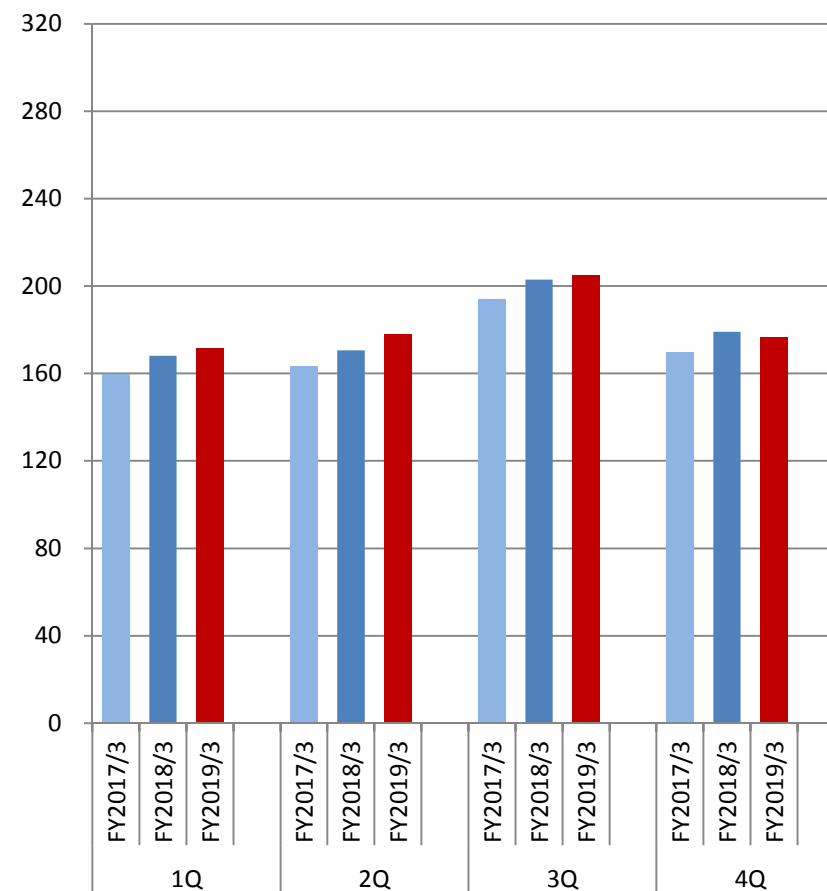
## Personnel expenses

(billions of yen)



## Other expenses

(billions of yen)





## Regulations concerning postage charges

### Postage charges (Postal Act, Article 3)

Charges for postal services must be based on efficient management of the postal services business, an appropriate level of cost, and an appropriate level of profit.

### Notification and approval of postage charges (Postal Act, Article 67-1, 67-3 and 67-5)

Type	Details of main postal items	Notification / approval
First-class mail	Letters	Notification (there is an upper limit* for postage charged for postal items of set format, weighing 25 g or less)
Second-class mail	Postcards	Notification (lower than the lowest rate for postal items of set format)
Third-class mail	Magazines, newspapers	Approval
Fourth-class mail	Educational materials, etc.	Approval

\* The amount charged for delivery of lightweight items is set by order of the Ministry of Internal Affairs and Communications, based on the importance of the role played by this service in the life of the people, the ability of the people to pay, general costs of goods and services, and other information ⇒ Currently ¥82

(Note) Compensation for total costs, based on total postage revenues, regardless of cost of individual services.

### Order to change charges (Postal Act, Article 71)

The Minister of Internal Affairs and Communications may order changes in postage charges, when required.

## Level of services for universal coverage

### Acceptance

#### 【Installation of "posts" (mailboxes) as an easy way to drop off mail at any time】

< Postal Act, Article 70-3, enforcement regulations Article 32-2 (approval standards in Postal Operations Administration Regulations) >

- Maintain the number of posts (approx. 180,000) that existed at the time of the enactment of the Act for the Enforcement of the Japan Post Act (April 1, 2003).
- Posts to be universally maintained in every city, town and village
- These posts shall be on public streets where they are readily accessible on an everyday basis, and other locations where they are highly visible to the public: rail stations, retail establishments, etc.

#### 【Installation of post offices】

< Japan Post Co., Ltd. Act, Article 6; enforcement regulations Article 4-1~3. >

- Japan Post Co. is to establish post offices everywhere, throughout Japan, for the purpose of public use.

### Delivery

#### 【Deliveries once a day, six days a week, in principle】

< Postal Act, Article 70-3, enforcement regulations Article 32-3 >

- Delivery of the mail is to take place at least once a day, six days a week, from Monday to Saturday, excluding holidays and January 2.

#### 【In principle, delivery should be made within three days from the day when mail is handed to the post office】

< Postal Act, Article 70-3, enforcement regulations Article 32-5 >

- Three-day delivery is the principle, excluding mail handed in at the locations below:
  - Remote islands without means of transportation suitable for mail transport that run at least once daily (limited to islands that do not have roadways connecting to Honshu, etc.): two weeks or less
  - Remote islands other than those above: within 5 days

#### 【Household delivery throughout the country (receiving address)】

< Postal Act, Article 70-3, enforcement regulations Article 32-3 >

- Mail is to be delivered to the addressee, with the exception of locations where transportation access by ordinary means is difficult\*
- \* Locations such as mountain huts in winter, etc., to be specified separately by Japan Post Co., Ltd.

## The Strategic Alliance’s Three Pillars

### (1) Capital Relationship

Japan Post Holdings will acquire through a trust approximately 7% of Aflac Incorporated outstanding common shares

(Four years after acquisition of the shares,<sup>\*</sup> Japan Post Holdings will aim to reflect a portion of Aflac Incorporated earnings in its consolidated earnings via application of the equity method of accounting)

<sup>\*</sup> The Articles of Incorporation of Aflac Incorporated, in principle, stipulate each share is entitled to ten votes after continuous holding of Aflac Incorporated common shares for 48 months.

### (2) Reaffirming cancer insurance sales initiatives

Reaffirm the initiatives regarding cancer insurance and shall make reasonable efforts to further develop them

<Implemented Initiatives>	October, 2008	Started to sell Aflac cancer insurance
	October, 2014	Expanded to 10,022 post offices handling cancer insurance
	July, 2015	Started to sell insurance specialized for Japan Post Group
	October, 2015	Expanded to 20,076 post offices handling cancer insurance
		Started to offer new services (confirmation of present status of the elderly and guidance for a change of address)

### (3) Consideration of new initiatives for cooperation

In addition to cancer insurance sales initiatives, new initiatives for cooperation, including the items set forth below, shall be considered

1. Strategic initiatives regarding customer-centric business management best practices (leveraging digital technology)
2. Cooperation in new product development to promote customer-centric business management
3. Cooperation in domestic and/or overseas business expansion and joint investment in third-party entities
4. Cooperation regarding asset management

Japan Post Holdings further strengthens its relationship with Aflac and aims to create a sustained cycle of growth for both companies

[Notes]

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Email: [irshitsu.ii@jp-holdings.jp](mailto:irshitsu.ii@jp-holdings.jp)

<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.

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