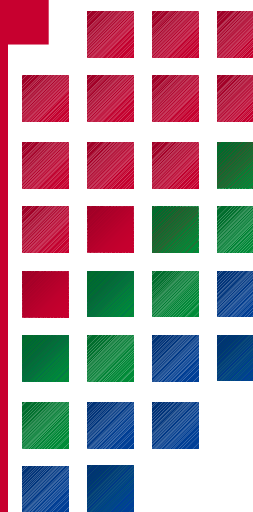


**Financial Highlights  
for the Nine Months Ended December 31, 2015**

**February 12, 2016**



# Japan Post Group: Financial Highlights

## ■ Results of Operations for the Nine Months Ended December 31, 2015

(Billions of yen)

	Japan Post Group (Consolidated)	Japan Post (Consolidated)	Japan Post Bank	Japan Post Insurance (Consolidated)
<b>Ordinary income</b>	<b>10,802.9</b>	2,721.9	1,506.1	7,293.7
Year-on-year (for the nine months ended Dec.31, 2014) change	(0.6)	+ 494.8	(62.3)	(429.6)
	(0.0)%	+ 22.2%	(3.9)%	(5.6)%
<b>Net ordinary income</b>	<b>784.7</b>	41.4	389.0	327.7
Year-on-year (for the nine months ended Dec.31, 2014) change	(58.6)	+ 17.1	(30.8)	(49.7)
	(7.0)%	+ 70.7%	(7.3)%	(13.2)%
<b>Net income</b>	<b>383.1</b>	48.7	266.0	72.7
Year-on-year (for the nine months ended Dec.31, 2014) change	(21.5)	+ 26.9	(13.9)	(0.6)
	(5.3)%	+ 123.2%	(4.9)%	(0.9)%

## ■ Forecast for the fiscal year ending March 31, 2016

<b>Net ordinary income</b> [percentage achievement]	860.0 [91.2%]	29.5 [140.6%]	460.0 [84.5%]	350.0 [93.6%]
<b>Net income</b> [percentage achievement]	370.0 [103.5%]	-	320.0 [83.1%]	84.0 [86.6%]

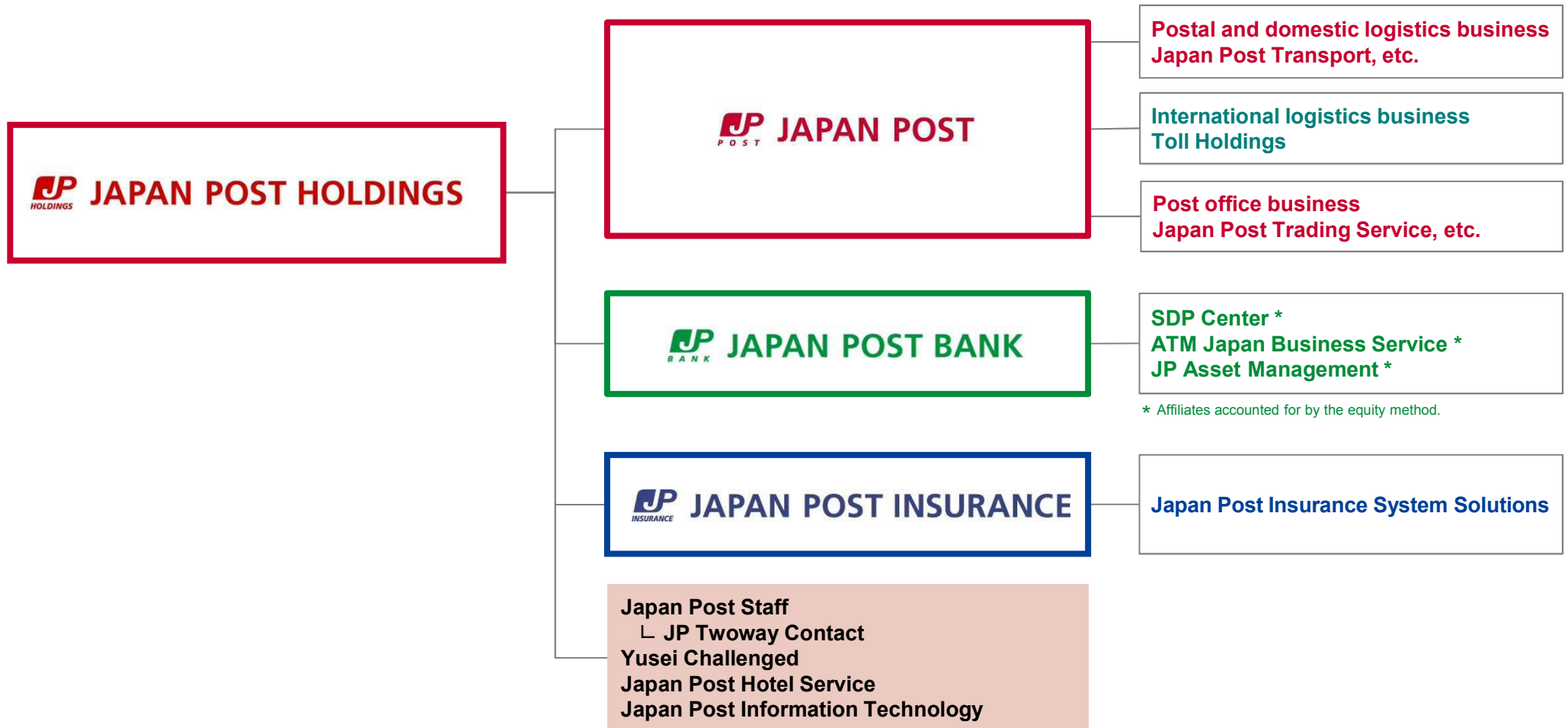
Notes: 1. Figures less than ¥0.1 billion are rounded down. The figures of Japan Post Group (consolidated) and the combined figures of each subsidiary do not correspond because of other consolidated accounting procedures.

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 attributable to Japan Post and net income attributable to Japan Post Insurance have been used for net income of Japan Post Group (consolidated), Japan Post (consolidated) and Japan Post Insurance (consolidated), respectively.

# Japan Post Group: List of the Group Companies

**Organization chart  
(as of December 31, 2015)**



# Japan Post (Consolidated): Financial Highlights

Japan Post consolidated operating income for the nine months ended December 31, 2015 increased by ¥492.2 billion year-on-year to ¥2,705.3 billion. Japan Post consolidated net operating income increased by ¥14.8 billion year-on-year to ¥34.1 billion.

- Net operating income of postal and domestic logistics business improved by ¥12.6 billion year-on-year to ¥2.9 billion due to an increase in volume of Yu-Pack, Express Mail Service (EMS) and simplified registered mail handled.
- Net operating income of post office business increased by ¥6.1 billion year-on-year to ¥35.1 billion mainly due to promoting the operating initiatives in cooperation with Japan Post Bank and Japan Post Insurance.
- Operating income and net operating income of international logistics business that represent financial results of Toll Holdings (hereinafter referred to as "Toll") were ¥382.9 billion and ¥16.6 billion respectively.

(Billions of yen and millions of Australian dollars)

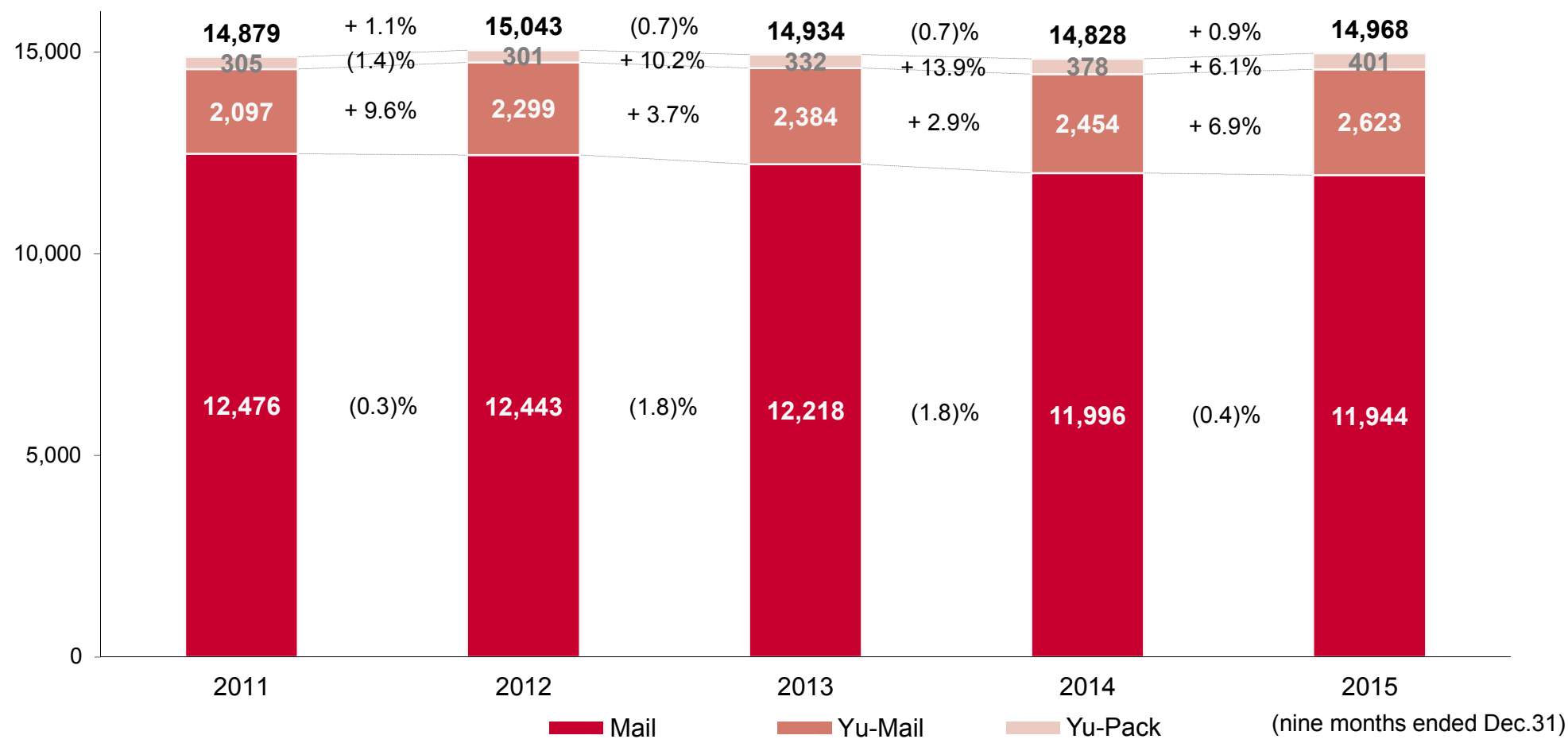
Item	Japan Post (Consolidated)		Postal and domestic logistics business		(Note2) International logistics business		Post office business	
	Year-on-year change	Year-on-year change	Year-on-year change	Year-on-year change	(Note3) Year-on-year change	Year-on-year change	Year-on-year change	
Operating income	2,705.3	+ 492.2	1,449.5	+ 60.1	382.9 [4,347]	-	1,021.1	+ 50.0
Operating expenses	2,671.2	+ 477.4	1,446.5	+ 47.4	366.3 [4,158]	-	986.0	+ 43.9
Personnel expenses	1,738.2	+ 173.4	924.3	+ 30.9	119.1 [1,352]	-	694.7	+ 23.2
Other expenses	(Note1) 933.0	+ 303.9	522.2	+ 16.4	247.1 [2,805]	-	291.2	+ 20.6
Net operating income (loss)	34.1	+ 14.8	2.9	+ 12.6	16.6 [188]	-	35.1	+ 6.1
Net ordinary income (loss)	41.4	+ 17.1						
Income (loss) before income taxes	55.6	+ 37.2						
Net income (loss)	48.7	+ 26.9						

- Notes: 1. Includes amortization of goodwill in connection with the acquisition of Toll, which is ¥12.1 billion for the six-month period from July 2015 to December 2015.
2. 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 millions of Australian dollars (Average exchange rate for the period: ¥88.10 to A\$1.00.).
3. Year-on-year change figures have not been presented because the previous corresponding period was before Toll acquisition.

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

- Total volume of items handled increased by 0.9% year-on-year. Of which, volume of mail handled decreased by 0.4% year-on-year.
- Volume of Yu-Pack handled increased for the third consecutive year. Volume of Yu-Mail handled increased by 6.9% year-on-year.

(Volume of items handled in millions)



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

- Operating income increased by ¥60.1 billion year-on-year because of the following factors: Continuous increase in volume of Yu-Pack and EMS for Asia handled due to expansion of the e-commerce market and strengthened sales activities for small and medium-sized businesses; increase in volume of simplified registered mail handled due to the delivery of notification cards of the social security and tax number system; initiatives to expand new services such as Smart Letter; and increase in income of Yu-Packet, Click Post and other services, for which demand was high in the e-commerce market.
- Increase in operating expenses was well controlled by the measures including an improvement of productivity in pick-up and delivery services, despite negative factors including an increase in unit personnel expenses associated with an increase in volume of Yu-Pack, EMS and simplified registered mail handled.
- As a result, net operating income improved by ¥12.6 billion year-on-year to ¥2.9 billion.

## Results of Operations for the Nine Months Ended December 31, 2015

	(Billions of yen)		
	For the nine months ended Dec.31, 2015	For the nine months ended Dec.31, 2014	Year-on-year change
Operating income	1,449.5	1,389.4	+ 60.1
Operating expenses	1,446.5	1,399.1	+ 47.4
Personnel expenses	924.3	893.3	+ 30.9
Other expenses	522.2	505.8	+ 16.4
Net operating income (loss)	2.9	(9.7)	+ 12.6

### Factors behind the increase in operating income

- Increase in volume of Yu-Pack and Yu-Mail (including Yu-Packet) handled
- increase in volume of simplified registered mail handled
- Increase in volume of EMS and international parcel handled
- Increase in sales income of Letter Pack (including Smart Letter)

### Factors behind the increase in personnel expenses

- Increase in salaries and allowances (including for fixed-term employees)
- Increase in legal welfare expenses

### Factors behind the increase in other expenses

- Increase in international transportation fees associated with the increase in volume of EMS, etc.
- Increase in collection, transport and delivery outsourcing expenses associated with the increase in volume of Yu-Pack, etc.

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

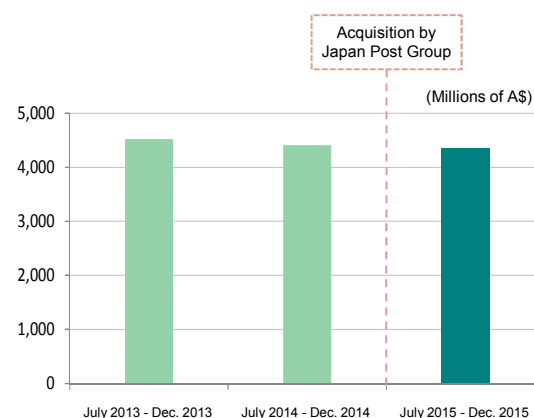
- Toll is an integrated international logistics provider with a strong operating base in Australia that engages in the forwarding business and third-party logistics (contract logistics) in the Asia Pacific region. The Japan Post Group has positioned Toll as the platform for global expansion of the Group and will promote growth of the international logistics business by taking full advantage of the knowledge and experience of Toll.
- Financial results of Toll for the six-month period from July 2015 to December 2015 has been included in the consolidated figures of the Japan Post Group. Operating income and net operating income of Toll decreased by 1.4% and 24.0%, respectively, from the previous year before it became a consolidated subsidiary of Japan Post Group.
- While the Australian and Asian economies are expected to remain challenging mainly due to the on-going weakness in the resources sector impacting the broader market, Toll has produced sound results given the business environment.

## Results of Operations for the Six Months Ended December 31, 2015 (Reference)

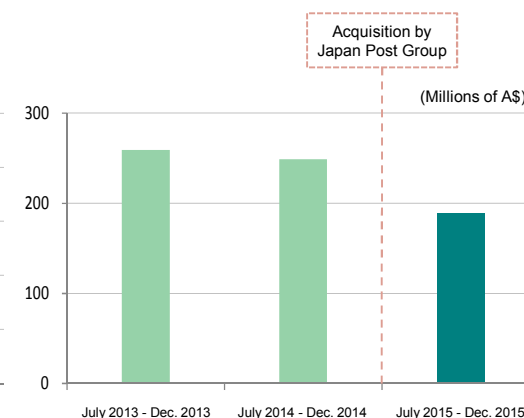
(Millions of Australian dollars)

	For the six months ended Dec.31, 2015	(Note) For the six months ended Dec.31, 2014	Year-on-year change
Operating income (revenue)	4,347	4,407	(60) [(1.4)%]
Operating expenses	4,158	4,158	(0) [(0.0)%]
Net operating income (EBIT)	188	248	(59) [(24.0)%]

## Trends of operating income (revenue)



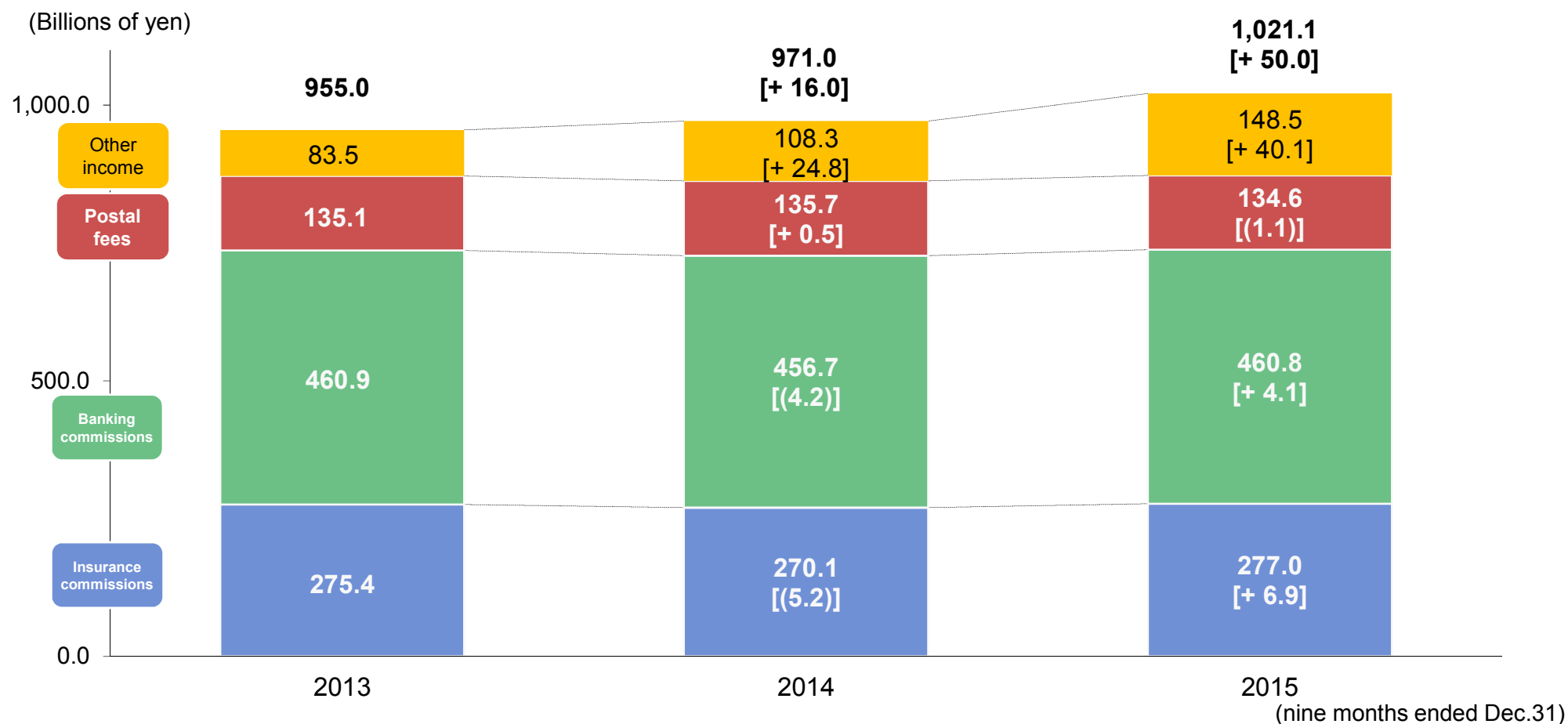
## Trends of net operating income (EBIT)



Note: Figures under “for the six months ended Dec.31, 2014” are the figures of Toll for the six-month period in the previous fiscal year before it became a consolidated subsidiary of Japan Post Group, and are included for referential purposes only.

# Japan Post (Consolidated) [Post Office Business]: Changes in the Earnings Structure

- Commissions from Japan Post Bank and Japan Post Insurance increased year-on-year due to promoting the operating initiatives in cooperation with them.
- Other operating income showed steady increase due to expansion of merchandising business and real estate business.





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

- Sales commissions and administrative fees from Japan Post Bank and commissions for new policy sales from Japan Post Insurance increased due to promoting the operating initiatives in cooperation with them. Furthermore, operating income increased by ¥50.0 billion year-on-year, because of an increase in catalog sales as part of merchandising business, increase in earnings from the development of real estate business, and improvement in third-party financial product agency services such as the expansion in July of the scope of post offices handling cancer insurance to 20,000 locations.
- Operating expenses increased by ¥43.9 billion year-on-year resulting from an increase in salaries and allowances, legal welfare expenses and costs of sales for merchandising business and real estate business.
- As a result, net operating income increased by ¥6.1 billion year-on-year.

## Results of Operations for the Nine Months Ended December 31, 2015

(Billions of yen)

	For the nine months ended Dec.31, 2015	For the nine months ended Dec.31, 2014	Year-on-year change
Operating income	<b>1,021.1</b>	971.0	+ 50.0
Operating expenses	<b>986.0</b>	942.0	+ 43.9
Personnel expenses	<b>694.7</b>	671.4	+ 23.2
Other expenses	<b>291.2</b>	270.6	+ 20.6
Net operating income	<b>35.1</b>	28.9	+ 6.1

## Breakdown of operating income

(Billions of yen)

Item	For the nine months ended Dec.31, 2015	Year-on-year change
Commissions for business consignment	872.6	+ 9.9
Other income	148.5	+ 40.1
Merchandising business	110.7	+ 19.8
Real estate business	19.6	+ 9.5
Third-party financial product agency services	8.6	+ 3.8

## Factors behind the increase in personnel expenses

- Increase in salaries and allowances (including for fixed-term employees)
- Increase in legal welfare expenses

## Factors behind the increase in other expenses

- Increase in cost of sales for merchandising business
- Increase in cost of sales associated with unit sales of residential real estate

## Factors behind the decrease in other expenses

- Reduction of the expenses for the nationwide replacement of computer terminals

# Japan Post Bank: Financial Highlights

## Results of Operations for the Nine Months Ended December 31, 2015

(Billions of yen)

	As of and for the nine months ended		Year-on-year change
	Dec.31, 2015	Dec.31, 2014	
Gross operating profit	<b>1,137.9</b>	1,252.3	(114.4)
Net interest income	<b>1,060.7</b>	1,177.1	(116.4)
Net fees and commissions	<b>70.7</b>	67.7	+ 2.9
Net other operating income (loss)	<b>6.5</b>	7.5	(0.9)
General and administrative expenses <sup>(Note1)</sup>	<b>801.1</b>	854.2	(53.1)
Provision for general reserve for possible loan losses	<b>(0.0)</b>	-	(0.0)
<b>Net operating profit</b>	<b>336.9</b>	398.1	(61.2)
Non-recurring gains (losses)	<b>52.1</b>	21.7	+ 30.3
Net ordinary income	<b>389.0</b>	419.9	(30.8)
<b>Net income</b>	<b>266.0</b>	280.0	(13.9)
Ordinary income	<b>1,506.1</b>	1,568.4	(62.3)
Ordinary expenses	<b>1,117.1</b>	1,148.5	(31.4)
Deposits <sup>(Note2)</sup>	<b>178,406.2</b>	179,068.7	(662.5)
Capital adequacy ratio (non-consolidated, domestic standard)	<b>27.93%</b>	43.36%	(15.42)%

## Overview

- Gross operating profit for the nine months ended December 31, 2015 decreased by ¥114.4 billion year-on-year to ¥1,137.9 billion. Of which, net interest income decreased by ¥116.4 billion year-on-year mainly due to a decrease in interest on Japanese government bonds, despite an increase in interest on foreign securities. While net fees and commissions increased by ¥2.9 billion year-on-year due to an increase in fees relating to the sales of investment trust, ATMs, etc.
- General and administrative expenses decreased by ¥53.1 billion year-on-year to ¥801.1 billion mainly due to a reduction in the deposit insurance premium rate.
- In the adverse business environment with the prolonged period of historically low interest rates, net operating profit decreased by ¥61.2 billion year-on-year to ¥336.9 billion and net ordinary income decreased by ¥30.8 billion year-on-year to ¥389.0 billion.
- Net income decreased by ¥13.9 billion year-on-year to ¥266.0 billion, which equated to 83.1% of the earnings forecasts of ¥320.0 billion for the fiscal year ending March 31, 2016.
- Deposits as of December 31, 2015 amounted to ¥178,406.2 billion (¥179,806.3 billion including accrued interest).
- Capital adequacy ratio (non-consolidated, domestic standard) as of December 31, 2015 was 27.93%.

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

# Japan Post Bank: Business Results

- Sales of investment products (investment trust and variable annuity insurance) performed well, while deposit balance remained stable.

## Investment Trust Sales

(Billions of yen)		
For the nine months ended Dec.31, 2015	For the nine months ended Dec.31, 2014	Year-on-year change
334.3	281.6	+ 52.7

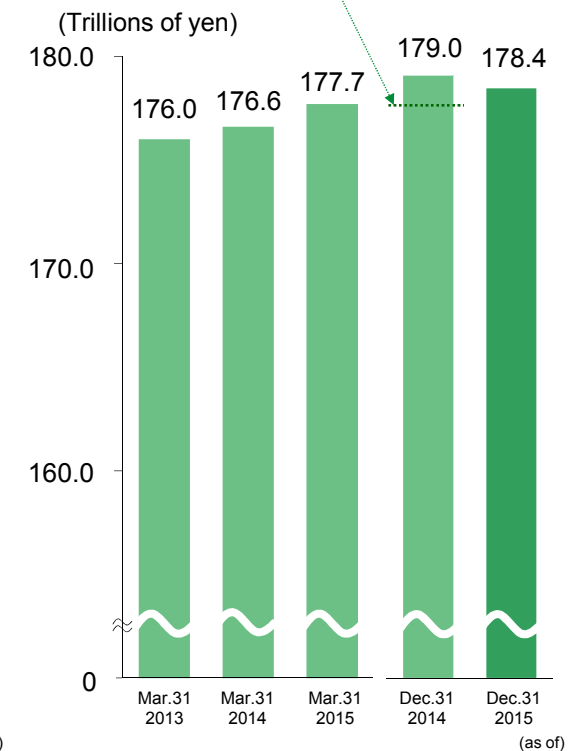
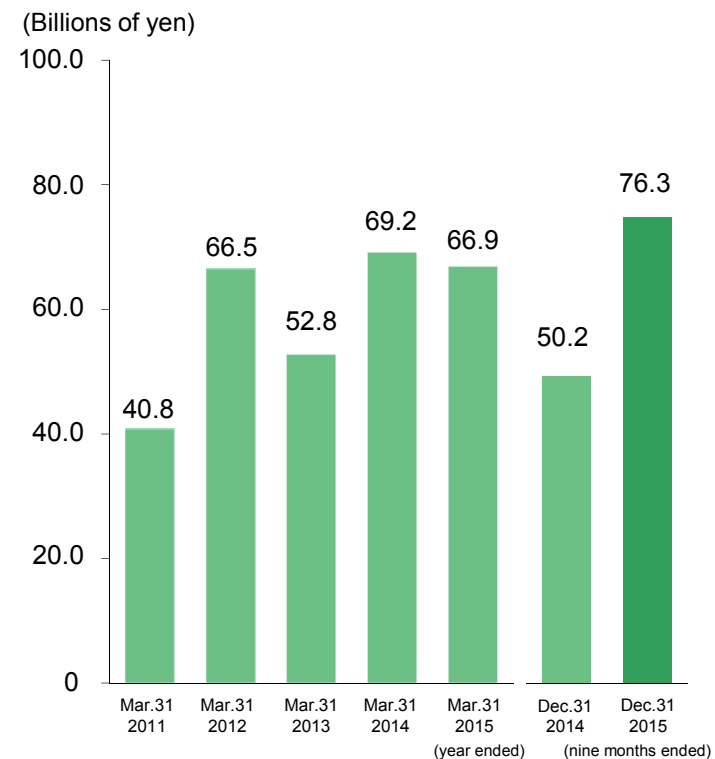
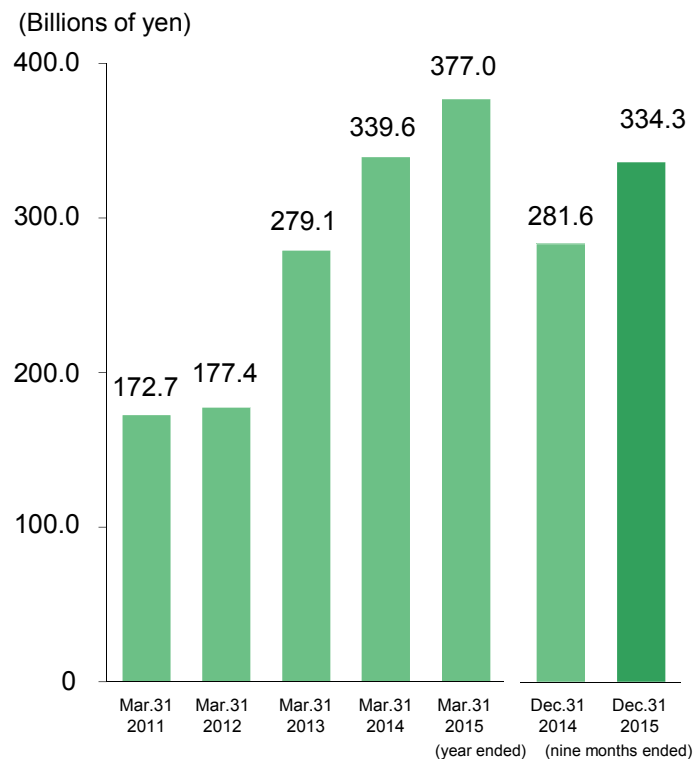
## Variable Annuity Insurance Sales

(Billions of yen)		
For the nine months ended Dec.31, 2015	For the nine months ended Dec.31, 2014	Year-on-year change
76.3	50.2	+ 26.0

## Deposit Balance

(Trillions of yen)		
As of Dec.31, 2015	As of Dec.31, 2014	Year-on-year change
178.4	177.7*	+ 0.6

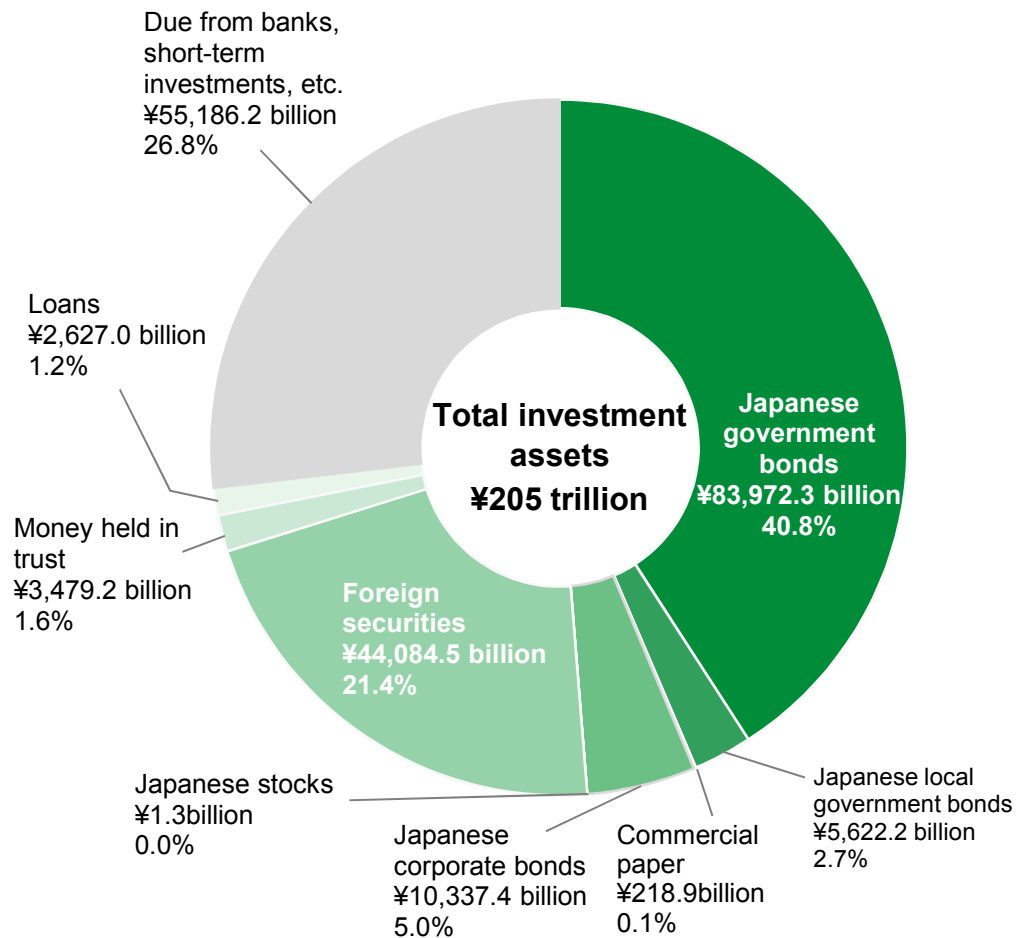
\* Deposit balance excluded deposits relating to funds paid by Japan Post Bank to acquire stocks of its common stock held by Japan Post Holdings



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

# Japan Post Bank: Details of Investment Assets

- Securities, which consisted of Japanese government bonds, etc., were ¥144.2 trillion, while loans were ¥2.6 trillion as of December 31, 2015.



(Billions of yen)

Type	As of Dec.31, 2015	Composition ratio (%)	As of Mar.31, 2015	Composition ratio (%)
Loans	2,627.0	1.2	2,783.9	1.3
Securities	144,237.0	70.1	156,169.7	75.8
Japanese government bonds	83,972.3	40.8	106,767.0	51.8
Japanese local government bonds	5,622.2	2.7	5,525.1	2.6
Commercial paper	218.9	0.1	226.9	0.1
Japanese corporate bonds	10,337.4	5.0	10,756.0	5.2
Japanese stocks	1.3	0.0	0.9	0.0
Foreign securities	44,084.5	21.4	32,893.6	15.9
Money held in trust	3,479.2	1.6	3,491.6	1.6
Due from banks, short-term investments, etc. (Note)	55,186.2	26.8	43,419.9	21.0
<b>Total investment assets</b>	<b>205,529.5</b>	<b>100.0</b>	<b>205,865.4</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.

## Results of Operations for the Nine Months Ended December 31, 2015

(Billions of yen, number of policies in thousands)

	For the nine months ended		Year-on-year change
	Dec.31, 2015	Dec.31, 2014	
Ordinary income	<b>7,293.7</b>	7,723.3	(429.6)
Ordinary expenses	<b>6,965.9</b>	7,345.9	(379.9)
Ordinary profit	<b>327.7</b>	377.4	(49.7)
Net income	<b>72.7</b>	73.4	(0.6)
Core profit	<b>352.3</b>	389.2	(36.9)
Number of new policies (individual insurance)	<b>1,790</b>	1,790	(0)
Annualized premiums from new policies (individual insurance)	<b>363.7</b>	344.9	+ 18.7

	As of		Change
	Dec.31, 2015	Mar.31, 2015	
Number of policies in force (including Postal Life Insurance Policies)	<b>32,590</b>	33,480	(890)
Solvency margin ratio (Consolidated)	<b>1,614.8%</b>	1,644.2%	(29.4)%
EV	<b>3,704.5</b>	3,501.3	+ 203.2

## Overview

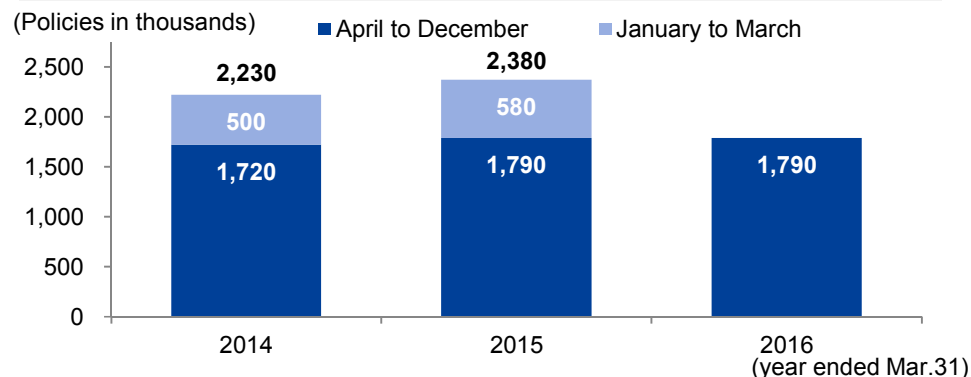
- Ordinary profit decreased by ¥49.7 billion year-on-year to ¥327.7 billion because of a decrease of number of policies in force mainly due to maturity of Postal Life Insurance Policies. Net income were on par with the previous corresponding period at ¥72.7 billion mainly due to a decrease of provision for reserve for price fluctuations, and achieved 86.6% of the earning forecast for the fiscal year ending March 31, 2016, signifying steady progress.
- Annualized premiums from new policies increased by ¥18.7 billion year-on-year to ¥363.7 billion. Annualized premiums from new policies for medical care showed a recovery trend, increasing by 21.9% year-on-year to ¥37.7 billion.
- There were 32,590 thousand policies in force (including postal life insurance policies), a decrease of 890 thousand policies from the end of the previous fiscal year.
- Retained earnings, which are the sum of contingency reserve and reserve for price fluctuations, amounted to ¥3,170.8 billion.
- Solvency margin ratio, an indicator of the financial soundness, amounted to 1,614.8%, continuously maintaining a high level of financial soundness.
- EV, an indicator of measuring corporate value and performance of life insurance companies, amounted to ¥3,704.5 billion, an increase of ¥203.2 billion from the end of the previous fiscal year.

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

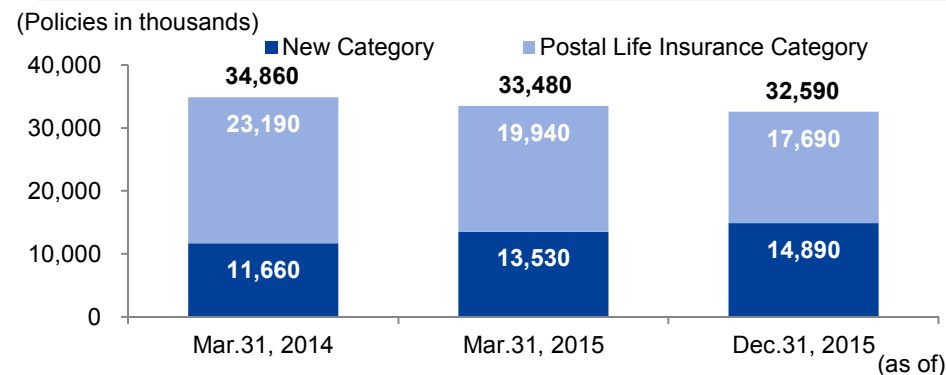
# Japan Post Insurance (Consolidated): Status of Insurance Policies

- The number of new individual insurance policies were on par with the previous corresponding period at 1,790 thousands. The number of policies in force was 32,590 thousand, a decrease of 890 thousand policies from the end of the previous fiscal year.
- Annualized premiums from new policies increased by ¥18.7 billion year-on-year to ¥363.7 billion. In addition, annualized premiums from new policies for medical care increased by 21.9% year-on-year to ¥37.7 billion.

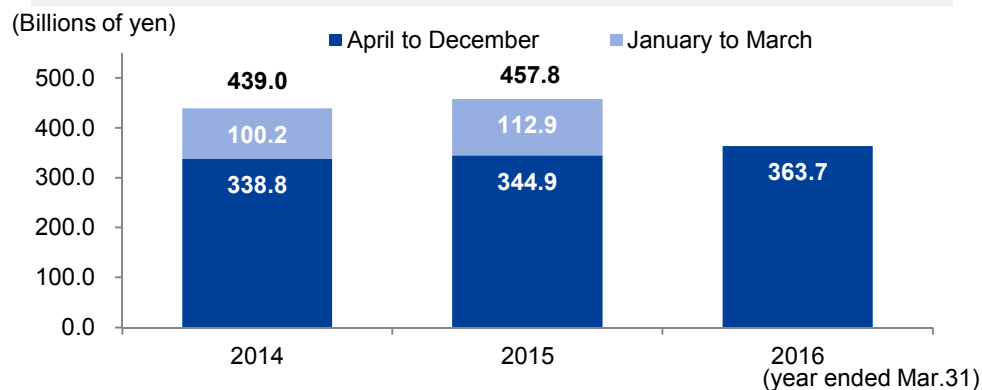
## New Policies (Individual Insurance)



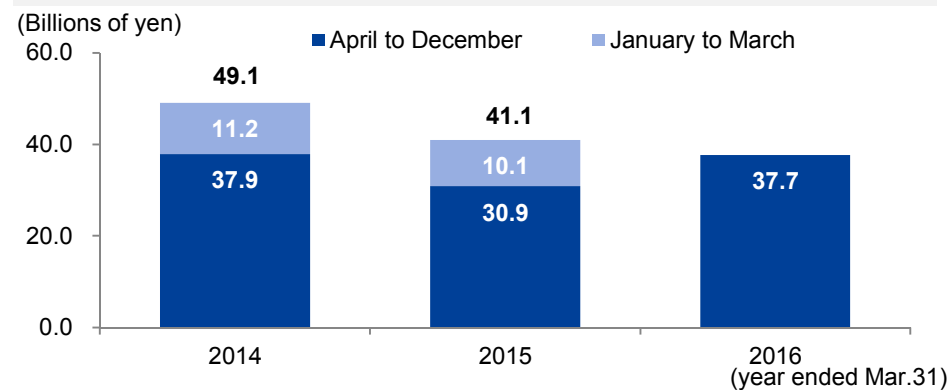
## Policies in Force (Individual Insurance)



## Annualized Premiums from New Policies (Individual Insurance)

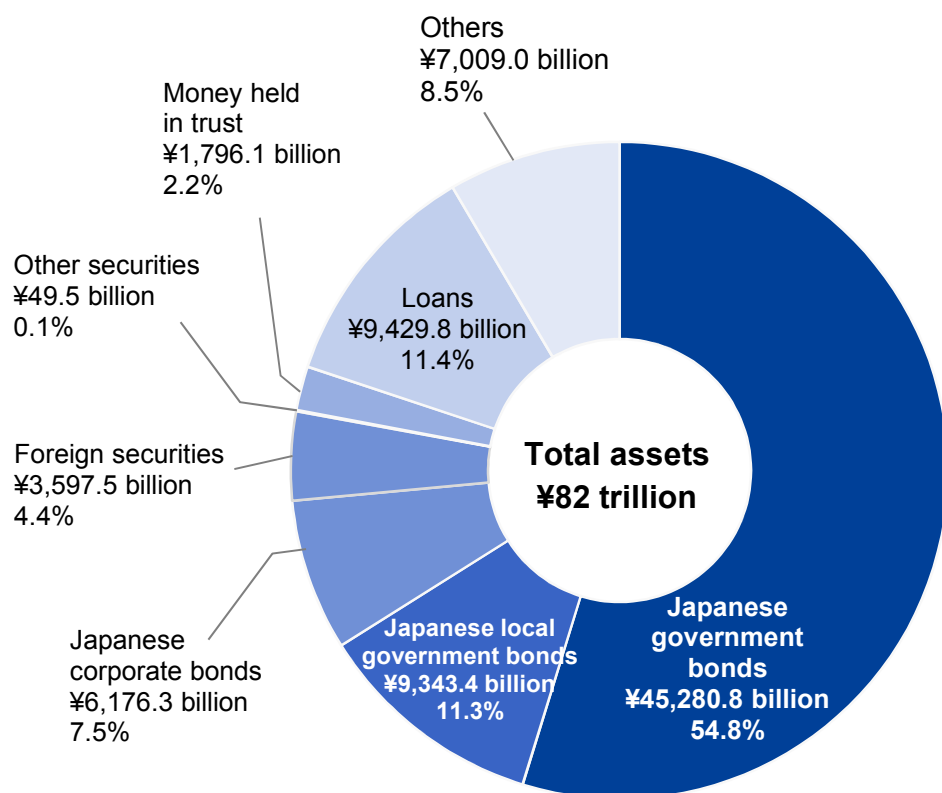


## Annualized Premiums from New Policies (Medical Care)



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.

■ Securities, which consisted of Japanese government bonds, etc., were ¥64.4 trillion, while loans were ¥9.4 trillion as of December 31, 2015.



(Billions of yen)

Type	As of Dec. 31, 2015	Composition ratio (%)	As of Mar. 31, 2015	Composition ratio (%)
Loans	9,429.8	11.4	9,977.3	11.7
Securities	64,447.7	77.9	66,276.2	78.1
Japanese government bonds	45,280.8	54.8	48,086.4	56.6
Japanese local government bonds	9,343.4	11.3	9,555.8	11.3
Japanese corporate bonds	6,176.3	7.5	6,652.4	7.8
Foreign securities	3,597.5	4.4	1,981.4	2.3
Other securities	49.5	0.1	-	-
Money held in trust	1,796.1	2.2	1,434.9	1.7
Others	7,009.0	8.5	7,226.4	8.5
<b>Total assets</b>	<b>82,682.8</b>	<b>100.0</b>	<b>84,915.0</b>	<b>100.0</b>

Appendix

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## Japan Post Group: Trends of Net Income

■ Trends of net income of Japan Post Holdings (consolidated) and principal subsidiaries (non-consolidated) are as follows.

(Billions of yen)

	For the nine months ended December 31		
	2013	2014	2015
<b>Japan Post Holdings (consolidated)</b>	394.2	404.6	383.1
<b>Japan Post (non-consolidated)</b>	65.6	17.4	43.7
<b>Japan Post Bank (non-consolidated)</b>	264.6	280.0	266.0
<b>Japan Post Insurance (non-consolidated)</b>	41.3	73.7	73.4

- Forecasts and other forward-looking statements presented in this document are based on information available to Japan Post Holdings Co., Ltd (the “Company”) at present and certain assumptions that the Company has deemed reasonable, and the Company provides no assurance that the forecasts will be achieved or with respect to any other forward-looking statements. The actual future results may vary considerably depending upon various factors.