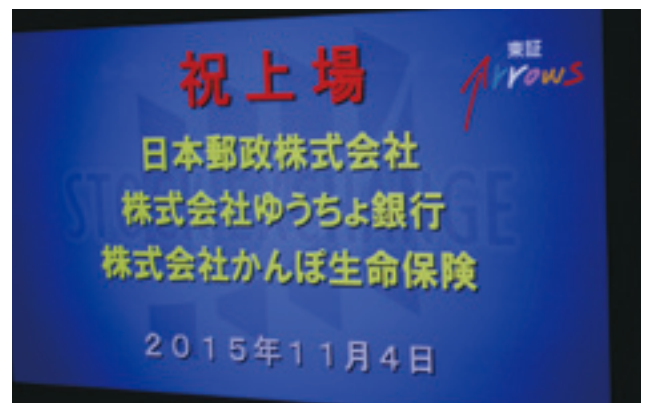


# 2016

**JAPAN POST GROUP Annual Report**

Year ended March 31, 2016

# Japan Post Group Pictorial Highlights in fiscal year ended March 31, 2016



November 4, 2015

Listed on the First Section of the Tokyo Stock Exchange





May 28, 2015

Completed the acquisition of Toll Holdings Limited by Japan Post



August 2, 2015

Festival of 10 Million People's Radio Exercise and *Minna no Taiso* ("Exercise for Everyone")



January 30, 2016

Japan Post Group advertising campaign





**April 3, 2015** Launched Smart Letter



**April 9, 2015**  
Commenced HAKO POST



**August 12 to 29, 2015**  
Held "Hakkiyoi KITTE"



**September 18 to 21, 2015**  
Held "Message Festa 2015 in KITTE"



**November 11, 2015**  
Completed JP Tower Nagoya



**October 29, 2015**  
Commenced verification testing for Watch Over Service





December 13, 2015  
Queen's Ekiden in Miyagi



February 22, 2016  
Began selling the first investment trust product of JP Asset Management Co., Ltd.



March, 2016  
The new corporate ads "Life is Full of Dreams"



March 16, 2016  
Held inauguration press conference of the new president of Japan Post Holdings Co., Ltd.



# 1. Message from the President



**Aiming to Be a Group to Totally Support Customers' Lifestyles  
("Total Lifestyle Support Group")**



I am pleased to present the Japan Post Group's Annual Report for the year ended March 31, 2016.

I am Masatsugu Nagato and assumed the position of President & CEO of Japan Post Holdings Co., Ltd. on April 1, 2016. I will lead the way to raise the corporate value of the Group working in unison. I will make my utmost efforts giving all my heart and mind and look forward to your support.

First of all, let me express my deepest sympathies to the persons afflicted by the 2016 Kumamoto earthquakes and I pray for the quickest possible recovery of the affected region.

On November 4, 2015, Japan Post Holdings Co., Ltd., Japan Post Bank Co., Ltd. (Yucho) and Japan Post Insurance Co., Ltd. (Kampo) listed on the First Section of the Tokyo Stock Exchange. As a publicly listed corporate group, we will now work more than ever to strengthen our corporate governance while aiming to achieve continuous corporate growth and raising medium- and long-term corporate value.

After our public listing as well, we will continue striving to be a "Total Lifestyle Support Group", offer even better services to our customers and grow well into the future.

To realize these objectives, we will provide customers with a wide range of services, mainly universal postal, banking and insurance services through the post office network. In undertaking these businesses, the Group will work in unison in implementing initiatives for continuously serving customers, local communities and society as a whole through being closely involved in the overall daily lives of our customers.

Fiscal year 2016, the year ending March 31, 2017 marks our first fiscal year following our public listing. Having achieved a public listing at last, the Japan Post Group is about to weigh anchor at port, hoist its sails and embark toward the vast expanse of the open ocean.

This report for fiscal year 2015 summarizes the Japan Post Group's business conditions and results, which I sincerely hope will give you a deeper understanding of the Japan Post Group.

## Initiatives in fiscal year 2015

During fiscal year 2015, based on initiatives and results for fiscal year 2014, we formulated the Group strategies for overcoming three new challenges, which are 1) pursuit of greater profitability, 2) improvement of productivity and 3) strengthening corporate governance and redistribution of profits as appropriate for listed companies, as well as for realizing further growth and development.

Regarding our postal and logistics business, domestically we commenced HAKO POST, a service with which users can receive Yu-Pack parcels delivered at lockers installed in post offices and other places, and rolled out Smart Letter on a nationwide basis. By offering these services, we strengthened our initiatives within the

expanding e-commerce market. As for international businesses, we started accepting parcels addressed to the United States in our U-Global Express (international parcel delivery service) and expanded our international logistics business counting on Toll Holdings Limited, of which we completed our acquisition, as a platform.

In our post offices business, we promoted efforts to expand the number of post offices handling cancer insurance. Additionally, we are striving to provide services that are even closer to the community and contribute to regional revitalization. As an example of one such service, in collaboration with IBM and Apple, we commenced verification testing for a new life support service for the elderly.

In real estate development, JP Tower Nagoya was



completed and we also proceeded with preparations for the start of business at KITTE Hakata and KITTE Nagoya. Moreover, we promoted our other building leasing business and housing sales business, including JP noie.

In our banking business, Japan Post Bank Co., Ltd. worked to provide products and services that further raise the level of customer satisfaction, including by making its ATMs available for use by bankcards of all regional banks throughout Japan. Additionally, Japan Post Bank Co., together with Sumitomo Mitsui Trust Bank, Limited and Nomura Holdings, Inc., established JP Asset Management Co., Ltd. and began selling investment trust products that can be purchased with a sense of reassurance even by those customers who are considering making their first investment.

In our life insurance business, Japan Post Insurance Co., Ltd. commenced sales of ordinary endowment insurance (short-term payment type) and raised the upper limit of the age range for enrolling in whole life insurance to enable even more people to use its insurance. Japan Post

Insurance Co. also formed a business alliance with The Dai-ichi Life Insurance Company, Limited. In this manner, Japan Post Insurance Co. implemented initiatives for continuously raising corporate value and for ensuring it can contribute to social and economic development in communities, societies and overseas countries.

In working toward the sophistication of its asset management to expand earnings, Japan Post Bank Co. focused on employing specialists and increasing the balance in its satellite portfolio. Japan Post Insurance Co. also promoted the diversification of its assets under management by assuring soundness while taking on asset management risk.

Through the promotion of the preceding initiatives, in fiscal year 2015 the Japan Post Group recorded net ordinary income of ¥966.2 billion and net income attributable to Japan Post Holdings of ¥425.9 billion on a consolidated basis, as the overall Group's earnings grew steadily.



## Priority Issues for fiscal year 2016

In November 2015, Japan Post Holdings, Japan Post Bank Co., and Japan Post Insurance Co. made a simultaneous public listing. The Act for Partial Revision of the Postal Service Privatization Act and Others enacted in 2012 clearly expressed the direction of postal service privatization, which is to continue providing universal postal, banking and insurance services through the post office network that is deeply rooted in local communities. In response, centering on the post office network, the Japan Post Group companies, including Japan Post Holdings, Japan Post Co., Japan Post Bank Co. and Japan Post Insurance Co., will remain organically linked with each other into the future even after the stock market listing and the Group will work in unison to enhance corporate value.

Fiscal year 2016 corresponds with the year for transitioning from the Establishment period to the Growth and development period in the Japan Post Group Medium-term Management Plan. As the second year of this plan, we have positioned this year as a time for "Leaping ahead for growth and development" toward being a "Total Lifestyle Support Group".

The Japan Post Group will continue efforts focused on the following three points giving consideration to the recent management environment as its works to raise corporate value as a publicly listed group.

The first is "expansion of profitability toward further growth and development of the Group."

We will improve our total life support services and pursue greater profitability. As specific measures, we will strengthen the profit-making capabilities of our three core businesses such as by sophisticating the asset management of Japan Post Bank, which accounts for the bulk of the Group's profits; promote the development of new products and services; and maximize the potential strengths of the post office network.

The second is "improvement of productivity to strengthen the Group's management foundation." We will make efforts to strengthen our management vitality to ensure the continued growth and development of the group. We will focus on appropriate manpower management, enhance the efficiency of our operations via the deployment of cutting-edge IT, and review our operational procedures and clerical work flows and implement business process reengineering (BPR).

The third is "corporate governance and a capital strategy appropriate for listed companies." We will strengthen governance of the entire Group and aim for

continuous and stable redistribution of profits. Additionally, we will nurture partnerships with various stakeholders by deploying our public and regional characteristics as a "Total Lifestyle Support Group".

During fiscal year 2016, we will accelerate every initiative toward the successful completion of our Medium-term Management Plan. The Japan Post Group will continue to take on challenges to meet customer expectations and achieve growth and development toward becoming a "Total Lifestyle Support Group".

In closing, I ask for your continued patronage and support for the Japan Post Group as we move ahead with our endeavors.

July 2016

## Masatsugu (Mat) Nagato

President & CEO

Representative Executive Officer  
Japan Post Holdings Co., Ltd.



# 2016 JAPAN POST GROUP Annual Report

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This Annual Report is a translation of the Disclosure Document (the written explanation in Japanese of the Company's business and financial conditions) that was prepared pursuant to Article 52-29 of the Banking Act and Article 271-25 of the Insurance Business Act. This Annual Report is not prepared for the purpose of soliciting any shares of the Company and its subsidiaries or any other marketable securities. This Annual Report contains forward-looking statements regarding future performance and other matters.

These forward-looking statements do not constitute guarantees of future performance and are subject to risks and uncertainties. Therefore, these statements are subject to the impact of a wide range of future risk factors that include changes in preconditions concerning the business environment, economic circumstances and economic trends, changes in laws and regulations, the occurrence of large-scale disasters, changes in the value of assets held, reputation and rumor risk and other risks. Accordingly, it should be noted that actual business results and other matters could differ from the details contained in this Annual Report.

Figures and percentages shown in this Annual Report have been rounded off, except for financial numbers in the accounting statements, etc., that have been truncated without rounding. As a consequence, sums of figures may not match the totals presented.

Figures and percentages, with exceptions as specifically indicated, are as of March 31, 2016.

# Japan Post Group Overview

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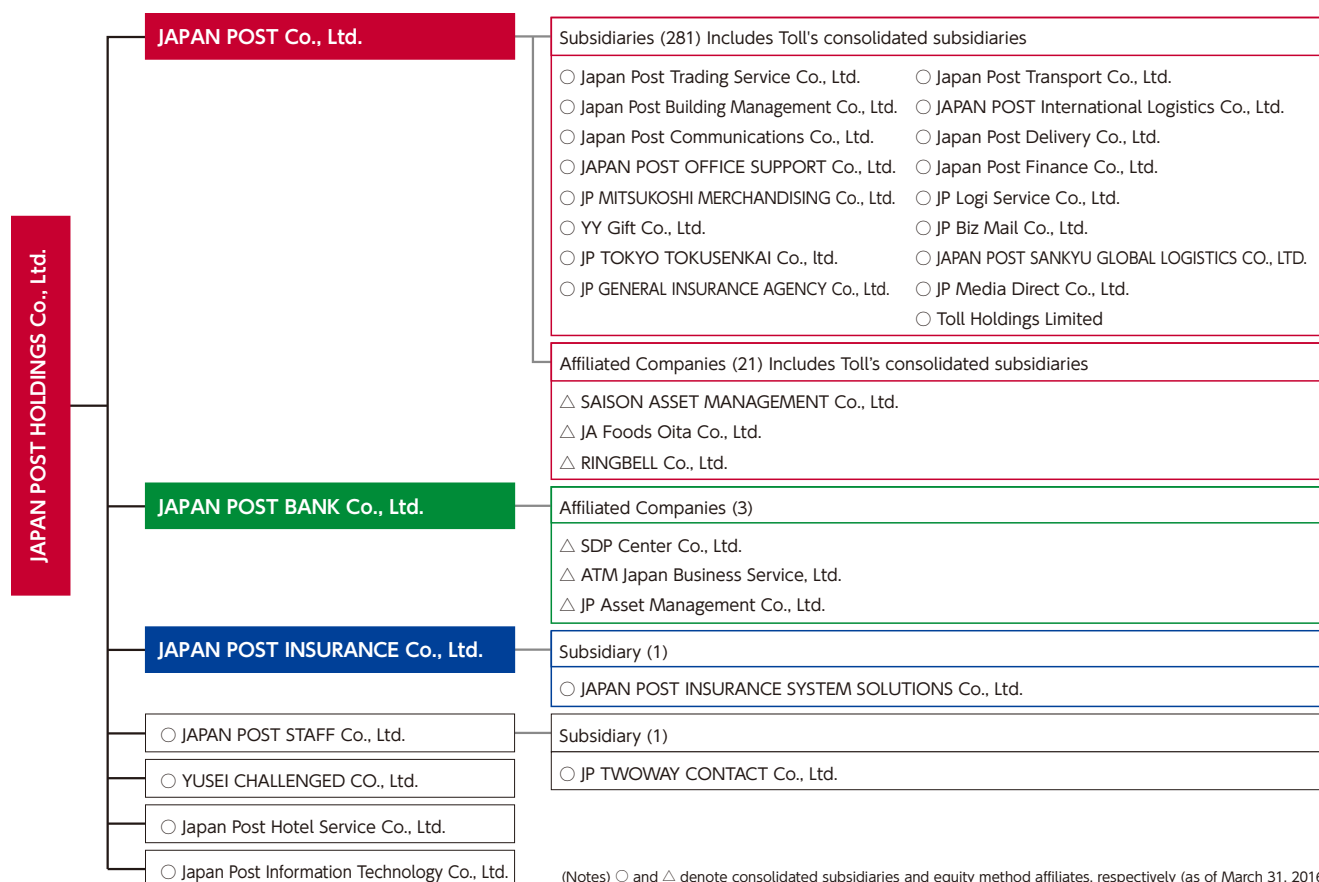
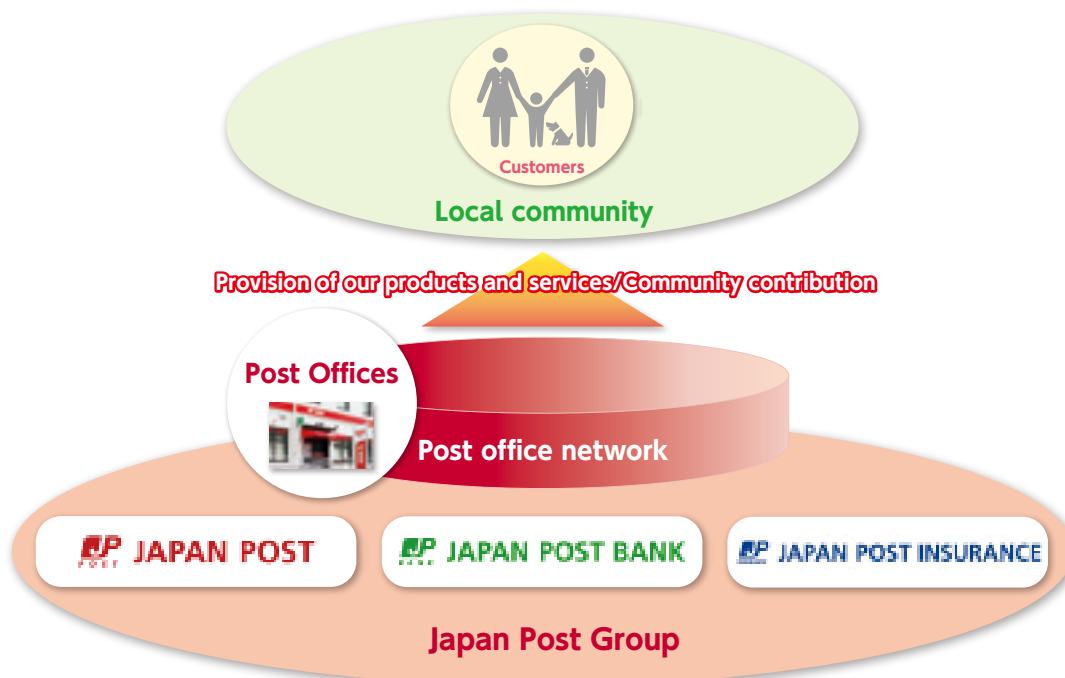
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# 1. The Operations of the Japan Post Group

## ① Japan Post Group Structure

The Japan Post Group provides a variety of products and services, mainly our postal, banking and insurance products and services, which represent our three core businesses that we operate through our nationwide post office network. In undertaking these businesses, we will striving to be a “Total Lifestyle Support Group” closely involved in the overall daily lives of our customers while continuously serving customers, local communities and society as a whole.



## ② Nationwide Post Office Network

With 24,452 locations, our network of post offices covers all of Japan's 1,741 cities, towns, and villages\*. These post offices, which serve as bases for various postal, banking, and insurance services that are offered by the Japan Post Group, have been an integral part of local communities for many years, and the Japanese public has come to greatly appreciate this extensive network.

The Group looks forward to taking advantage of these post offices to provide convenient new services to residents of the communities we serve while ensuring their ability to access postal, banking, and insurance services in a unified manner throughout Japan.

\*Includes Tokyo's 23 special wards (as of April 5, 2014).

### ■ Post Offices in Japan (As of March 31, 2016)

Directly operated post offices (including branch offices)	20,165
Contracted post offices	4,287
Total	24,452

Note: Includes 68 directly operated post offices and 258 contracted post offices that are temporarily closed.

■ Number of Japan Post Bank branches 234

■ Number of Japan Post Insurance branches 82

### Hokuriku area

Number of post offices  
**859**

Including **187**  
contracted post offices

4 Japan Post Bank branches  
4 Japan Post Insurance branches

### Kinki area

Number of post offices  
**3,461**

Including **356**  
contracted post offices

44 Japan Post Bank branches  
10 Japan Post Insurance branches

### Chugoku area

Number of post offices  
**2,271**

Including **516**  
contracted post offices

11 Japan Post Bank branches  
6 Japan Post Insurance branches

### Okinawa area

Number of post offices  
**200**

Including **23**  
contracted post offices

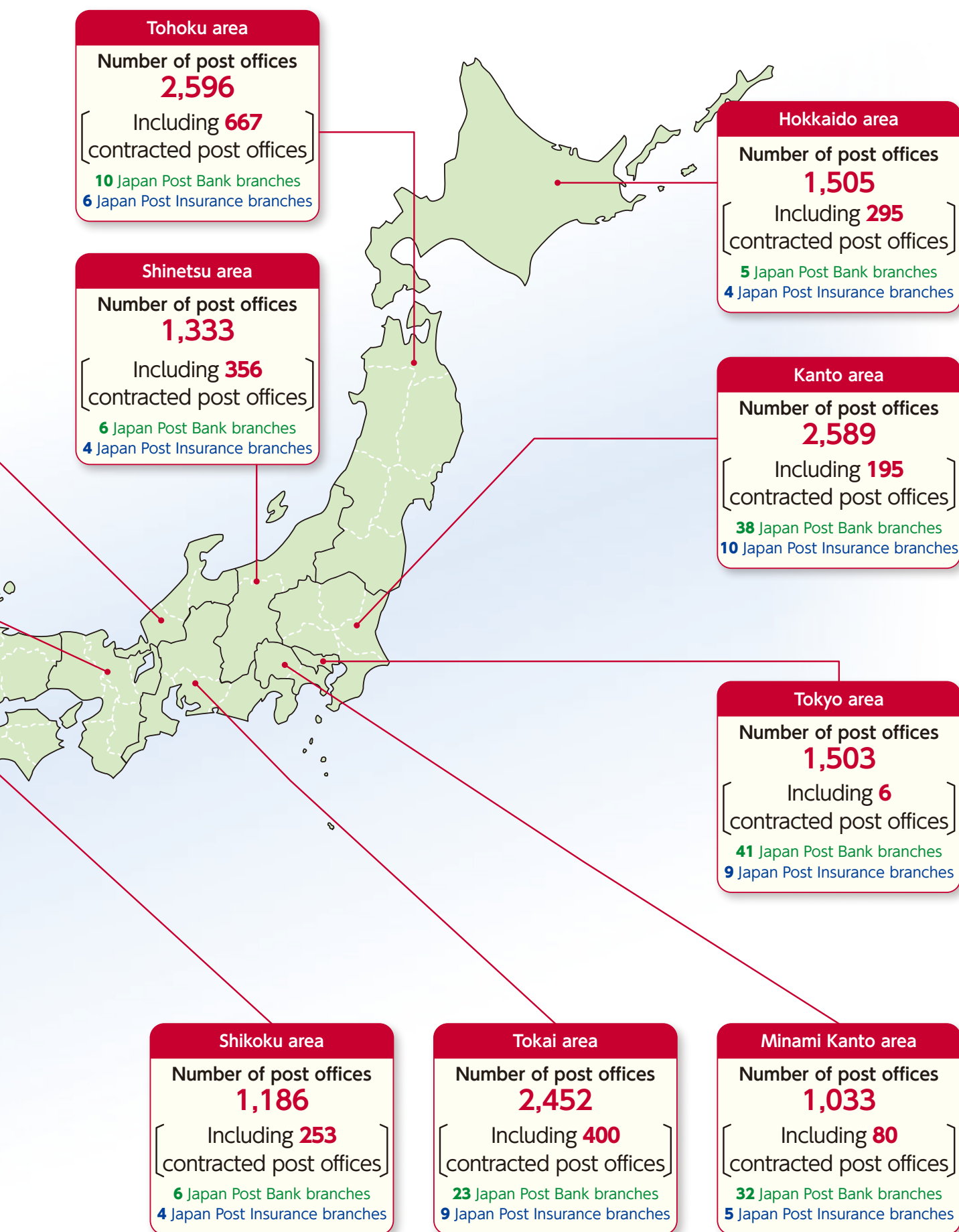
1 Japan Post Bank branch  
1 Japan Post Insurance branch

### Kyushu area

Number of post offices  
**3,464**

Including **953**  
contracted post offices

13 Japan Post Bank branches  
10 Japan Post Insurance branches





## 2. Japan Post Group Financial Review

1

### Consolidated Summary (April 1, 2015 to March 31, 2016)

The Japan Post Group's consolidated net ordinary income was ¥966.2 billion and net income attributable to Japan Post Holdings Co. was ¥425.9 billion. At the end of the fiscal year, total assets amounted to ¥291,947.0 billion and net assets totaled ¥15,176.0 billion.

### Consolidated Financial Highlights (April 1, 2015 to March 31, 2016)

#### Consolidated Results of Operations

<b>Ordinary income</b> (Year ended March 31, 2016) <b>¥14,257,541 million</b> (Year ended March 31, 2015) <b>¥14,258,842 million</b>		<b>Net ordinary income</b> (Year ended March 31, 2016) <b>¥966,240 million</b> (Year ended March 31, 2015) <b>¥1,115,823 million</b>		<b>Net income attributable to Japan Post Holdings Co.</b> (Year ended March 31, 2016) <b>¥425,972 million</b> (Year ended March 31, 2015) <b>¥482,682 million</b>	
<b>Net income per share</b> (Note 1) (Year ended March 31, 2016) <b>¥ 97.26</b> (Year ended March 31, 2015) <b>¥107.26</b>		<b>Diluted net income per share</b> (Note 2) (Year ended March 31, 2016) — (Year ended March 31, 2015) —			
<b>Return on equity</b> (Year ended March 31, 2016) <b>2.9%</b> (Year ended March 31, 2015) <b>3.4%</b>		<b>Net ordinary income/Total assets</b> (Year ended March 31, 2016) <b>0.3%</b> (Year ended March 31, 2015) <b>0.4%</b>		<b>Net ordinary income/Ordinary income</b> (Year ended March 31, 2016) <b>6.8%</b> (Year ended March 31, 2015) <b>7.8%</b>	

(Reference) Equity in earnings (losses) of affiliates  
 Year ended March 31, 2016: ¥1,070 million  
 Year ended March 31, 2015: ¥(561) million

Notes: 1. Japan Post Holdings Co. implemented a 30-for-1 common stock split effective August 1, 2015. Net income per share has been calculated assuming the stock split was implemented on April 1, 2014.

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

#### Consolidated Financial Position

Consolidated total assets at the end of the fiscal year were ¥291,947.0 billion, a year-on-year decrease of ¥3,902.7 billion. Assets included securities of ¥207,720.3 billion and loans of ¥11,520.4 billion.

Consolidated total liabilities at the end of the fiscal year were ¥276,770.9 billion, a year-on-year decrease of ¥3,777.2 billion. Liabilities included deposits of ¥176,090.1 billion and policy

reserves of ¥74,934.1 billion.

Net assets decreased by ¥125.4 billion from the end of the previous fiscal year to ¥15,176.0 billion. Net assets included net unrealized gains (losses) on available-for-sale securities of ¥3,318.1 billion.

As of March 31, 2016, the consolidated capital adequacy ratio (domestic standard) was 27.47%.

<b>Total assets</b> (As of March 31, 2016) <b>¥291,947,080 million</b> (As of March 31, 2015) <b>¥295,849,794 million</b>		<b>Total liabilities</b> (As of March 31, 2016) <b>¥276,770,992 million</b> (As of March 31, 2015) <b>¥280,548,232 million</b>		<b>Net assets</b> (As of March 31, 2016) <b>¥15,176,088 million</b> (As of March 31, 2015) <b>¥15,301,561 million</b>	
<b>Equity ratio</b> (Note 1) (As of March 31, 2016) <b>4.7%</b> (As of March 31, 2015) <b>5.2%</b>		<b>Net assets per share</b> (Note 2) (As of March 31, 2016) <b>¥3,327.37</b> (As of March 31, 2015) <b>¥3,399.74</b>		<b>Consolidated capital adequacy ratio (domestic standard)</b> (Note 3) (As of March 31, 2016) <b>27.47%</b> (As of March 31, 2015) <b>40.40%</b>	

(Reference) Equity capital  
 As of March 31, 2016: ¥13,697,749 million  
 As of March 31, 2015: ¥15,298,833 million

Notes: 1. Equity ratio = [(Net assets – Stock acquisition rights – Non-controlling interests) / Total assets] × 100

2. Japan Post Holdings Co. implemented a 30-for-1 common stock split effective August 1, 2015. Net assets per share has been calculated assuming the stock split was implemented on April 1, 2014.

3. The consolidated capital adequacy ratio (domestic standard) is calculated in line with provisions of Article 52-25 of the Banking Act and on the basis of criteria for judging whether a bank holding company's capital adequacy ratio and that of its subsidiaries are appropriate in light of assets held (Financial Services Agency Notice No. 20, 2006).

## 2 Japan Post Holdings Co. (Non-consolidated) Financial Highlights (April 1, 2015 to March 31, 2016)

In addition to serving as a holding company, Japan Post Holdings Co. operates hotel and hospital businesses and also provides group shared services. Operating income was ¥309.9 billion, net ordinary income was ¥232.9 billion and net income was ¥94.3 billion.

### Results of Operations

<b>Operating income</b> (Year ended March 31, 2016) <b>¥309,975 million</b> (Year ended March 31, 2015) <b>¥251,919 million</b>	<b>Net operating income</b> (Year ended March 31, 2016) <b>¥231,417 million</b> (Year ended March 31, 2015) <b>¥147,187 million</b>	<b>Net ordinary income</b> (Year ended March 31, 2016) <b>¥232,919 million</b> (Year ended March 31, 2015) <b>¥149,298 million</b>	<b>Net income</b> (Year ended March 31, 2016) <b>¥94,311 million</b> (Year ended March 31, 2015) <b>¥131,181 million</b>
<b>Net income per share</b> (Note 1) (Year ended March 31, 2016) <b>¥21.53</b> (Year ended March 31, 2015) <b>¥29.15</b>	<b>Diluted net income per share</b> (Note 2) (Year ended March 31, 2016) — (Year ended March 31, 2015) —		
<b>Return on equity</b> (Year ended March 31, 2016) <b>1.1%</b> (Year ended March 31, 2015) <b>1.5%</b>	<b>Net ordinary income/Total assets</b> (Year ended March 31, 2016) <b>2.7%</b> (Year ended March 31, 2015) <b>1.6%</b>	<b>Net operating income/Operating income</b> (Year ended March 31, 2016) <b>74.7%</b> (Year ended March 31, 2015) <b>58.4%</b>	

Notes: 1. Japan Post Holdings Co. implemented a 30-for-1 common stock split effective August 1, 2015. Net income per share has been calculated assuming the stock split was implemented on April 1, 2014.

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

### Financial Position

Total assets		(As of March 31, 2016) <b>¥8,418,459 million</b> (As of March 31, 2015) <b>¥9,107,178 million</b>		Net assets		(As of March 31, 2016) <b>¥8,057,703 million</b> (As of March 31, 2015) <b>¥8,744,456 million</b>	
Equity ratio		(As of March 31, 2016) <b>95.7%</b> (As of March 31, 2015) <b>96.0%</b>		Net assets per share		(Reference) Equity capital As of March 31, 2016: ¥8,057,703 million As of March 31, 2015: ¥8,744,456 million	
				(As of March 31, 2016) <b>¥1,957.32</b> (As of March 31, 2015) <b>¥1,943.21</b>			

Note: Japan Post Holdings Co. implemented a 30-for-1 common stock split effective August 1, 2015. Net assets per share has been calculated assuming the stock split was implemented on April 1, 2014.

## 3 Summary of Financial Results of Group Companies (April 1, 2015 to March 31, 2016)

### 1. Results of Operations (As of March 31, 2016)

	Japan Post Co. (Consolidated)	Japan Post Bank Co. (Non-consolidated)	Japan Post Insurance Co. (Consolidated)
Ordinary income	¥3,648.4 billion	¥1,968.9 billion	¥9,605.7 billion
Net ordinary income	¥42.3 billion	¥481.9 billion	¥411.5 billion
Net income	¥47.2 billion	¥325.0 billion	¥84.8 billion

(Reference: As of March 31, 2015)

Ordinary income	—	¥2,078.1 billion	—
Net ordinary income	—	¥569.4 billion	—
Net income	—	¥369.4 billion	—

Note: Figures less than ¥0.1 billion are rounded down.

The consolidated figures for Japan Post Co. and Japan Post Insurance Co. are listed from the fiscal year ended March 31, 2016. Therefore, non-consolidated figures that were listed for the previous fiscal year are expressed with the symbol "—".

The amounts of net income attributable to Japan Post Co. and net income attributable to Japan Post Insurance Co. are used for net income of Japan Post Co. (Consolidated) and net income of Japan Post Insurance Co. (Consolidated), respectively.

### 2. Financial Position (As of March 31, 2016)

	Japan Post Co. (Consolidated)	Japan Post Bank Co. (Non-consolidated)	Japan Post Insurance Co. (Consolidated)
Total assets	¥5,651.3 billion	¥207,056.0 billion	¥81,545.1 billion
Total liabilities	¥4,406.4 billion	¥195,547.8 billion	¥79,662.2 billion
Net assets	¥1,244.9 billion	¥11,508.1 billion	¥1,882.9 billion

(Reference: As of March 31, 2015)

Total assets	—	¥208,179.3 billion	—
Total liabilities	—	¥196,549.0 billion	—
Net assets	—	¥11,630.2 billion	—

Note: Figures less than ¥0.1 billion are rounded down.

The consolidated figures for Japan Post Co. and Japan Post Insurance Co. are listed from the fiscal year ended March 31, 2016. Therefore, non-consolidated figures that were listed for the previous fiscal year are expressed with the symbol "—". Please refer to pages 30 through 31 and pages 128 through 129 for information on Japan Post Co., pages 40 through 41 and page 129 for information on Japan Post Bank Co., and pages 53 through 54 and page 129 for information on Japan Post Insurance Co.





# Aiming to Be a Group to Totally Support Customers' Lifestyles

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# Overview of the Japan Post Group Medium-term Management Plan

As expressed by the Group Medium-term Management Plan announced on April 1, 2015, the Japan Post Group is implementing various strategies and measures aimed at attaining development into the future as a "Total Lifestyle Support Group" that can be useful to customers, communities and society by fully leveraging the Group's management resources and further vitalizing the post office network.

Under the Medium-term Management Plan, the Japan Post Group is taking into consideration the results of various initiatives implemented in the fiscal year ended March 31, 2015 and changes in the business environment to overcome the new "Three challenges" it faces, which are "Pursuit of greater profitability," "Improvement of productivity" and "Corporate governance and redistribution of profits to our customers as appropriate for listed companies," and has formulated strategies to achieve further growth and development of the Group. These efforts are based on the three

## Five strategies for business growth and development (vertical growth)

- 1 **Revival of the postal and logistics business**
  - Expansion of Yu-Mail services  
Approximately 680 million parcels in the fiscal year ended March 31, 2018
  - Expansion of Yu-Mail services  
Approximately 4.1 billion booklet parcels in the fiscal year ended March 31, 2018
  - Counting on Toll as a platform for the expansion of the international logistics business
- 2 **Vitalization of the post office network**
  - Community contributions  
Secured provision of universal services  
Full-scale implementation of the Post Office Watch Service  
Contribution to the Hometown Tax (Furusato Nozei) system
  - Expansion/Improvement of products and services  
Affiliated financial services: ¥20.0 billion in the fiscal year ended March 31, 2018  
Merchandise sales: ¥20.0 billion in the fiscal year ended March 31, 2018  
(consolidated net sales of ¥150.0 billion)  
Real estate businesses: Stable operating income of ¥25.0 billion
- 3 **Further increase in Japan Post Bank's revenues**
  - Increase assets under management  
Aim to grow balance of deposits by ¥3 tn and net balance of investment products by ¥1 tn within three years
  - Increase in fees and commissions  
Expand growth fields such as investment products and ATM alliances
- 4 **Recovering from bottoming out of Japan Post Insurance's policies in force**
  - Increase new policies  
Further increase new policies to the ¥50.0 billion level in the fiscal year ended March 31, 2017
  - Strengthened sale channels and improved products and services  
Develop post office sales force and strengthen sales of endowment and whole life insurance policies  
Develop endowment insurance with short-term premium payments and enhance services for elderly people
- 5 **Sophisticated asset management for revenue growth**
  - Realization of a sophisticated risk management system  
Japan Post Bank: Increase the satellite portfolio balance  
Japan Post Insurance: Accelerate diversification of investment assets

## Consolidated business targets (the fiscal year ended March 31, 2018)

### Consolidated net income\*

\*Including minority interests  
(profits or losses belonging to non-controlling shareholders)

➡ **Around ¥450 billion**

2014 2015 2017

## New "Three challenges"

- Pursuit of greater profitability
- Improvement of productivity
- Corporate governance and redistribution of profits to our customers as appropriate for listed companies

## Promote group strategies to accomplish growth and development

New Japan Post Group Network Creation Plan 2016⇒2017

Establishment period ➡

Overcome the new **"Three challenges"** and establish Group strategies to accomplish growth and development

- Business growth and development (vertical growth)
- Implement Group strategies that support network expansion and evolving functions (horizontal evolution)

## 1 Sales and service strategy

- Expanded sales activities to accept middle-to-small-size orders in the postal and logistics business
- Enhancement and expansion of our customer base in the post office business
- Promoting the use of our anchor products that are suitable for each stage of our customer's life cycle in the banking business
- Enhancement of sales capabilities through the channels (post offices and directly managed sales offices) in the insurance business

## Five Group strategies

pillars serving as Group's management policies, namely "Bolstering the earning power of our three core businesses and strengthening the Group's business foundation," "Fulfilling our obligation to provide universal services" and "Enhancing our corporate value in anticipation of the Group's stock listing." Specifically, we formulated "strategies for business growth and development (vertical growth)" and "Group strategies that support network expansion and the evolution of functions (horizontal evolution)." By implementing these strategies simultaneously, we aim to create a new postal network.

In other words, we will fully leverage the Group's integrated operations centering on the post office network, which is the Group's greatest strength. Meanwhile, each Group company will fully utilize its own respective strengths by carrying out business in accordance with changes in

## Ideas on the redistribution of profits to shareholders (on a consolidated basis)

We will seek for the continuous and stable redistribution of profits to our shareholders in accordance with our performance.

➔ **Targeted payout ratio target: 50% or more** (by the fiscal year ended March 31, 2018\*)

\* Only a year-end dividend was paid for the fiscal year ended March 31, 2016. Considering there was less than six months between the public listing and the record date for the relevant year-end dividend, we aim to pay out 25% or more of net income as the amount for year-end dividends for the concerned fiscal year.

**Continue evolution and development to create the new Japan Post Group network**

## "Total Lifestyle Support Group"

- Sustainable development in business
- Securing a stable income
- Maximizing the utility and community-focused natures of our services

**Growth and development period**

2

### IT strategy

- Development and operation of the Group IT bases
- Support for the promotion of business strategies in each segment
- Expansion of services and the improvement of their quality
- Improved efficiency and operational quality
- Compliance and risk management
- Cost reduction
- Improvement of system reliability

3

### Investment strategy

- Implementation of an infrastructure investment (facilities, equipment and systems) to strengthen our business foundation (¥1,090.0 billion)
- Promote real estate development (¥70.0 billion)
- Strategic investment that contributes to the growth of the Group making use of income from the stock sales (¥800.0 billion)

4

### Efficiency and cost control strategy

- Investment policies for business efficiency
- Productivity improvements by reviewing operational procedures
- Cost controls under appropriate manpower management
- Efficient use of expenses

5

### Human resource development strategies

- Promotion of diversity management (support for women to work actively, etc.)
- Development of human resources with strong sales capabilities (enhance training, etc.)
- Development of human resources with expertise
- Development of personnel who can play their expected roles

**that support network expansion and the evolution of functions (horizontal evolution)**

## 2. Operations of Japan Post Co.



Kunio Yokoyama

President & CEO  
Japan Post Co., Ltd.

### Message from the Company



I would like to express my appreciation to our customers for your ongoing use of our post offices.

I am Kunio Yokoyama and I was appointed President & CEO of Japan Post Co., Ltd. on June 28, 2016. I will make my utmost efforts to meet the expectations of even more customers in my new position.

First of all, I would like to express my heartfelt sympathy to everyone suffering from the Kumamoto earthquakes in 2016 and I pray for the swift recovery of the region.

For over 140 years since the founding of our postal operations in 1871, post offices have provided postal, banking and insurance services based on the concept of offering customers security while earning their trust.

Japan Post Co. aims to be an integrated lifestyle support corporate group that helps customers realize safe, secure, comfortable and enriched lives and lifestyles by providing each of them with a variety of products and services tailored to their diverse lifestyles and life stages.

### Overview of the Year Ended March 31, 2016

In fiscal year ended March 31, 2016, we aimed to realize increases in sales and profits by further expanding earnings and thoroughly enhancing cost management in this period of economic recovery.

In response to expansion in the e-commerce market, we worked to enhance the convenience of receiving parcels mainly through initiatives such as expanding receipt at convenience stores and providing receiving lockers (HAKO POST). At the same time, we sought to expand services such as Yu-Pack and Yu-Mail by creating a sales structure that can satisfy a wide range of customer needs. We also made Toll Holdings Limited a subsidiary as a means to expand international logistics business.

In terms of financial services, we enhanced the customer response capabilities of employees through training, and we launched endowment insurance with a shortened



premium period and started handling the investment trust products of JP Asset Management Co., Ltd. We also increased the number of post offices handling cancer insurance to approximately 20,000 nationwide. In the real estate business, we promoted the leasing building business, including JP Tower, in an effort to strengthen earnings capacity.

Additionally, we thoroughly enhanced compliance based on our compliance program and worked to establish the internal controls required of a listed corporate group with the aim of maintaining and advancing the trust we have earned from customers.

Japan Post Co. increased the productivity of its collection and delivery operations by restructuring the mail and logistics network, which included opening the Tokyo Hokubu Post Office. We also made efforts to improve the service environment by upgrading aging post office and related equipment.

As a result of the aforementioned initiatives, Japan Post Co. recorded consolidated operating income of ¥3,627.0 billion, net ordinary income of ¥42.3 billion and net income of ¥47.2 billion in fiscal year ended March 31, 2016.

## Issues for the Future

The environment surrounding the company is changing every moment, characterized in particular by an increase in online selling, the proliferation of smartphones and tablet devices, and the diversification of customer needs related to service quality. On top of this, personnel expenses per employee are continuing to rise due mainly to tight conditions in the labor market. To ensure that we can smoothly and reliably provide customers with services in the future, we recognize the importance of responding properly to such a business environment and establishing stable management as an urgent management issue.

In light of these circumstances, in fiscal year ended

March 31, 2017 we aim to create stable management foundations in order to drive sustainable growth by further expanding earnings and thoroughly enhancing cost management. At the same time, we will continue establishing foundations for the future based on the Japan Post Group Medium-term Management Plan.

In postal and domestic distribution business, we will promote service with exceptional convenience for receiving items, strengthen sales activities for small- and medium-sized customers, and build a sales structure that can respond collectively to a wide range of customer needs. We will also work to expand international logistics business by taking full advantage of the knowledge and experience of Toll.

Further, we will strive to reinforce our earnings capabilities primarily by strengthening the customer responsiveness of our employees in conjunction with Japan Post Bank Co. and Japan Post Insurance Co., and by developing our affiliated financial services such as cancer insurance and our real estate business, beginning with KITTE Hakata. In addition, we seek to enhance corporate value through such means as improving productivity mainly by restructuring the mail and logistics network and improving the service environment by upgrading aging post offices and related equipment.

Japan Post Co. will also continue working to establish internal controls, which includes thoroughly enhancing compliance, with the aim of securing even greater trust from customers. With regard to our support of disaster recovery, we will cooperate closely with the companies of the Japan Post Group to support the daily lives of those affected by disasters such as through the reopening of post offices.

Going forward, all of us in Japan Post Co. are united in our efforts to provide even higher quality services. We appreciate your continued use of our post offices and patronage.

# Operations of Japan Post Co.

Japan Post Co. is the company in the Japan Post Group that deals with postal, domestic distribution business and international logistics business as well as post office business.

In addition to impartially providing universal postal services at the lowest possible rates, we offer customers nationwide banking counter operations under consignment from Japan Post Bank Co. and insurance counter operations under consignment from Japan Post Insurance Co. through post offices.

Going forward, efforts will be made to maintain the level of the post office network, which is a shared asset of the Japanese people, and fully ensure major public benefits and contribute to local communities while making post office services even more convenient and promoting initiatives to comprehensively support the daily lives of local customers.

## ① Overview of Operations and Services

### Postal and Domestic Distribution Business

In addition to providing domestic postal services at the fairest possible rates across Japan, we offer international postal services (letter, parcel and EMS\*) in accordance with the Universal Postal Convention and other international postal agreements.

In response to the one-stop outsourcing needs of business customers, subsidiaries such as JP Biz Mail Co., Ltd. provide contracted one-stop total services that range from mail planning and preparation (printing) to mail insertions, sealing and sending.

Japan Post Co. is also commissioned by the Japanese government to sell documentary stamps and issues donation-added New Year's postcards.

Japan Post Co. provides Yu-Pack, Yu-Mail and other logistics services as well as services that accurately meet diverse customer needs in line with growth in the e-commerce market. In terms of increasingly diversified and sophisticated logistics needs, we are deploying third party logistics (3PL) services from the design, proposal and formation to operation of an optimal logistics strategy and logistics system together with such subsidiaries as JP Logi Service Co., Ltd. and JP Media Direct Co., Ltd. and led by the logistics solutions center.

\*EMS: Express Mail Service

### International Logistics Business

Japan Post Co. provides express freight shipping in Oceania and Asia, domestic freight shipping services in Australia and New Zealand, a full range of international freight forwarding services, mainly for exports from Asia, and transport, warehousing and other 3PL logistics services in the Asia Pacific region through Toll Holdings Limited following the acquisition of all of the shares in this Australia-based logistics company in May 2015.

Japan Post Co. also provides comprehensive logistics solutions mainly through Japan Post Sankyu Global Logistics Co., Ltd. and Japan Post International Logistics Co., Ltd., our subsidiary in China, to meet logistics needs centered on Japan, China and other parts of Asia.

In addition, we provide U-Global Express (UGX), an international small-lot delivery service centered on e-commerce, which is provided through an investment and business alliance with Hong Kong-based Lenton Group Limited and France-based GeoPost S.A. for Asia, Oceania and the Europe area, and a business alliance with FedEx Corp. for the United States.



New Year's postcards  
(Nenga Town-Mail)



Kamo-Mail (Kamome Town)



Yu-Pack package (large box)



Yu-Pack package  
(large pouch)



Yu-Pack package  
(small pouch)



Yu-Pack package  
(small box)

## Post Office Business

We provide merchandise business, real estate business and affiliated financial services at post offices nationwide, which serve as sales hubs for providing services to customers. These services include postal counter operations related to logistics business and banking counter operations and insurance counter operations.

### ● Postal counter operations related to logistics business

We accept and deliver postal items, sell postage stamps, receive Yu-Pack among other logistics services and sell documentary stamps.

### ● Banking Counter Operations and Others

Under consignment from Japan Post Bank Co., we handle ordinary deposits, TEIGAKU deposits and time deposits, provide remittance and settlement services in addition to handling public pension payments and carrying out counter sales of Japanese Government Bonds and investment trusts.

### ● Insurance Counter Operations and Others

Under consignment from Japan Post Insurance Co., we solicit life insurance and handle premium payments.

### ● Merchandise Business

We place catalogs listing specialty products from all regions of Japan or leaflets that feature products specific to a certain area in post offices and act as sales intermediary for the products listed as part of a catalog sales business. We also develop and sell original postal-related merchandise in addition to frame stamps as part of our post office sales business.

### ● Real Estate Business

We are making the most effective use of the real estate held by Japan Post and are working on new operating revenue businesses such as the building lease business, which includes JP Tower constructed in front of Tokyo Station, housing business and parking space business.

### ● Affiliated Financial Services

We sell individual variable annuities, life insurance for companies (for management-level personnel), cancer insurance, medical insurance with eased underwriting conditions and automobile insurance under consignment from life insurance companies and non-life insurance companies other than Japan Post Insurance Co..



JP TOWER



## ② Initiatives in fiscal year ended March 31, 2016

Amid continuous changes in the environment surrounding our operations, including the expansion of Internet shopping and proliferation of smartphones and tablets, we have been working to respond accurately to the environment changes and secure profits along with enhancing productivity in order to establish stable management.

We actively rolled out sales activities for Yu-Pack and Yu-Mail, mainly in the booming mail-order and e-commerce markets, and worked to enhance the convenience of receiving postal items by expanding receipt at convenience stores and providing receiving lockers ("HAKO POST").

In addition, we opened the Tokyo Hokubu Post Office, a new regionalized post office (site handling sorting procedures) responsible for the Tokyo area, as part of efforts to restructure the mail and logistics network, which seeks to significantly enhance productivity throughout the entire network by way of centralizing and automating sites handling sorting procedures such as post offices that conduct collection and delivery.

In May, we made Australia-based Toll Holdings Limited a subsidiary as a means to expand international logistics business by leveraging Toll as the platform. We will look to increase earnings as well particularly by responding to the needs of Japanese multinational companies in Asia by making effective use of the knowledge and experience of Toll.

In June, we signed a consulting agreement related to improving post office operations with Vietnam Post Corporation.

In July, we expanded the number of post offices handling cancer insurance to 20,000 nationwide and enhanced the coverage and service content of Watch Over Service.

In November, we worked to promote our real estate business through such means as completing JP Tower Nagoya.

In addition, we pushed ahead with development of our human resources through a variety of training programs in conjunction with Japan Post Bank Co. and Japan Post Insurance Co.

Going forward, we will continue working to enhance profits while maintaining sound management by meeting the needs of a greater number of customers.

### Acquired Toll Holdings Limited

Japan Post Co. acquired all of the issued shares of Australia-based logistics company Toll Holdings Limited and made it a subsidiary in May 2015. Going forward, we will strive to expand our international logistics business by leveraging Toll as the platform. We will utilize the knowledge and experience of Toll in areas such as 3PL and global forwarding and respond to the needs of Japanese multinational companies in Asia in an effort to increase earnings.



Australia-based logistics company Toll Holdings Limited

### Capital and Business Alliances

#### ● Sumitomo Mitsui Trust Bank, Limited and Nomura Holdings, Inc. (July 2015)

JP Asset Management Co., Ltd. was established through investment by Japan Post Bank, Sumitomo Mitsui Trust Bank, Limited, Nomura Holdings, Inc. and Japan Post. JP Asset Management will leverage the know-how of Sumitomo Mitsui Trust Bank and Nomura Holdings to provide simple, easy-to-comprehend, customer-oriented products that it will operate through the post office network.

#### ● Initiative for New Customer Service through Collaboration with Aflac (October 2015)

We started providing an address change guide service to American Family Life Assurance Company of Columbus (Aflac) in April 2016 based on the philosophy of a comprehensive business alliance and are currently jointly developing a service related to confirmation of the condition of senior citizens, with a trial run scheduled to get underway in the second half of 2016.

### ● Business Alliance with IBM and Apple for the Implementation of New Services for Senior Citizens (April 2015)

We aim to expand business in earnest going forward based on the results of field tests in order to support the lifestyles of the elderly and provide community-based services as an integrated lifestyle support corporate group.

### Real Estate Development

We are making the most effective use of real estate held by Japan Post as a new operating revenue making business.

The commercial facility KITTE, located in JP TOWER, continues to see a large number of customers visit the site, with over 71 million visitors since opening as of the end of March 2016.

The site has been bustling with activity. In August 2015, We will present "Hakkiyoi KITTE", an event where visitors enable to learn and experience the culture of sumo, Japan's national sport, and in March 2016, a "THANKS KITTE" event was held to celebrate the site's third anniversary.

In addition, Sapporo Mitsui JP Building and OMIYA JP BUILDING were completed in 2014 and are operating smoothly.

JP TOWER NAGOYA was completed in November 2015. This building is one of the largest building complexes in the Chubu region and comprises two buildings, an office building and a car park building. The office building includes office floors and the commercial facility KITTE NAGOYA (opened June 2016) as well as a hotel and conference hall, among other amenities. A three-story atrium occupies from the first to the third floor and the space is filled with greenery to make it appealing to pedestrians. The design aims to create a space for new encounters and foster communication in order to contribute to the quick realization of Nagoya City's concept of urban development.

In April 2016, JRJP Hakata Building was completed and the commercial facility KITTE HAKATA opened its doors based on the

theme "Anyone, Anytime, Every Day" in front of Hakata Station, where a wide range of people come and go.

In the housing business, we completed and started operating the first series of rental housing in Shinagawa, Tokyo, and have started rental housing business operations mainly in the Tokyo metropolitan area.

Our real estate business supports local communities Turning shared visions into realities.

### Activities for 2016 New Year's Postcards

We started the "Webchara Nenga" New Year's postcard service, which lets users pick a character that they know and love, including Star Wars and Sanrio characters.

"Webchara Nenga" New Year's postcards, designed with one of 11 characters on the stamp part and the front, can be purchased on the Japan Post website. Each character has been exclusively designed for the postcards, which have been used by a large number of people.

In addition, we continued to connect with LINE. We have realized a variety of collaborative efforts with our official account, "Yubinkyoku Posukuma." When someone sends a photo to Posukuma, it can be infused onto a postcard designed with an Ultraman hero or Detective Conan to create an attractive New Year's postcard in no time. The service is highly popular since it is simple and fun for users to make the New Year's postcards. Approximately seven million people have been added as friends on this official account that is enjoyed by people of all ages.



Yubinkyoku Posukuma  
©JAPANPOST Co., Ltd.



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Webchara nenga New Year's postcards



THANKS KITTE event



KITTE HAKATA

### ③ Extensive Products and Services

#### Enhanced the Convenience of Yu-Pack Receipt

(1) In April 2015, we started a service in which items purchased on Internet mail-order sites can be picked up from receiving lockers ("HAKO POST"). In addition, in March 2016, we started a service Yu-Pack parcels that could not be received at home because of absence can be picked up as well in certain areas.

(2) As an initiative to increase customer convenience in the growing e-commerce market, we enabled customers pick up items for mail-order business operators who use Japan Post's service at FamilyMart convenience stores (excluding certain stores) in November 2015.

(3) We started accepting Yu-Pack at post office counters nationwide (excluding contracted post offices) in April 2016. Adding in convenience stores (Lawson, MINISTOP, FamilyMart), customers can now pick up their packages at around 45,300 places throughout Japan (as of the end of April 2016).



HAKO POST

#### Enhanced Product Lineup in Response to the Growing e-commerce Market

Japan Post Co. enhanced its product lineup in response to growth in the e-commerce market on the back of Internet proliferation, including Yu-Packet for corporate customers engaged in Internet mail-order business (from June 2014), and Click Post for individual customers who use online auction services (from June 2014) as services mainly for the delivery of small items.

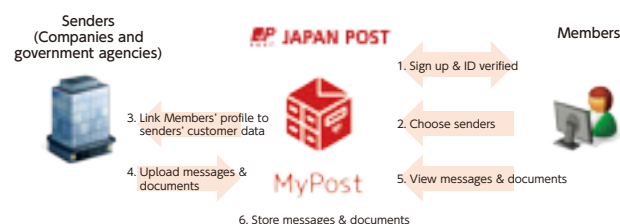
In fiscal year ended March 31, 2016, we started handling the Smart Letter service, in which contents up to 1kg can be sent via post for a uniform price of ¥180 nationwide following purchase of a pre-paid envelope, as a simple version of Letter Pack (sales commenced nationwide in August 2015).



Smart Letter

#### Digital Message Service

"MyPost" is an online mail service provided by Japan Post enabling important messages to be exchanged on the Internet. The senders can exchange messages online with the addressees with their authenticity, name and address confirmed offline by postmen. The addressees can easily view and permanently store the messages from the senders they choose in the cloud. Postal operators in foreign countries also have been providing the service.



#### Response to Increasing Postal and Logistics Services for Overseas

Along with providing such postal services as Express Mail Service (EMS), international parcels and International e-Packet in order to meet rising demand for overseas delivery due to cross-border e-commerce transactions, an area that is growing annually, we are offering the U-Global Express (UGX) service to 51 countries and regions at present as an international express service that enables flexible response to various needs. In addition, we provide the Cool EMS service for small temperature-sensitive parcels by way of EMS to Singapore, Hong Kong, Taiwan, Malaysia, Vietnam and France in response to demand.

Some 93 post offices in 42 prefectures send the boxes as of April 1, 2016.

#### 20,000 Post Offices Now Offer Cancer Insurance

By offering cancer insurance at 20,000 post offices nationwide, we can leverage our vast postal network throughout Japan for proposing cancer insurance to many customers. A wide range of people are currently covered by this insurance.

#### Sales of Catalog Products

In terms of sales of catalog products, we have been rolling out the JP Select, Men's Style and other catalogs featuring non-food items such as clothing and fashion accessories in addition to delivering products such as local foods directly from the production area via Yu-Pack. We also handle such items as medicines and daily necessities in our Post Office Internet Shop in combination with the aforementioned products.

In terms of sales at post offices, we are selling products related to popular characters. Our much-talked about frame stamps commemorating the opening of the Hokkaido Shinkansen and the first anniversary of the Hokuriku Shinkansen (between Kanazawa/Toyama and Tokyo) have been well received as has "Osenko tayori suirei," an item that helps people convey their heartfelt feelings of condolence.



Suirei

### Expanded and Started Trial Implementation of Watch Over Service

We expanded the number of post offices implementing the Post Office Watch Over Service to 738 as of October 2015. This service has been trialed since October 2013 with the aim of placing importance on the connection between local communities and post offices and developing in tandem.

In addition, we started trial implementation in Yamanashi and Nagasaki prefectures in October 2015 that makes use of tablets for the elderly in conjunction with IBM and Apple.

Going forward, we will roll out lifestyle services for the elderly and community-based services by using our nationwide post office network.

### Support for Hometown Tax

Until March 2016, we provided a service in which we helped plan and procure thank-you gifts to people who donated to the local governments through the "Hometown Tax" (*furusato nozei*) system.

In April 2016, we started an exclusive site for the hometown tax that enables us to provide one-stop service from receipt of donation to delivery of the thank-you gift as part of our multifaceted support of the program.

### Issuance of Original Frame Stamps

We sold original frame stamps with the theme of the much-talked-about Hokkaido Shinkansen, which started operation between Shin-Aomori and Shin-Hakodate-Hokuto. Others had themes that included vehicles, cartoons, famous places, and institutions and customs, such as the Hokkaido Shinkansen frame stamp complete with a small model version that replicates the inside of the *shinkansen*; frame stamps of Sites of Japan's Meiji Industrial Revolution commemorating its registration as a World Cultural Heritage; and a 30-year anniversary frame stamp featuring *Chibi Maruko-chan*, a popular cartoon character in Japan.



Hokuriku Shinkansen frame stamp



Inside of the box for the Hokuriku Shinkansen frame stamps



Trial scheme for Post Office Watch Over Service



## Message Festa

We held an event called "Message Festa" for a total of seven days in September 2015 and March 2016 in KITTE, in which participants had the opportunity to experience the joy of letters. Over 100,000 customers had fun taking part in letter writing workshops, celebrity talk shows and commemorative photo sessions with Japan Post's *Posukuma* character and friends. We also held a girl's letter party on the basement level of Tokyo City i in February 2016. The event was really enjoyable for the 10,000 or more people, mainly female participants.



## Letter Writing Workshop Program

Japan Post Co. distributed materials to elementary schools, junior high and high schools nationwide (including special support schools, etc.) that expressed interest in using the tools as part of experiential lessons in letter writing with the aim of encouraging communication between children by way of letter correspondence.

In fiscal year ended March 31, 2016, approximately 2,640,000 elementary school students from around 12,000 schools, approximately 880,000 junior high schools students from around 3,700 schools and approximately 360,000 high school students from around 1,500 schools nationwide participated in the project.



## Event Held on Letter Writing Day

Japan Post Co. held a Letter Writing Day event at 27 AEON MALL locations nationwide in fiscal year ended March 31, 2016 with the aims of having Letter Writing Day (*Fumi no Hi*) on the 23rd of each month recognized by more people and building familiarity with writing letters.

Japan Post's character *Posukuma* and friends were present at one of the events held at AEON MALL Makuhashi Shintoshin on November 7 and 8, and mingled with the many visitors. A letter writing workshop was also conducted at the event and some of the parents who participated spoke of how good it was to see the children trying hard to express themselves through words and pictures.



## Rolled Out Product Advertisements

We rolled out a series of Yu-Pack advertisements (*Bakamajime na otoko*) featuring comedian Hitoshi Matsumoto and actress Tae Kimura. The advertisements have proven to be a hit, with each one featuring a different celebrity. In addition to Yu-Pack, we have also introduced advertisements for New Year's postcards and Japan Post's New Year's card printing service, for instance. Each commercial has ranked highly in likeability surveys. Our aim is to deploy advertising that makes an increasing number of people feel closer to our products and services.



## First Otoshidama

We worked to increase the affinity of caregivers with the convenience, security and benefits of Japan Post Bank accounts by giving *otoshidama* (New Year's gift money) to children under the age of one for whom their caregivers have opened a savings account.

In addition, we sought to increase the understanding among caregivers of the importance of conveying feelings to people through letters as well as to foster future fans of the post office by sending New Year's cards from post offices to children who entered a certain campaign.



First Otoshidama

## Magazine for Women

Japan Post Co. started post office sales of the magazine *Kiite!* for women in May 2015 with the aim of providing products that can be shared and enjoyed together with family and friends by women, who make up the majority of post office users.

A section in the magazine introduces Japan Post's products and services such as stamps and matching cards through a special collaboration type agreement.

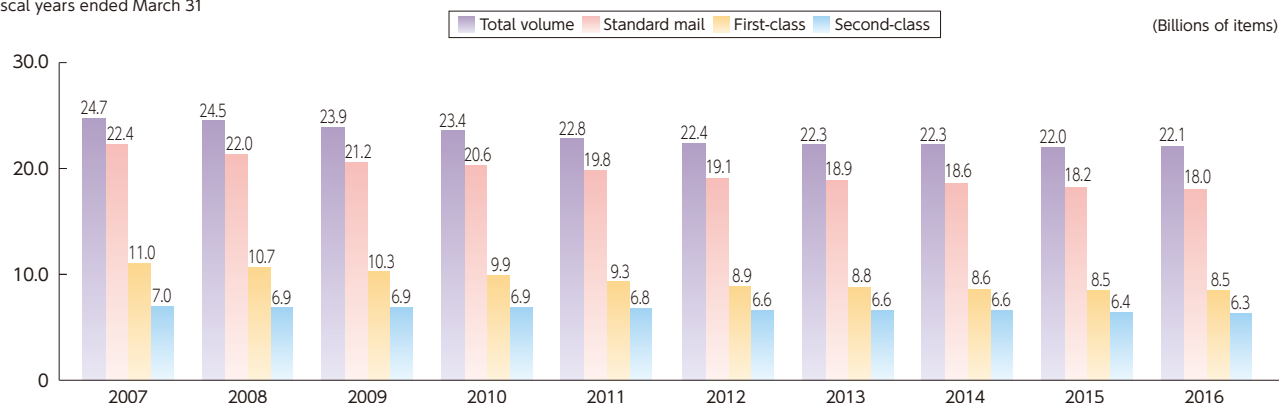


Kiite!

## ④ Japan Post Co. Business Performance

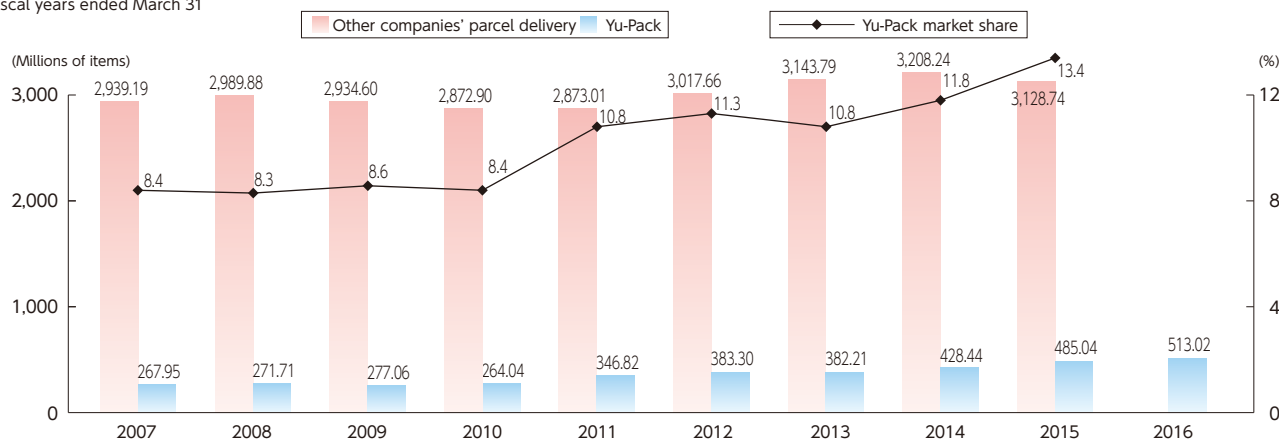
### 1 Total Consigned Volume of Mail

Fiscal years ended March 31



### 2 Yu-Pack and Other Companies' Parcel Delivery Volume and Market Share

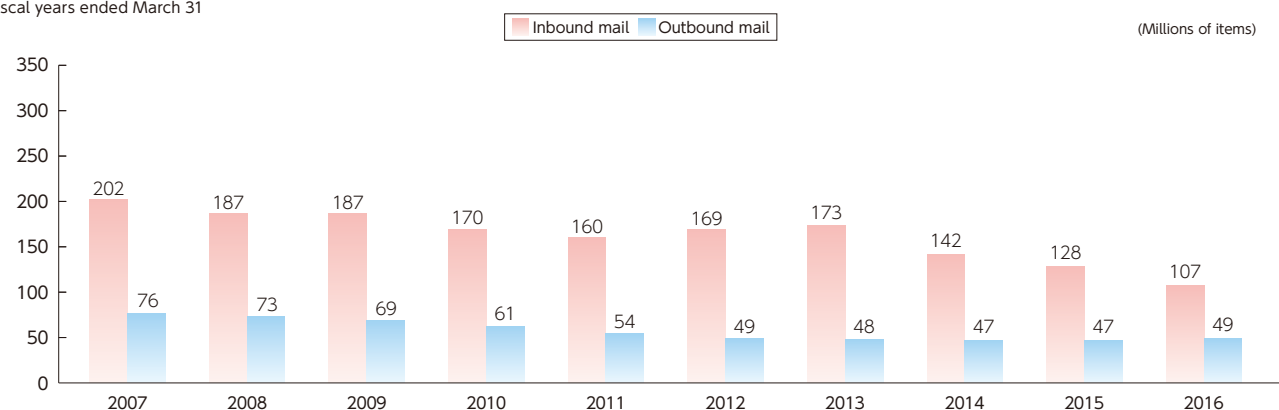
Fiscal years ended March 31



Notes: 1. Fiscal year ended March 31, 2016 other companies' parcel delivery volume has not yet been announced (as of June 30, 2016).  
2. The number of Yu-Pack parcels includes EXPACK parcels.

### 3 Volume of International Mail

Fiscal years ended March 31



## ⑤ Japan Post Co. (Consolidated) Financial Highlights

In the postal and domestic logistics business, we handled a total of 22,082.28 million items including 18,029.85 million items of mail, 513.02 million Yu-Pack parcels and 3,539.40 million Yu-Mail booklet parcels. Due to expansion of the e-commerce market and strengthened sales activities for small and medium-sized businesses, Yu-pack and EMS services continued to increase. Operating income was ¥1,924.8 billion and net operating income was ¥7.4 billion.

In the international logistics business, operating income was ¥544.0 billion and net operating income was ¥17.2 billion, reflecting the financial results of Toll Holdings Limited. (Toll's results are for the nine months ended March 31, 2016 after July 2015 when it became a consolidated subsidiary of the Japan Post Group)

In the post office business, due to promoting the operating initiatives in cooperation with Japan Post Bank Co. and Japan Post Insurance Co., operating income was ¥1,353.0 billion and net operating income was ¥35.6 billion.

### Consolidated Results of Operations

#### ■ Operating income

(Year ended March 31, 2016)

**¥3,627,005 million**

#### ■ Net operating income

(Year ended March 31, 2016)

**¥32,611 million**

#### ■ Net ordinary income

(Year ended March 31, 2016)

**¥42,336 million**

#### ■ Net income attributable to Japan Post Co.

(Year ended March 31, 2016)

**¥47,247 million**

#### ■ Net income per share

(Year ended March 31, 2016)

**¥4,724.73**

#### ■ Diluted net income per share (Note)

(Year ended March 31, 2016)

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#### ■ Return on equity

(Year ended March 31, 2016)

**3.7 %**

#### ■ Net ordinary income / Total assets

(Year ended March 31, 2016)

**0.8 %**

#### ■ Net operating income / Operating income

(Year ended March 31, 2016)

**0.9 %**

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

## Consolidated Financial Position

### ■ Total assets

(As of March 31, 2016)

**¥5,651,387 million**

### ■ Net assets

(As of March 31, 2016)

**¥1,244,984 million**

### ■ Equity ratio

(As of March 31, 2016)

**22.0%**

### ■ Net assets per share

(As of March 31, 2016)

**¥124,097.80**

(Reference)  
Equity capital  
As of March 31, 2016:  
¥1,240,978 million

## Results of Operations by Business Segment

### Postal and domestic logistics business segment

#### ■ Operating income

(Year ended March 31, 2016)

**¥1,924,810 million**

#### ■ Net operating income

(Year ended March 31, 2016)

**¥7,454 million**

### International logistics business segment

#### ■ Operating income

(Year ended March 31, 2016)

**¥544,062 million**

#### ■ Net operating income

(Year ended March 31, 2016)

**¥17,231 million**

### Post office business segment

#### ■ Operating income

(Year ended March 31, 2016)

**¥1,353,068 million**

#### ■ Net operating income

(Year ended March 31, 2016)

**¥35,606 million**

Note: The figures for international logistics business segment have been calculated based on the Australian Accounting Standards, and the amount presented in net operating income is EBIT of Toll excluding amortization of goodwill, etc.



# 3. Operations of Japan Post Bank



Norito Ikeda

Director, President and Representative Executive Officer  
Japan Post Bank Co., Ltd.

## Message from the Company



### Address by the Newly Appointed Director, President and Representative Executive Officer

Having assumed the position of Director, President and Representative Executive Officer of Japan Post Bank Co., Ltd. in 2016, I would first like to extend my sincere gratitude to all stakeholders for their continued encouragement and goodwill. Drawing on my experience to date, I will make every effort to carry out my assigned tasks and to fulfill my obligations.

I would also like to offer my heartfelt condolences to all who suffered as a result of the Kumamoto earthquake earlier this year and wish for the earliest possible recovery of the areas affected.

Japan Post Bank Co. was listed on the First Section of the Tokyo Stock Exchange on November 4, 2015. Leveraging the strengths of our greatest asset, the nationwide network of 24,000 post offices of the Japan Post Group, we will continue to provide a stable stream of financial services to our broad spectrum of customers as a part of efforts to become the most accessible and trustworthy bank in Japan. As we work toward achieving this goal, we kindly request your continued support and understanding.

### Review of the Year Ended March 2016

Japan Post Bank Co. has defined the fiscal year ended March 31, 2016 as a year for further strengthening its business foundation as a listed company. We have continued to implement a variety of measures based on the JAPAN POST GROUP Medium-Term Management Plan, which was announced in April 2015.

#### ■ Enhancing Sales Strategies

Japan Post Bank Co. has concentrated on implementing two key measures under its overarching sales strategy. The first has been to increase assets under management by securing a stable customer base, and the second has been to increase fees and commissions. In specific terms, we focused on enhancing our asset management product lineup as well as our consulting-based marketing by financial consultants. As a result, sales of asset management products exceeded those of the previous fiscal year. Furthermore, Japan Post Bank Co., in alliance with Japan Post Co., Sumitomo Mitsui Trust Bank, Limited, and Nomura Holdings, Inc., established JP Asset Management Co., Ltd.\* In order to support customers in their efforts to build

assets on a long-term and stable basis, we commenced sales of the first investment trust established and managed by JP Asset Management in February 2016. Turning to the Bank's ATM initiatives, we adopted a strategic approach with respect to installation. At the same time, we worked to bolster collaboration with regional financial institutions. As a result, customers have been able to use cash cards from all regional banks in Japan at our ATMs since January 2016.

\* Sumitomo Mitsui Trust Bank, Limited and Nomura Holdings, Inc. jointly established SNJ Preparatory Co., Ltd. in August 2015. Thereafter, Japan Post Bank Co. and Japan Post Co. took an equity interest in SNJ Preparatory Co., Ltd. and the company's name was changed to JP Asset Management Co., Ltd. in November 2015.

### ■ Executing an ALM\* Strategy

Japan Post Bank Co. engages in asset liability management in response to the changing market environment. In broad terms, the Bank's ALM strategy is based on the two pillars of a "base portfolio" that seeks to secure stable profits by investing mainly in Japanese government bonds, and a "satellite portfolio" that pursues high returns predominantly through the allocation of global assets. Specifically, we responded to the decline in the balance of the base portfolio affected by persisting historically low yen interest rates and expanded the satellite portfolio. We made efforts to expand investments in foreign securities mainly in investment grade bonds. At the same time, we worked on enhancing foreign currency funding. As a result, the satellite portfolio balance increased from approximately ¥48 trillion as of March 31, 2015 to approximately ¥61 trillion as of March 31, 2016. On this basis, we achieved our objectives ahead of projection under the Medium-Term Management Plan.

In terms of our organizational structure, we actively recruited investment professionals from outside the Bank. We also restructured our organization to a product-oriented framework specializing in various asset classes as a part of efforts to reinforce activities as a whole. Moreover, we took steps to upgrade and expand our risk management structure. For example, we established a division to focus on risk management and unified all relevant departments. We also appointed a dedicated executive officer to assume responsibility for managing risks.

\* Asset Liability Management

### ■ Enhancing the Internal Control System and Strengthening Our Business Foundation

In the fiscal year under review, Japan Post Bank Co. worked diligently to enhance its internal control system and strengthen its business foundation. After receiving a business improvement order from the Financial Services Agency (FSA) in December 2009, and in cooperation with Japan Post Co., we enhanced and reinforced our internal control system based on our strong belief that "companies cannot survive without compliance." As a result of our efforts to date, the business improvement order was lifted in December 2015. Recognizing the important management need to foster greater awareness of compliance issues and to enhance our internal control system, however, we have continued our efforts.

With the aim of further strengthening a business foundation that is suitable for a publicly listed company, we put in place our "Basic Policy on Corporate Governance" in November 2015. In addition, we also introduced a performance-linked stock compensation system in May 2016 to ensure that the compensation paid to executive officers functions as a sound incentive toward the sustainable growth of Japan Post Bank Co.

### ■ Promoting Diversity Management

In addressing the wide-ranging needs of customers, each employee has strived to act with an understanding and awareness toward the diversity of each individual. With this in mind, the Bank has continued to place a priority on supporting women in the workforce, while nurturing a corporate culture that respects work-life balance management and career promotion.

As a result of these initiatives, Japan Post Bank Co. reported net income of ¥325 billion for the fiscal year ended March 31, 2016. While this represented a decrease of ¥44.3 billion compared with the previous fiscal year, the result was 1.5% higher than our forecast for the full fiscal year.

## Strategies for the Future

The public listing of Japan Post Bank Co. on the First Section of the Tokyo Stock Exchange during the fiscal year ended March 2016 was a milestone in the Bank's efforts to secure management discretion and establish an autonomous management structure.

In the fiscal year ending March 31, 2017, each and every employee of the Bank is again working in unison to improve the quality of its services and increase customer satisfaction. With this in mind, we are dedicated to carrying out our Medium-Term Management Plan.

### ■ Securing Our Customer Base and Strengthening Our Fee Business

We will bolster our retail marketing capabilities in cooperation with Japan Post Co. (post offices). We will also further enhance our stable and sustainable relationships with our customers by providing products according to their life cycles and various events. In addition, we will strengthen our fee businesses which are less susceptible to the impact of interest rate fluctuation. In particular, we will step up efforts to focus on the expected growth areas such as sales of asset management products and ATM alliance services, etc.

Specifically, with regard to the sales of asset management products, we will focus on providing such products as the investment trusts of JP Asset Management Co., Ltd., which are simple and easy to understand even for customers who are considering undertaking an investment for the first time. We will also enhance consultation-based marketing through a variety of measures including fostering and increasing the number of financial consultants.

As far as ATM services are concerned, we will install compact ATMs throughout FamilyMart's nationwide network of convenience stores as a part of efforts to expand our ATM network in highly convenient locations. In addition, we will further improve our collaboration with regional financial institutions by utilizing our ATM network.

\* FamilyMart Co., Ltd. and Japan Post Bank Co. entered into a basic memorandum with a view to concluding a business alliance on April 5, 2016.

### ■ Promoting Sophisticated Investment by Enhancing Assets in the Satellite Portfolio

With regard to the base portfolio, although the investment environment is extremely challenging, especially considering the continued occurrence of negative yields on Japanese long-term government bonds, we will manage our assets flexibly according to interest rate trends and aim to generate stable earnings in the medium to long term.

In the satellite portfolio, we will strive to improve earnings by exploring such new investment frontiers as private equity, real estate, etc. in addition to diversifying into foreign assets. To this end, we will further enhance our investment strategy through a variety of measures. We will, for example, work to secure skilled personnel, enhance the foreign currency funding system, and introduce an employee stock ownership plan for management employees in the Investment Division.

In tandem with these endeavors to promote increasingly sophisticated investment, we will strengthen our risk analysis and monitoring capacity to enhance our risk management framework.

### ■ Enhancing the Internal Control System and Strengthening Our Business Foundation

Guided by a "Compliance First" policy, we are working to enhance our internal control system, which is an important management task, by fostering greater awareness of compliance through various forms of training. We are also enhancing the customer protection structure with respect to the sale of investment products. In addition to ongoing efforts to promote diversity with an emphasis on initiatives aimed at supporting women in the workforce, we are promoting human resource development while improving our IR activities and systems and dealing with FinTech\*. Through these means, we are endeavoring to strengthen our business foundation.

Japan Post Bank Co. is working diligently to enhance its corporate value through each of these initiatives. As we work toward achieving our goals, we kindly ask for the continued support and understanding of all stakeholders.

\* A term that designates the fusion of financial services and technology encompassing new financial services that utilize information technology.

# Overview of Operations

Japan Post Bank Co. undertakes the banking business within the Japan Post Group.

The company provides a range of financial products and services through an extensive network of post offices and Japan Post Bank branches.

Japan Post Bank Co. is dedicated to serving as “the most accessible and trustworthy bank in Japan,” with operations that are guided by the needs and wishes of our customers.

## ① Basic Services

Main business lines of Japan Post Bank Co. are as listed below. At the end of March 2016, Japan Post Bank's total deposits from customers across Japan amounted to ¥177,871.9 billion.

### (1) Deposits

We handle various types of deposits, including transfer deposits, ordinary deposits, ordinary savings deposits, time deposits, *TEIGAKU* deposits and separate deposits.

### (2) Loans

We handle loans on deeds and overdrafts.

### (3) Securities investment

We invest in Japanese government bonds, Japanese local government bonds, Japanese corporate bonds and other securities for accumulating payment reserves and for fund management.

### (4) Domestic remittances

We handle remittances, fund transfers and transfers.

### (5) Foreign remittances

We handle international remittances and provide foreign exchange services.

### (6) Major associated services

#### \* Agency services

- Services for the Bank of Japan as its revenue and government bond representative
- Handling public money for local governments
- Services under consignment from the Management Organization for Postal Savings and Postal Life Insurance
- Intermediary services for individual loans

#### \* Counter sales of Japanese government bonds, investment trust products and insurance products

#### \* Deposits for safekeeping

#### \* Credit card services

#### \* Operation and management of defined contribution pensions (only those related to individual annuities)

Note: The Management Organization for Postal Savings and Postal Life Insurance manages fixed-term deposits established prior to privatization. However, Japan Post Bank Co. is commissioned by that organization to handle withdrawals and other transactions.





## ② Initiatives of Japan Post Bank Co.

### ● Started Handling Products of a New Asset Management Company, JP Asset Management Co., Ltd.

In July 2015, Japan Post Bank Co., Ltd. and Japan Post Co., Ltd. concluded a business alliance agreement with Sumitomo Mitsui Trust Bank, Limited and Nomura Holdings, Inc. to establish a new asset management company and develop investment trust products, and thereafter established JP Asset Management Co., Ltd.\*.

In February 2016, we started handling the new company's JP 4 Assets Balanced Fund products that are simple and easy to understand for first-time investors.

With the addition of these products to our lineup, we will support customers' long-term stable asset building based more precisely on their life planning details and asset management needs.

\* Sumitomo Mitsui Trust Bank, Limited and Nomura Holdings, Inc. jointly established SNJ Preparatory Co., Ltd. in August 2015. Thereafter, Japan Post Bank Co. and Japan Post Co. took an equity interest in SNJ Preparatory Co., Ltd., and the company's name was changed to JP Asset Management Co., Ltd. in November 2015.



Leaflet of the JP 4 Assets Balanced Fund

### ● Strengthening Market Investment Structure

We have been proactively recruiting external human resources with a high level of expertise in an effort to increase the sophistication of our market investment and bolster risk management.

Positioning these external recruits at the core of our efforts, we conducted organizational restructuring on an individual asset basis for further refining our investment operations and expanding investment areas. While doing so, we established the Risk Management Division, which integrates risk management roles of the relevant divisions, and appointed a dedicated risk management officer in order to upgrade our risk management capabilities.

### ● ATM Alliance Services with All Regional Banks in Japan

As part of efforts to expand alliances with regional financial institutions to provide greater convenience to customers, we initiated an ATM alliance service with Chikuhō Bank Ltd. in January 2016. As a result, our ATMs now accept cash cards of all 105 regional banks in Japan.

### ● Installing Japan Post Bank ATMs in FamilyMart Convenience Stores

As of March 31, 2016, we have installed Japan Post Bank ATMs in about 500 FamilyMart convenience stores in the Tokyo metropolitan area and Kansai region. These ATMs are available around the clock except during maintenance.

In addition to the Japan Post Bank cash card, these ATMs accept cash and credit cards of some 1,400 companies, including all major and regional banks in Japan as well as overseas financial institutions.

No fees are charged on deposits and withdrawals made using the Japan Post Bank cash card.

### ● Introducing "JAPAN POST BANK Direct + (Plus)"

In March 2016, we introduced a passbook-free general account service called JAPAN POST BANK Direct + (Plus).

It is a passbook-free, fully online service that allows users to manage their bank accounts, deposit money and make payments over the Internet, eliminating the need to update and renew passbooks. As details of transactions for the last 15 months are available for viewing, it provides extra convenience to frequent users, such as users of Internet auction services.



JAPAN POST BANK Direct + (Plus) logo

### ● Increasing Security of Internet Banking Transactions

We offer a range of services through our JAPAN POST BANK Direct and implement various security measures to ensure their safe use over the Internet.

#### Providing One-time Password Tokens Free of Charge

We are providing one-time password tokens free of charge to customers who use JAPAN POST BANK Direct.

The token is a small electronic device that displays a new one-time password every minute. The device provides an extra layer of security against cybercrimes that use malware to divert users to a fake website and steal personal identification numbers and passwords to gain illegal access to their bank accounts.

#### One-time password token

##### Secure

Ensures security by generating a new one-time password every minute.

##### Easy

Only requires users to enter the specific one-time password shown on the token before making money transfers.

##### Free

Requires no application or usage fees.

Note: The charge for replacing a lost token is ¥1,080.

Note: For more details on this security token, please visit our official website.

About One-time Password Tokens

[Top page](#) ▶ [About JAPAN POST BANK Direct](#)

▶ [About One-time Password Tokens \(in Japanese\)](#)



### Providing PhishWall Premium Free of Charge

PhishWall Premium\*<sup>1</sup> is a security software program designed to counter MITB\*<sup>2</sup> attacks. Customers use this program by installing free PhishWall Client software into their personal computers.

When customers access the JAPAN POST BANK Direct website, the program checks their personal computer and displays a warning message if it detects signs of MITB malware infection. The program can also disable detected MITB malware.

\*1 PhishWall Premium is a security software program provided by SecureBrain Corporation.

\*2 Man-in-the browser attack: A security attack that infects a victim's computer, showing the victim a fake screen and steals personal identification number and password to gain illegal access.

### Warning screen displayed when PhishWall Premium detects an MITB attack



(Internet Explorer)  
A warning message is displayed on the screen, and a red signal is displayed on the PhishWall toolbar.



(Firefox and Chrome)  
The PhishWall icon turns red, and a warning message is displayed.

### ● Launched a Foreign Currency Delivery Service

In September 2015, we launched a foreign currency delivery service, "Japan Post Bank Foreign Currency Delivery Service — Travel with You."

This service offers 15 currencies, including U.S. dollar, euro, Chinese yuan and Australian dollar, from which customers purchase their desired currencies over the Internet via personal computer or smartphone. The purchased currencies are delivered to customers' homes anywhere in Japan and free of charge. The service does not involve actual money exchange, as the purchased amount will be paid from customers' general accounts through an automatic, instant account transfer.

The service is available 365 days a year over the Internet and is very useful for people planning an overseas trip.



Japan Post Bank Foreign Currency Delivery Service — Travel with You logo

## ③ Investment

We implement expeditious risk management for the entire portfolio based on the economic conditions and monetary policies both in and outside Japan. In order to secure stable current profits, we continue to diversify risks and revenue sources through such measures as promotion of internationally diversified investments while performing appropriate risk control.

## TOPICS

### "Yu-chan" in Japan Post Bank's Corporate Advertisement

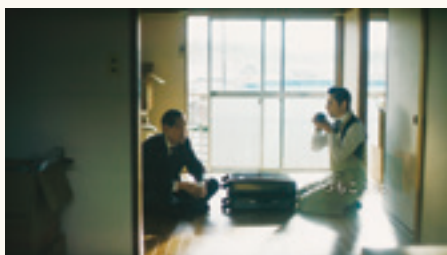
In June 2016, we rolled out another nationwide corporate advertisement campaign on TV and other media, featuring Japanese actor Masahiro Motoki as our new advertising character and under the catch phrase "Always Here."

In the TV commercial series, Masahiro Motoki acts as Yu-chan, a figurative character representing Japan Post Bank. He appears in people's lives as a "passbook" kept by parents for their daughter, as a "post office" welcoming a father transferred to an unfamiliar town away from his family and as an "aspiration" of our branches and post offices to always remain by our customers' side.

The catch phrase "Always Here," embraces our desire to be there for our customers to help them anytime, anywhere, including when they start working, have a family and enter retirement.



"Daughter's marriage partner"



"Father working away from family"



"Call from mom"

### Providing Financial Education

We conduct school visits and provide financial lessons to elementary and junior high school students.

These lessons use our original textbooks and help children nurture a correct sense of money by learning the importance of money and how to get along with it.

During fiscal year ended March 31, 2016, we held financial lessons at 39 elementary and junior high schools 65 times in total.

Additionally, we hosted an additional financial lesson, "Learn about Money in a Fun Way!," six times in total at the JAPAN POST BANK Piggy Bank Design Contest exhibition held respectively at six locations across Japan.



Financial lesson held at a school



Financial lesson "Learn about Money in a Fun Way!"



Textbooks for students in each grade and allowance book (rendering)

### Held the JAPAN POST BANK Piggy Bank Design Contest for Children

With the objectives of increasing children's interest in saving and fostering their artistic creativity by making piggy banks, we hold the JAPAN POST BANK Piggy Bank Design Contest for elementary school children. This contest was launched in 1975 to commemorate the 100th anniversary of the postal savings business and has reached a milestone of 40 years in 2015.

For the 40th contest held during fiscal year ended March 31, 2016, we received 832,530 entries from 11,365 elementary schools across Japan. Among these piggy banks, which had already undergone judging at each school, 240 excellent works were picked in the primary judging using photographs. Winners of the Minister of Education, Culture, Sports, Science and Technology Award, Japan Post Bank Award, Post Office Award, Jury's Special Award and Amazing Design and Idea Award were then determined in the final judging of actual works. To commemorate the 40th anniversary of the contest, 13 extra works were granted a Regional Special Award.

Following the contest, an exhibition of the 253 award-winning works was held at six venues across Japan in Tohoku, Kanto, Chubu, Kansai, Chugoku and Kyushu from December 2015 to February 2016.

Additionally, Japan Post Bank Co. donated ¥10 for every piggy bank entry received to the Japan Committee for UNICEF and the Japan International Cooperation Agency (JICA) (¥4,162,650 each, totaling ¥8,325,300). These donations are used to assist children suffering from poverty and illnesses in developing countries.



"Black Hole Piggy Bank," which won the Minister of Education, Culture, Sports, Science and Technology Award



"Save Water," which won the Japan Post Bank Award



Donation presentation ceremony



Exhibition (Fukuoka Prefecture)

### Machiomoi® wa Hitoomoi Created Japan Post Bank Machiomoi Calendar 2016

We created our original Japan Post Bank Machiomoi Calendar 2016.

Starting with the 2013 edition, we have been creating this original series of calendar through a tie-up with the Machiomoi-cho\* project. The theme, *Machiomoi wa Hitoomoi* (Love my hometown, love my people), represents our wish to be close to our customers and remain the most accessible and friendly financial institution in each community.

The calendar includes a section entitled "Welcome to Our Town. We are Machiomoi Post Office!" in which branch managers and postmasters of the post offices in towns featured in the calendar talk about the appeal and their feelings about their towns. The page of each month features one town and includes a quiz on its unique dialect, local specialty products or landmarks to let people get acquainted with the town in a fun way. The calendar brings up warm feelings and memories of people's hometown or towns that mean a lot to them.

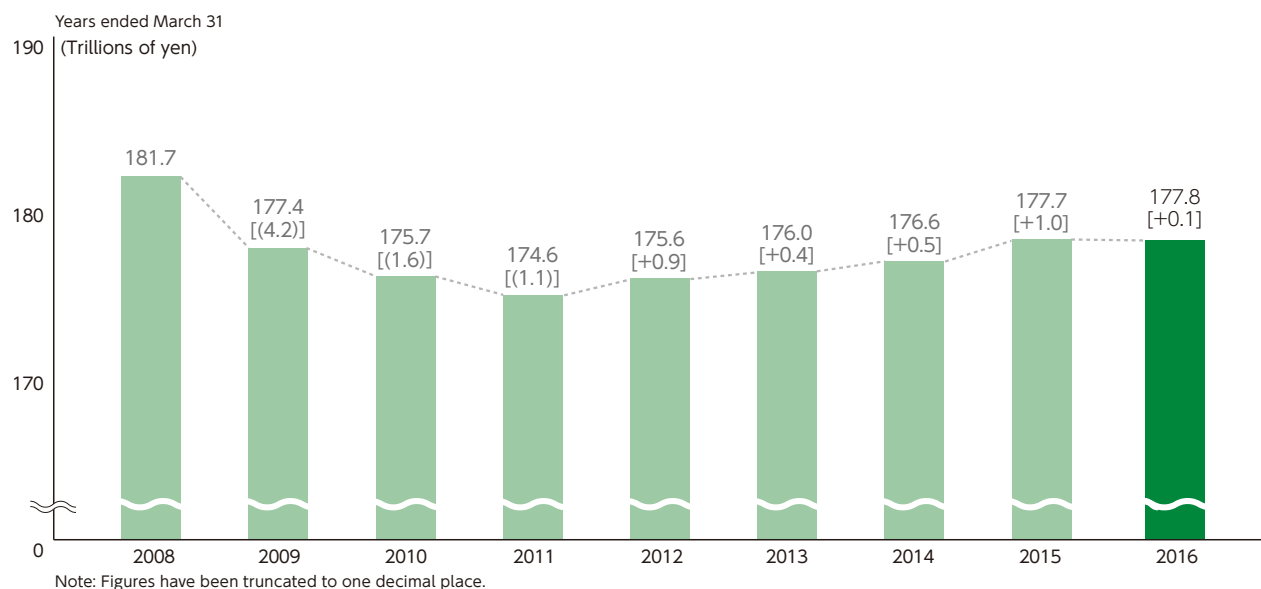
\* Machiomoi-cho is a project in which creators in Japan use pictures, photographs, essays and videos to make "personal" memory books of their much-longed-for hometowns, towns in which they spent their school days or town they now live in. These booklets and videos are put on exhibitions held at various locations in Japan.



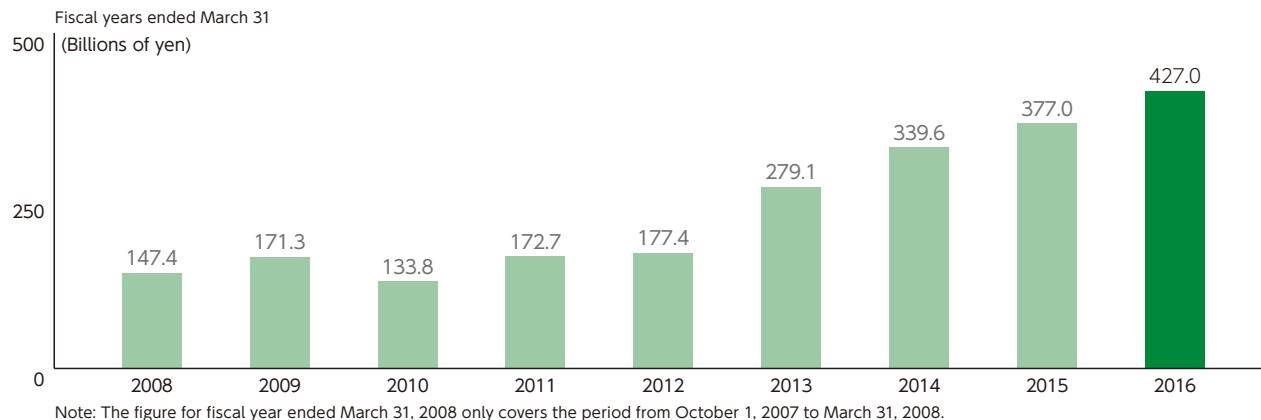
Machiomoi-cho website: <http://machiomoi.net/> (in Japanese)

## ④ Japan Post Bank Co. Business Performance

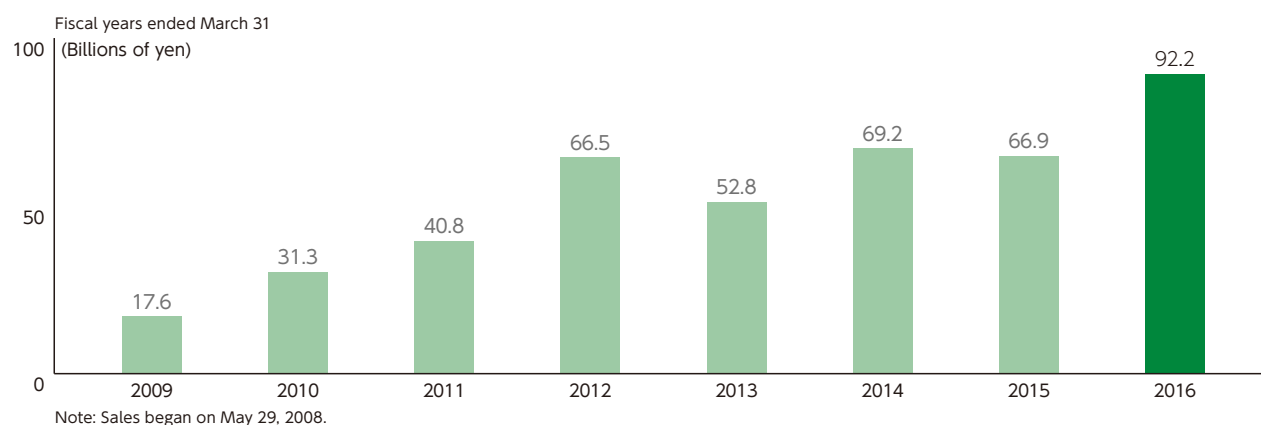
### 1 Deposit Balance



### 2 Investment Trusts Sales



### 3 Variable Annuity Policies Sales





## ⑤ Japan Post Bank Co. (Non-consolidated) Financial Highlights

As a result of efforts to strengthen its sales promotion capabilities in corporation with Japan Post Co., deposits at Japan Post Bank Co. totaled ¥177,871.9 billion. Ordinary income was ¥1,968.9 billion, net ordinary income was ¥481.9 billion and net income was ¥325.0 billion. Capital adequacy ratio (non-consolidated, domestic standard) was 26.38%.

### Results of Operations

#### ■ Ordinary income

(Year ended March 31, 2016)

**¥1,968,987** million

#### ■ Net ordinary income

(Year ended March 31, 2016)

**¥481,998** million

#### ■ Net income

(Year ended March 31, 2016)

**¥325,069** million

#### ■ Net income per share (Note 1)

(Year ended March 31, 2016)

**¥86.69**

#### ■ Diluted net income per share (Note 2)

(Year ended March 31, 2016)

—

Notes: 1. Japan Post Bank Co. implemented a 30-for-1 common stock split effective August 1, 2015, and net income per share for the year ended March 31, 2016 was calculated assuming the stock split was implemented on April 1, 2015.

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

#### ■ Return on equity

(Year ended March 31, 2016)

**2.8%**

#### ■ Net ordinary income/ Total assets

(Year ended March 31, 2016)

**0.2%**

#### ■ Ordinary income/ Ordinary expenses

(Year ended March 31, 2016)

**75.5%**

## Financial Position

### ■ Total assets

(As of March 31, 2016)

**¥207,056,039 million**

### ■ Net assets

(As of March 31, 2016)

**¥11,508,150 million**

### ■ Equity ratio (Note 1)

(As of March 31, 2016)

**5.5%**

### ■ Net assets per share (Note 2)

(As of March 31, 2016)

**¥3,069.26**

### ■ Capital adequacy ratio (non-consolidated, domestic standard) (Note 3)

(As of March 31, 2016)

**26.38%**

Notes: 1. Equity ratio = [(Net assets – Stock acquisition rights) / Total assets] × 100

2. Japan Post Bank Co. implemented a 30-for-1 common stock split effective August 1, 2015, and net assets per share as of March 31, 2016 was calculated assuming the stock split was implemented on April 1, 2015.

3. Capital adequacy ratio (non-consolidated, domestic standard) is calculated based on standards stipulated by Article 14-2 of the Banking Act for the purpose of determining whether banks have sufficient equity capital given their holdings of assets and other instruments (Notification No. 19, the Financial Services Agency, 2006).

(Reference)  
Equity capital  
As of March 31, 2016:  
¥11,508,150 million

## 4. Operations of Japan Post Insurance Co.



**Masami Ishii**

Director and President, CEO,  
Representative Executive Officer  
Japan Post Insurance Co., Ltd.

### Message from the Company



We would like to express our deep appreciation for your kind support for Japan Post Insurance Co., Ltd.

We would also like to offer our sincere sympathies to all those affected by the 2016 Kumamoto earthquake, as well as extend our heartfelt wishes for the region's quick recovery.

We hereby present to you our Annual Report for the year ended March 31, 2016, which describes our financial results, business performance and various initiatives undertaken during the term under review.

Through this report, we hope to bring a better understanding of our operations and ask for your continued support.

### Review of the Year Ended March 2016

The fiscal year ended March 31, 2016 was a notable year as it marked the first year of our new medium-term management plan "New Japan Post Group Network Creation Plan 2017," covering the three years from the fiscal year ended March 31, 2016 to the fiscal year ending March 31, 2018, which was formulated to articulate the future direction of management for overcoming issues, such as the pursuit of greater profitability of the Group, improvement in productivity and strengthening of corporate governance upon taking into account factors such as changes in the operating environment, including the continued low interest rate environment.

In line with the above, we pressed ahead with initiatives according to the plan's top priority themes to "Establish our financial management base which will be necessary for growth", as well as accelerated efforts to build an unshakable management base for our enduring growth

and development by “developing products and services that will further enhance our strengths”.

It was also a year when we took another step forward with the listing of our common stock on the First Section of the Tokyo Stock Exchange on November 4, 2015. We would like to express our sincere gratitude to all those who provided advice and support toward successfully listing the stock.

We also promoted an initiative called “Kampo Platinum Life Service” to offer the elderly customer-friendly services that emphasize a sense of security and trust by improving every customer contact from our elderly customers' perspective.

Specific efforts to enhance services for elderly customers in the fiscal year ended March 31, 2016, included raising the maximum limit of the enrollment age range of endowment insurance and whole life insurance, establishing a dedicated call center for elderly customers and publishing an information magazine for elderly customers. In the fiscal year ending March 31, 2017, we started offering a free telephone consultation service on “health, medicine, nursing” and “taxes in life”.

In response to customers' needs, in October 2015, we launched a “Short-Term Premium Payment Endowment Insurance” that resolves the insurance premium payment burden at an early stage and increases savings by making the insurance premium payment period shorter than the insurance period. From the same month, in order to improve convenience for our customers, we started “handling of a deferred first premium payment system” and the handling of a “Special Provision on Designating Commencement Date of Liability.”

To develop and strengthen our systems for managing insurance claims and other payments, we strived to further improve payment quality and make administrative processing more efficient by working to improve payment examination administration with the implementation of a Claim Payment Processing System (SATI). In addition, we strived to enhance guidance following a system determination of insurance claims that can possibly be paid and the necessary procedures when a customer makes an insurance claim.

In addition to these initiatives, in March 2016, we reached an agreement to form a strategic business alliance with The Dai-ichi Life Insurance Company, Limited in the three areas of international life insurance business, asset management business and joint research in the new product and IT fields as the pillars of the alliance. By mutually complementing and fusing the strengths of both companies, we aim for the sustainable improvement of corporate value.

Regarding the business results for the fiscal year ended March 31, 2016, a stronger collaboration with Japan Post Co., Ltd., led to a record-high number of new individual insurance policies. Annualized premiums from new policies reached ¥485.3 billion (6.0% increase year on year) for individual insurance and ¥49.5 billion (20.6% increase year on year) for third-sector; 2.39 million individual insurance

policies were sold (0.6% increase year on year) for an insured amount of ¥7,168.4 billion (2.4% increase year on year).

Looking at consolidated profit and loss, ordinary profit amounted to ¥411.5 billion and net income attributable to Japan Post Insurance amounted to ¥84.8 billion, which exceeded the previous year's level.

In addition, consolidated solvency margin ratio, an indicator of financial soundness, stood at 1,570.3%. Internal reserves within liability, combined with the contingency reserve and reserve for price fluctuations, amounted to ¥3,157.1 billion, and we thereby were able to secure a strong financial base.

We appreciate all those who supported us in the realization of these solid results.

## Future Outlook

The fiscal year ending March 2017 marks the 100th anniversary of Postal Life Insurance Services.

We again would like to express our deepest gratitude to our stakeholders for the generous support that they have rendered to us over the years.

Upon reaching this milestone, in anticipation of the next 100 years, we have reconsidered what Japan Post Insurance meant to do and what manner of company it is meant to become. We have also revised our corporate philosophy, the idea at the foundation of engaging in business activities, to “Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being.”

This management philosophy contains our mission as a member of the Japan Post Group of delivering insurance services as a means of security to customers throughout Japan, and our strong will to ensure that all people live with a positive mind-set and full of dreams with the help of the insurance services that we provide, thereby supporting the regional societies in Japan.

Under the new management philosophy, we will carry out our inherited social mission of “providing basic measures of life with simple procedures for the people of Japan,” which was the original goal of Postal Life Insurance when it was created in 1916. Although we will keep our business model—“a big, unique and heartfelt company”—unchanged, we will continue to meet the needs of a larger number of customers and further upgrade our insurance services.

We will continue to work, with all our employees united, toward the corporate vision of aiming to be the “No. 1 Japanese insurance company selected by customers” to stay trusted and loved by our customers for the centuries to come.

In all our endeavors, we request and appreciate your continued support.



## Overview of Operations

Japan Post Insurance Co. undertakes the insurance business within the Japan Post Group.

The company provides definitive security through agents (the post offices) as well as directly managed sales offices (branches). The management philosophy of Japan Post Insurance Co. is “Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being.”

### ① Overview of Insurance Products and Services

#### Provision of Insurance Products and Services

Japan Post Insurance Co. carries on the social mission of Postal Life Insurance\* the same as prior to the postal privatization to “provide basic coverage for the people of Japan with insurance using simple procedures” through the provision of easy-to-understand and easy-to-use products and services developed from a customer standpoint.

Life insurance contracts with Japan Post Insurance Co. following privatization differ from those prior to privatization in that there is no payment guarantee from the government. As with other life insurance companies in Japan, however, a policyholder protection scheme provides a certain degree of protection.

#### ● Agents

Japan Post Insurance Co. utilizes a nationwide supply network of the post offices operated by Japan Post Co., Ltd. to provide simple and easy-to-understand products in small amounts and through simple procedures, along with associated services. These products and services provided via post offices primarily target individuals and households.

Japan Post Insurance Co. has also established Agency Relations Divisions for 76 directly managed sales offices (as of March 31, 2016) to support sales promotion, training and development, and administrative affairs.

In addition, leveraging our unique features, we work with Japan Post to develop products that meet customers’ needs, develop new markets and service channels and upgrade sales processes.

#### ● Directly-managed wholesales channel

Whole Sales Divisions of our directly-managed offices are placed in 76 major cities nationwide (as of March 31, 2016), where they provide our products and services primarily to the corporate and worksite market including small- and mid-sized companies, and also handle other life insurance companies’ products for corporate customers.

In order to respond to the needs of our customers, which are becoming more diverse, we monitor market trends, accumulate extensive sales know-how and build an effective sales framework through this sales and service channel.

\* The Management Organization for Postal Savings and Postal Life Insurance manages Postal Life Insurance policies taken out prior to the postal privatization. Japan Post Insurance has been entrusted with administrative affairs by this organization but has outsourced some of those operations to Japan Post, allowing premiums to be paid and benefits collected through post office offsite sales personnel and counter services.

## ② Enhancing Products and Services

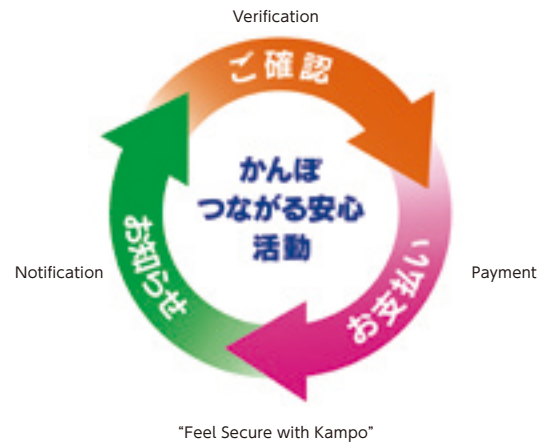
### “Feel Secure with Kampo” Activities

We are engaging in “Feel Secure with Kampo” activities to meet with customers directly and provide a range of services in order to further increase customer satisfaction and trust.

In the “Feel Secure with Kampo” activities launched in the fiscal year ended March 31, 2016, we visit each customer to verify the details of policy coverage, any claimable insurance benefits and other information on the policy contracts they hold.

To ensure that customers receive insurance and/or other benefits easily and accurately, we advise them of the procedures for designating a bank account for receiving benefits and the system for payment claim by a designated proxy to enhance our customer service.

We will continue to enhance collaboration with Japan Post to bring even greater satisfaction to our customers.



### Promotion of “Kampo Platinum Life Service” (Service Focusing on Elderly Customers)

#### ● The Intent and Purpose of the Kampo Platinum Life Service

We are conducting a company-wide initiative called “Kampo Platinum Life Service” to win the favor of the growing number of elderly customers by offering age-friendly services based on a sense of security and trust that has been enabled by improving every customer contact from our elderly customers' perspective.

This initiative aims to provide products and services matched to the needs of elderly customers. Under the initiative, we intend to encourage improvement whenever we interact with customers and build a business model that is friendly to elderly customers.

# かんぽ プラチナライフサービス

Kampo Platinum Life Service logo used across Japan Post Insurance

### Main Activities

#### ● Extended the upper age limit of our endowment insurance and whole life insurance

We extended the upper age limit of our endowment insurance (*Shin Free Plan*) in April 2015 and whole life insurance (*Shin Nagaiki Kun*) in October 2015 to encourage the enrollment of customers at older ages.

かんぽ生命では、ご高齢者にやさしい商品・サービスを提供しています。

2015年4月2日から、新設老保険・特別老保険の加入年齢範囲を拡大しました。

「新フリープラン(普通老保険)」が  
「80歳」の方まで、ご加入いただけるようになりました!

加入年齢 0～75歳・0～80歳

2015年10月2日から、新設老保険の加入年齢範囲を拡大しました。

「新ながいきくん(定期型)」が  
「85歳」の方まで、ご加入いただけるようになりました!

加入年齢 満15～65歳・満15～85歳

#### ● Published an information magazine for elderly customers

In November 2015, we launched an information magazine for elderly customers titled “Kampo Platinum Life Service” with tips for everyday life and published the second issue in May 2016. This magazine is available at post offices or on our website.



### Launched a new service

In May 2016, we started offering a free telephone consultation service on health, medicine, nursing and "taxes in life" for the policyholders and insured persons of our life insurance and Postal Life Insurance contracts and their families.

### Efforts when explaining our insurance products

When explaining our products to elderly customers, we try to explain in an attentive and easy-to-understand manner. We ask customers aged 70 or older to have a family member or equivalent present when listening to an explanation of our insurance products. Since April 2016, we have sent written guidance after enrollment so that the policyholder can reconfirm the details of the insurance policy.

### Establishment of a dedicated call center for elderly customers

In April 2015, we established a dedicated call center for elderly customers where operators trained on how to attend to elderly customers directly answer calls via an exclusive toll-free telephone line.

### Efforts for simpler, more legible and easier notifications

We have made improvements to various notifications and guides for customers on an item-by-item basis. In addition to these improvements, we formulated the Internal Guidelines for Preparing Guides for Elderly Customers to be shared within our Company to make those guides simpler, more legible and easier especially for elderly customers to understand. Since July 2015, we have made revisions to those guides in accordance with these guidelines.

The "Insurance Policy Handbook" enclosed in the "Certificate of Premium Payment and Notice of Policy Details" delivered in October 2015 was created by reflecting the results of user testing to make it simple and easy to understand for elderly customers. The handbook acquired the certification of Universal Design Verified by Elderly Users from JITSUKEN, a nonprofit organization certified by the Cabinet Office. In two consecutive years from the fiscal year ended March 31, 2015, the handbook also acquired the Certificate of Color Universal Design from the Color Universal Design Organization, a nonprofit organization, as it was created to achieve the best effect in terms of coloring and lettering size.



"2015 Insurance Policy Handbook" prepared in accordance with the "Internal Guidelines for Preparing Guidebooks for Elderly Customers"



Certificate of Color Universal Design



Certificate of Universal Design Verified by Elderly Users

### Encouraging employees to acquire qualifications

From the perspective of enhancing customer services, we encourage employees to acquire qualifications as a Dementia Supporter, a Carefitter and others.

As of March 31, 2016, 2,795 employees had acquired the qualification of Dementia Supporter and 69 employees as a Carefitter.



Carefitter training

### Holding a free seminar on the use of tablet devices

For the purpose of improving the quality of life of elderly people through the acquisition of IT skills, we have held free seminars on the use of tablet devices for elderly people since May 2015 in a tie-up with the Sendai Senior Net Club, a nonprofit organization, in Sendai and other Tohoku areas.



At a seminar in March 2016 in Koriyama City, Fukushima Prefecture

### Launched Sales of Short-Term Premium Payment Endowment Insurance

To respond to customers' needs to be free from the burden of paying insurance premiums earlier, etc., we launched sales of Ordinary Endowment Insurance "Shin Free Plan (short-term premium payment)" in October 2015.

#### Product Features

- Feature 1: This product release customers from the burden of paying insurance premiums earlier as it enables them to complete premium payments in a shorter period (10 years) than the insurance period (15 years).
- Feature 2: By making the insurance premium payment period shorter than the insurance period and offering a certain deferment period after completing premium payments, this product enables customers to enroll in the insurance policy with less total premiums than those paid over the full term of insurance.
- Feature 3: By adding a hospitalization rider, hospitalization costs are covered. In addition, the coverage lasts until the maturity date even after the completion of premium payments.

### Introduced "Deferred First Premium Payment System" and "Special Provision on Designating Commencement Date of Liability"

#### ● Deferred First Premium Payment System

In October 2015, we launched a deferred first premium payment system in which the coverage (liability) starts from the time customers apply and report their health status, and then

customers make their first premium payment through a bank transfer or other way after the policy is concluded.

Previously, customers were requested to pay the first premium in cash at the time of application because a bank transfer was not available for such initial premium payment. The adoption of this system enables customers to start paying premiums by bank transfer from the first payment.

With the commencement of this new system, customers are no longer requested to bring cash when they pay the first premium, thus enhancing customers' convenience and improving our operational efficiency of collection of premiums.

#### ● Special Provision on Designating Commencement Date of Liability

In October 2015, we commenced the handling of a special provision on designating the commencement date of liability whereby policy holders can designate the commencement date of coverage (liability) at the time of application.

As a result, customers can start application procedures for new insurance policies and designate the commencement date of coverage (liability) at most three months prior to the maturity of the insurance policies in which they are already enrolled, thus enabling seamless transition to new coverage (liability) without causing duplicate coverage or an in-between period.

With the commencement of this new provision, procedures to make an insurance claim for maturity proceeds and application for new insurance policies can be handled at the same time, thus enhancing customers' convenience and improving our operational efficiency for the solicitation of new insurance policies.

### Further Refinement of Insurance Benefit Payment Operations through Utilization of IBM Watson

We are promoting study on further refinement of our insurance claim payment operations through utilization of the Watson technology, which is IBM's cutting-edge cognitive computing system.

More specifically, we will consider the development of an operational support system to enable examination staff to handle payment operations more promptly and accurately. This operational support system proposes options with certainty factors for staff to make payment decisions based on an analysis of our payment examination data (one of the largest data sources in Japan), contract terms, relevant laws and regulations, and past cases.

We will continue to work toward our management philosophy of becoming the "No. 1 Japanese Insurance Company Selected by Customers" through initiatives such as the improvement of our service level.

Note: Cognitive computing is a technology whereby computers autonomously make links to various data input and analyze and learn from that to provide support for decision-making through computing and evaluating the estimated results.

### Reinforcement of Payment Operations

#### ● For Simple, Prompt and Accurate Claim Payments

Our most significant mission as an insurance company is to pay the insurance and other benefits we promised to policyholders. To fulfill this responsibility properly from the standpoint of the policyholders, we have engaged in efforts to achieve simple,



prompt and accurate claim payments toward the goal of upgrading our claim payments management structure to the industry's highest level.

Specifically, we are promoting the enhancement of procedures upon receiving insurance claims and notices of other claimable insurance benefits; the development of examination staff with the knowledge and skills required for claim payment examination through professional trainings and education; the enhancement of IT-supported assistance to the payment examination process by introducing the Claim Payment Processing System (SATI); and strengthening the functions of the Policy Assessment Services Center, which plays the central role in claim payment examinations.

#### **Claim Payment Processing System (SATI)**

As our top priority measure for strengthening our claim payments management structure, the Claim Payment Processing System (SATI) enables a shift of the payment examination process from paperbased to digital-data-based using advanced image workflow (IWF) technologies and enhances IT-supported assistance throughout the entire process, thereby aiming to achieve simple, prompt and accurate claim payments and thus enhance customer services.

Based on this processing system, we will continue to enhance the quality and efficiency of the payment examination process via the plan, do, check, act (PDCA) cycle using various data, thereby strengthening the claim payments management structure.

#### ● **Education and Training for Payment Examination Staff**

In addition to lectures on new products and services when they are launched, the education and training for our claim payment examination staff include those designed to acquire our proprietary payment examination skills and e-learning programs according to the analysis results of the Claim Payment Processing System (SATI) and payment examination skills. We also encourage the staff to acquire the qualification of a Life Insurance Payment Specialist as offered by The Life Insurance Association of Japan to enhance their payment examination capabilities.

#### ● **Highly Objective and Neutral Examination System for Insurance Claims**

When we receive an insurance claim from a customer, the dedicated staff at the Policy Assessment Services Center conducts a claim payment examination. According to the content of the claim, the staff asks for medical opinions from the employees who have a medical doctor's license and/or legal opinions from external lawyers to ensure highly objective and neutral examinations.

More specifically, if it is possible that the insured event falls under the exclusions prescribed in the policy conditions, we investigate the detailed facts as necessary and have an external lawyer examine whether the exclusions are applicable.

If a customer is not satisfied with the examination result, he/she can ask for a review by the Claims-Related Services Review Session, which consists of external lawyers and other members and reviews conflicts concerning the payment of insurance

benefits. This also contributes to ensuring highly objective and neutral payment examinations.

## **③ Investment Policies**

Japan Post Insurance's operations are based on the concept of asset liability management (ALM) in order to maintain sound management and ensure the payment of insurance claims and others.

Specifically, the approach is to match assets with liabilities, with a focus on yen-denominated interest-bearing assets with a high affinity to the characteristics of liabilities, and investments in risk assets such as foreign securities and stocks under appropriate risk management.

Japan Post Insurance Co. aims to enhance profitability by strengthening the investment divisions and accelerating the diversification of asset management.

## TOPICS

### Celebrating the 100th Anniversary of Postal Life Insurance

The Postal Life Insurance Service, which was succeeded by Japan Post Insurance after the privatization of the postal service, will celebrate its 100th anniversary in October 2016. Inheriting the service's social mission of "providing basic measures of life with simple procedures for the people of Japan," we have provided simple and easy-to-understand products with smaller coverage amounts through the nationwide network of post offices, while enhancing the quality of customer services.

Throughout the year, we will carry out various initiatives to celebrate the 100th anniversary of Postal Life Insurance.



#### 100th Anniversary Ads Featuring Yoshihiko Inohara

TV commercials featuring the 100th anniversary ambassador Yoshihiko Inohara, who appears as "Kampo-san," have been broadcast since April 2016. The commercials convey our sincere thanks to the many customers who have supported us through the heartfelt expression of Mr. Inohara as he looks down upon a town, filled with thanks for the 100th anniversary. Along with the TV commercials, commemorative posters that show our gratitude for the 100th anniversary are posted at post offices nationwide.



#### Japan Post Insurance presents DREAMS COME TRUE Uradori Wonderland 2016 Special Sponsorship

We are sponsoring the special concert tour "Japan Post Insurance presents DREAMS COME TRUE Uradori Wonderland 2016" by DREAMS COME TRUE, which is a popular J-POP group among people of all age groups. Through this sponsorship, we would like to deliver dreams to everyone.



#### TV Commercials in Collaboration with DREAMS COME TRUE

The "Everyone's Dream" version of TV commercials are broadcast nationwide, featuring DREAMS COME TRUE and a song exclusively composed by them to commemorate the 100th anniversary of Postal Life Insurance. In these commercials, DREAMS COME TRUE cheers people's dreams throughout Japan via the melody of this new song.



TV commercial "Everyone's Dream" version

#### Special Website for the 100th Anniversary of Postal Life Insurance (<http://100th.jp-life.japanpost.jp/>)

In commemoration of the 100th anniversary, a special website has been established. The site provides information on the 100th anniversary ads featuring Yoshihiko Inohara and the history of Postal Life Insurance.



\* Postal Life Insurance does not accept new applications for insurance policies on and after October 2007. In addition, unlike Postal Life Insurance policies, no government guarantee is given to insurance policies currently underwritten by Japan Post Insurance Co., Ltd. with regard to benefit payments. For Postal Life Insurance policies entered into before September 2007, Japan Post Insurance Co., Ltd. is entrusted by the Management Organization, which succeeds the rights and obligations of the insurance policies, to provide services concerning benefit payments and receipt of insurance premiums, etc.

## Life is Full of Dreams

With the tagline "Life is Full of Dreams," we put up corporate ads that encourage all people who are moving forward in their lives.

Featuring actress Mitsuki Takahata as its new spokesperson, our new series of corporate ads, titled "That's a life, My Life," have aired nationwide on TV since March 2016.

The corporate ad conveys a message—"All lives are unique, and your life is undoubtedly yours. The world in which you live is full of wonderful things"—with a musical-like performance to an original song composed by musician Ringo Sheena.

The corporate ads have been extensively placed in various media, including posters at post offices nationwide, in newspapers and on transit mainly in the Tokyo metropolitan and Kansai areas.

Through the corporate ads, we spread our wish to support the lives of our customers and other people living in local communities by always being close at hand.



Corporate TV commercial "That's a life, My Life"



Newspaper ad



Poster



Transit ad

## "Full of Dreams" Caravan

To deliver the corporate message of "encouraging those who take on the challenges toward achieving their dreams" on a continuing basis and from many angles, we have some of Japan Post Group's employees and their families who work enthusiastically toward their dreams to appear in corporate ads that are placed in magazines and on a special website for the campaign: <http://www.yumedarake.jp/caravan/>.



"I pledge to make it a game played fairly."



"I am building up muscle toward my dreams."



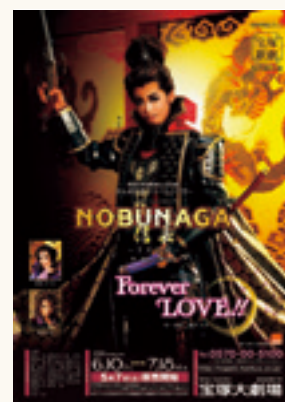
"I met my wife in space."

Note: The information is effective as of the date and time of the filming.

## KAMPO DREAM THEATER, Sponsorship of the Takarazuka Revue

As one of our cultural activities, we sponsor the Takarazuka Revue's 2016 performances by the Moon troupe: Rock Musical "Nobunaga: The Will to Power" and Shining Show "Forever LOVE!!," as we did in 2015.

Through the sponsorship of the performances of the Takarazuka Revue, we wish to deliver dreams to the audiences at these performances.



©Takarazuka Revue Company

## TOPICS

### Sponsorship Contract with Female Professional Golfer Momoko Ueda

Since March 2015, we have been under a three-year sponsorship contract with Momoko Ueda, a professional golfer. Her committed efforts to making her dreams come true led to the sponsorship.

Ms. Ueda has competed in various golf tournaments armed with a cap, golf clothing and a golf bag bearing the name of Japan Post Insurance.

Wishing her further success, we will continue to provide support for her.

### Special Sponsorship of Student Music Concours of Japan to Encourage Students Striving for Their Dreams

To develop a music culture and support students who are taking on the challenge of pursuing their dreams, we sponsor the Student Music Concours of Japan.

This competition nurtures an appreciation of music and helps improve performance techniques. Through a fair screening process, young talents are discovered who can perform on the global stage, thereby contributing to the development of music culture.



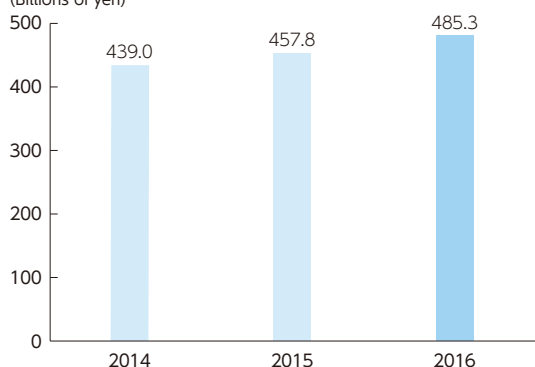


## ④ Japan Post Insurance Co. Business Performance (Non-Consolidated)

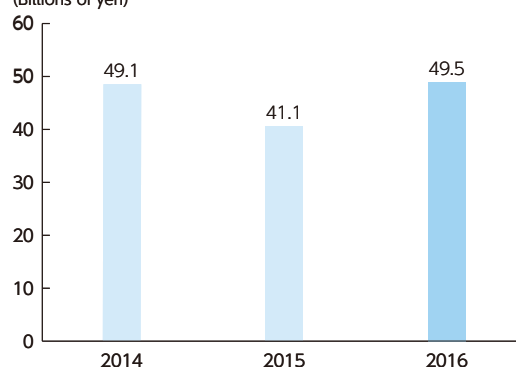
### 1 Insurance Policies

#### ■ Annualized Premiums – New Policies

Individual Insurance / For the years ended March 31  
(Billions of yen)



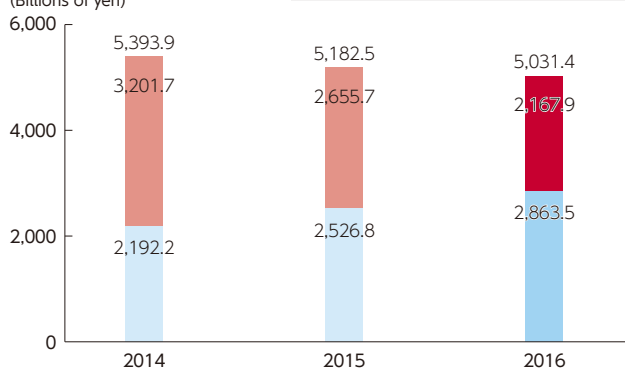
Third-Sector / For the years ended March 31  
(Billions of yen)



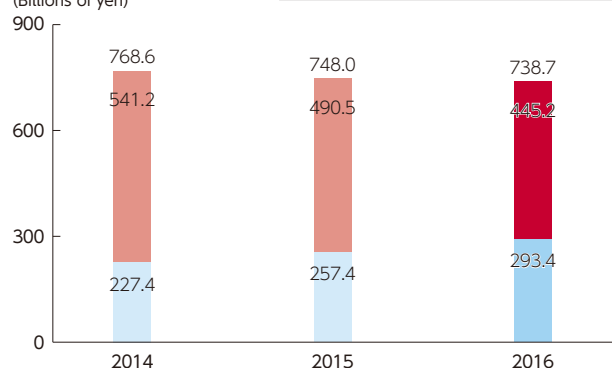
Note: "Third-sector" includes medical benefits (including hospitalization and surgery benefits).

#### ■ Annualized Premiums – Policies in Force

Individual Insurance / As of March 31  
(Billions of yen)



Third-Sector / As of March 31  
(Billions of yen)



Notes: 1. "New Classification" indicates policies in force underwritten by Japan Post Insurance, whereas "Old Classification" indicates Postal Life Insurance Policies (individual insurance policies are limited to Postal Life Insurance Policies) it has received from the Management Organization in the form of reinsurance.

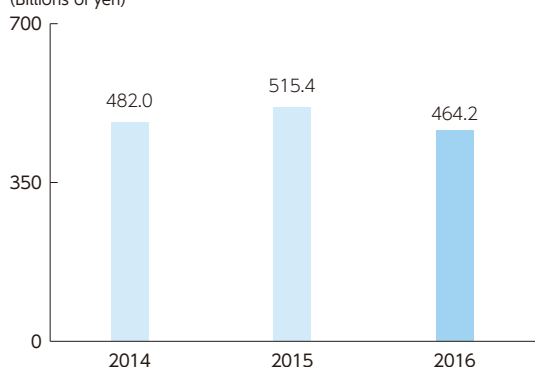
2. Regarding Postal Life Insurance Policies that Japan Post Insurance has received from the Management Organization in the form of reinsurance, it calculated its annualized premiums under "Old Classification" based on the same methods used to calculate annualized premiums of individual insurance policies and individual annuities it has underwritten.

3. "Third-sector" includes medical benefits (including hospitalization and surgery benefits) and living benefits (including specified diseases and nursing care benefits).

### 2 Sound Management Indicators

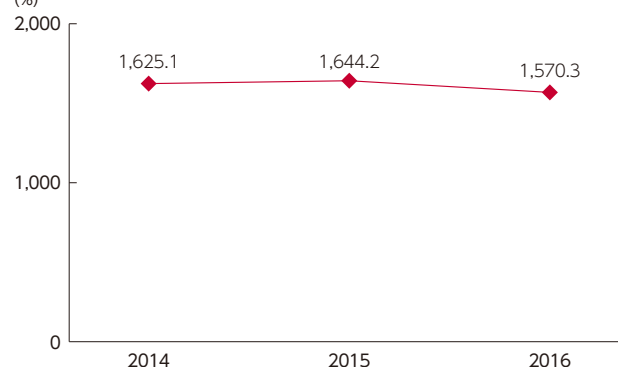
#### ■ Core Profit

Years ended March 31  
(Billions of yen)



#### ■ Consolidated Solvency Margin Ratio

As of March 31  
(%)



## ⑤ Japan Post Insurance Co. (Consolidated) Financial Highlights

As a result of efforts to strengthen its sales promotion capabilities in corporation with Japan Post Co., new insurance policies for individuals totaled 2.39 million. Ordinary income was ¥9,605.7 billion, net ordinary income was ¥411.5 billion and net income attributable to Japan Post Insurance Co. was ¥84.8 billion. Insurance premiums amounted to ¥5,413.8 billion, while internal reserves (contingency reserve and reserve for price fluctuations) totaled ¥3,157.1 billion, and a consolidated solvency margin ratio was 1,570.3%.

### Consolidated Results of Operations

#### ■ Ordinary income

(Year ended March 31, 2016)

**¥9,605,743** million

#### ■ Net ordinary income

(Year ended March 31, 2016)

**¥411,504** million

#### ■ Net income attributable to Japan Post Insurance Co.

(Year ended March 31, 2016)

**¥84,897** million

#### ■ Net income per share (Note 1)

(Year ended March 31, 2016)

**¥141.50**

#### ■ Diluted net income per share (Note 2)

(Year ended March 31, 2016)

—

#### ■ Return on equity

(Year ended March 31, 2016)

**4.4%**

#### ■ Net ordinary income/ Total assets

(Year ended March 31, 2016)

**0.5%**

#### ■ Net ordinary income/ Ordinary income

(Year ended March 31, 2016)

**4.3%**

Notes: 1. Japan Post Insurance Co. implemented a 30-for-1 common stock split effective August 1, 2015, and net income per share for the year ended March 31, 2016 was calculated assuming the stock split was implemented on April 1, 2015.

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

## Consolidated Financial Position

---

### ■ Total assets

(As of March 31, 2016)

**¥81,545,182 million**

### ■ Net assets

(As of March 31, 2016)

**¥1,882,982 million**

### ■ Equity ratio

(As of March 31, 2016)

**2.3%**

### ■ Net assets per share

(As of March 31, 2016)

**¥3,138.30**

(Reference)  
Equity capital  
As of March 31, 2016:  
¥1,882,982 million

Note: Japan Post Insurance Co. implemented a 30-for-1 common stock split effective August 1, 2015, and net assets per share as of March 31, 2016 was calculated assuming the stock split was implemented on April 1, 2015.

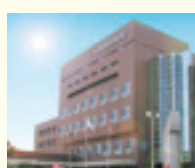
# 5. Other Businesses

## ① Hospital Business

Japan Post Holdings has established ten Teishin Hospitals around Japan as corporate hospitals of the Japan Post Group. Teishin Hospitals are open for the use of any member of the public, as well as Group employees and their families, and they provide medical services and medical check-up services, which contribute to the health of everyone in the community. Please refer to page 89 for details including locations.

Notably, Tokyo Teishin Hospital has 477 sickbeds and advanced medical equipment to organize a structure required for providing advanced medical care, and approximately 7,600 people utilized medical check-up services during fiscal year ended March 31, 2016. The hospital also has a palliative care unit to provide cancer patients with relief from physical and mental pain so that they can spend valuable time with their family in the most comfortable way as possible.

### List of ten Teishin Hospitals nationwide



**Sapporo Teishin Hospital**  
Departments  
Internal medicine, gastroenterology, cardiology, surgery, ophthalmology, otolaryngology, orthopedics



**Kyoto Teishin Hospital**  
Departments  
Internal medicine, surgery, gynecology, pediatrics, ophthalmology, otolaryngology, orthopedics, radiology, anesthesiology



**Yokohama Teishin Hospital**  
Departments  
Internal medicine, surgery, gynecology, ophthalmology, orthopedics, anesthesiology



**Hiroshima Teishin Hospital**  
Departments  
Internal medicine, surgery, obstetrics and gynecology, pediatrics, ophthalmology, orthopedics



**Tokyo Teishin Hospital**  
Departments  
Internal medicine, endocrinology/metabolism, hematology, neurology, infectious diseases, cardiology, nephrology, gastroenterohepatology, respiratory diseases, psychiatry, surgery, gastroenterological surgery, respiratory surgery, neurosurgery, orthopedics, gynecology, pediatrics, ophthalmology, dermatology, plastic and reconstructive surgery, urology, otolaryngology, radiology, rehabilitation, anesthesiology, palliative care, dental/oral surgery, emergency, pathology



**Tokushima Teishin Hospital**  
Departments  
Internal medicine, surgery, gynecology, ophthalmology, orthopedics



**Toyama Teishin Hospital**  
Departments  
Internal medicine, surgery, gynecology, ophthalmology, orthopedics



**Fukuoka Teishin Hospital**  
Departments  
Internal medicine, gastroenterohepatology, cardiology, surgery, gynecology, pediatrics, ophthalmology, dermatology, otolaryngology, orthopedics, radiology, anesthesiology



**Nagoya Teishin Hospital**  
Departments  
Internal medicine, respiratory diseases, geriatrics, surgery, urology, obstetrics and gynecology, pediatrics, ophthalmology, dermatology, otolaryngology, orthopedics



**Kagoshima Teishin Hospital**  
Departments  
Internal medicine, gastroenterohepatology, gastroenterological surgery, liver internal medicine, liver surgery, surgery, gynecology, ophthalmology, proctology



## ② Hotel Business

### 1. Kanpo no Yado Inns and Kanpo no Sato Inns

Kanpo no Yado inns are available for the use of all persons, in the same way as regular ryokan and hotels, regardless of whether guests possess insurance policies of Japan Post Insurance.

These facilities are near tourist spots, with many of them incorporating universal designs throughout bathrooms and guest rooms, thereby ensuring that guests can stay with peace of mind. Kanpo no Sato inns are lodging facilities where people can enjoy sports and other leisure activities in a natural setting.

We opened Kazeru Otaru, a fee-paying residential-style nursing home, on the site of Kanpo no Yado inn Otaru, to ensure enriched lives for elderly people.

For details, please refer to pages 99-100.

### 2. Rafre Saitama and other facilitiesInns

Rafre Saitama is a lodging facility located near Saitama Shintoshin station that has conference rooms, banquet halls and a fitness center.

U-Port Recreation Center in Setagaya Ward, Tokyo, includes tennis courts, a heated indoor swimming pool, a gym, a fitness center and other sports facilities.

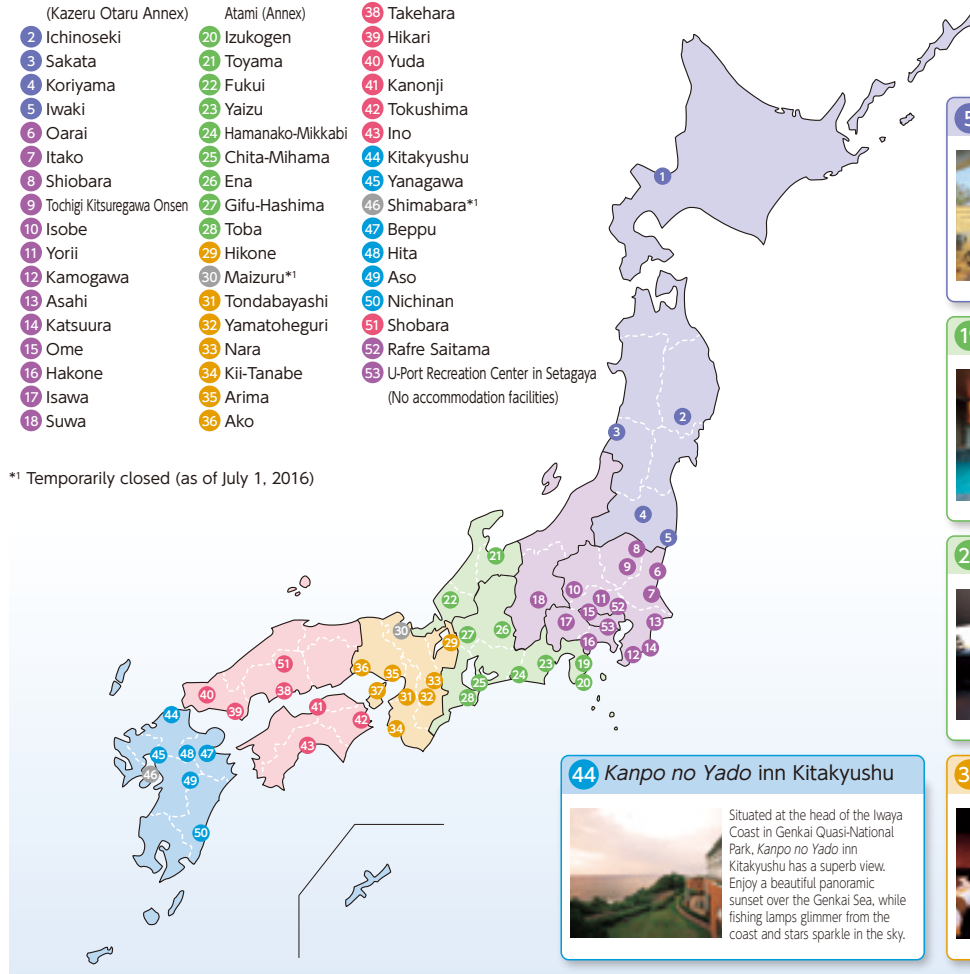
MIELPARQUE hotels provide accommodations, conference rooms, banquet and wedding halls, restaurants and other facilities.

Note: MIELPARQUE hotels have been run by a subsidiary of Watabe Wedding Corp. under a fixed-term lease agreement with Japan Post Holdings. MIELPARQUE Kyoto does not have accommodation and wedding facilities.

## List of Accommodation Facilities Nationwide

- |                                 |   |  |
|---------------------------------|---|--|
| 1 Otaru<br>(Kazeru Otaru Annex) | 19 Atami (Main Building)<br>Atami (Annex) | 37 Awajishima  |
| 2 Ichinoseki                    | 20 Izukogen                               | 38 Takehara  |
| 3 Sakata                        | 21 Toyama                                 | 39 Hikari  |
| 4 Koriyama                      | 22 Fukui                                  | 40 Yuda  |
| 5 Iwaki                         | 23 Yaizu                                  | 41 Kanonji   |
| 6 Oarai                         | 24 Hamanako-Mikkabi                       | 42 Tokushima   |
| 7 Itako                         | 25 Chita-Mihama                           | 43 Ino   |
| 8 Shiobara                      | 26 Ena                                    | 44 Kitakyushu  |
| 9 Tochigi Kitsuregawa Onsen     | 27 Gifu-Hashima                           | 45 Yanagawa  |
| 10 Isobe                        | 28 Toba                                   | 46 Shimabara*  |
| 11 Yorii                        | 29 Hikone                                 | 47 Beppu   |
| 12 Kamogawa                     | 30 Maizuru* <sup>1</sup>                  | 48 Hita  |
| 13 Asahi                        | 31 Tondabayashi                           | 49 Aso   |
| 14 Katsuura                     | 32 Yamatoheguri                           | 50 Nichinan  |
| 15 Ome                          | 33 Nara                                   | 51 Shobara   |
| 16 Hakone                       | 34 Kii-Tanabe                             | 52 Rafre Saitama   |
| 17 Isawa                        | 35 Arima                                  | 53 U-Port Recreation Center in Setagaya<br>(No accommodation facilities) |
| 18 Suwa                         | 36 Ako                                    |  |

\*<sup>1</sup> Temporarily closed (as of July 1, 2016)



On our recommendation list:

#### 5 Kanpo no Yado inn Iwaki



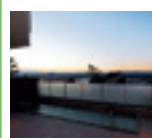
All guestrooms have a spectacular ocean view of the long white sandy beach and black pine forest of the Iwaki Kaigan Prefectural Natural Park. Watch the beautiful Pacific sunrise from your room or indulge in the outdoor hot spring under the starry sky.

#### 19 Kanpo no Yado inn Atami (Main Building)



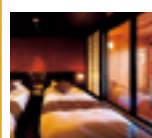
The hot spring hotel's hilltop location offers a panoramic view of Atami city and the Sagami Bay. The Main Building was renewed in December 2015 with four types of spas including outdoor, jet baths and bed baths.

#### 25 Kanpo no Yado inn Chita-Mihama



Rejuvenate your mind and body in the skin-soothing natural hot springs while overlooking Ise Bay at Kanpo no Yado inn Chita-Mihama, which reopened in February 2016 with a new tropical resort design.

#### 33 Kanpo no Yado inn Nara



Located just west of the Heijo Palace site and perfect for visiting the various World Heritage sites scattered throughout the ancient capital, Kanpo no Yado inn Nara reopened in March 2016 with new guestrooms, including special Japanese-Western style rooms with private panoramic view baths.

#### 44 Kanpo no Yado inn Kitakyushu



Situated at the head of the Iwaya Coast in Genkai Quasi-National Park, Kanpo no Yado inn Kitakyushu has a superb view. Enjoy a beautiful panoramic sunset over the Genkai Sea, while fishing lamps glimmer from the coast and stars sparkle in the sky.

# Dedicated to Becoming an Even More Trustworthy Group

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# 1. Japan Post Group Corporate Governance

(As of July 1, 2016)

## ① Fundamental Policy for Corporate Governance

At the Japan Post Group, all Group companies establish their own corporate governance systems, and Japan Post Holdings Co., Ltd., as the holding company, uses the following system to oversee management of the Group. The objective is to establish an appropriate corporate governance system for the entire Japan Post Group.

### ① Basic Views

Japan Post Holdings shall develop the corporate governance structure of the Group based on the following concepts, with a view to ensuring sustainable growth of the Group and creating corporate value over the medium to long term.

1. Japan Post Holdings shall continue to create new convenience for customers and pursue the provision of high quality services, while generating consistent value by providing universal services of the Group's three core businesses through the Group's post office network.
2. Fully recognizing its fiduciary responsibility to its shareholders, Japan Post Holdings shall give consideration to appropriately secure rights and equal treatment of shareholders.
3. Japan Post Holdings shall place emphasis on dialogue with all stakeholders including customers and shareholders with an aim to ensure appropriate collaboration and sustainable

coexistence. To this end, Japan Post Holdings shall strive to secure management transparency and commit to appropriate disclosure and provision of information.

4. Japan Post Holdings shall carry out swift and decisive decision-making and business execution under the effective supervision by the Board of Directors, in order to promptly cope with changes in social and economic environment and meet the expectation of all stakeholders.

Japan Post Holdings sets out "Basic Policy on Regarding Corporate Governance" concerning the basic views, framework, and operation policy regarding the corporate governance of Japan Post Holdings, with a view to ensuring sustainable growth of the Group and enhancing its corporate value over the medium to long term, and develops the corporate governance structure of the Group.

\* Please refer to "Group Governance" on the Japan Post Holdings website (<http://www.japanpost.jp/en/group/governance/>).

### ② Organization Layout

Japan Post Holdings has adopted a "company with three committees structure" from the following points of view.

1. To separate the especially vital decision-making and supervision, such as the formulation of basic management policy, from the business execution based on such decisions, thereby increasing the flexibility in management and establishing the management supervision structure of the Group governed by the Board of Directors.

2. To fully utilize external views on the management of Japan Post Holdings and ensure the transparency and fairness of decision-making on the management through enabling the exercise of functions of the Board of Directors comprised mainly of Independent Directors and the three committees, namely the Nomination Committee, the Compensation Committee and the Audit Committee.

3. To realize a corporate governance structure that can appropriately fulfill its accountability to all stakeholders.

### ③ Internal Controls

Japan Post Holdings, in accordance with management policies for the Japan Post Group, has established "Policy Principles for the Establishment of the Internal Control System" for Japan Post Holdings Co., Ltd. for the purpose of establishing programs that ensure sound and proper business operations. The holding company has also concluded the Group agreements with Group companies for internal controls concerning such areas as compliance, internal audits, risk management and information security, requiring each company to establish their own systems based on these agreements.

Furthermore, Japan Post Holdings constantly monitors proper business operations of Group companies by requiring them to report any significant matters in their operations and provides guidance for improvement as necessary.

\* Please refer to "Policy Principles for the Establishment of the Internal Control System" on the Japan Post Holdings website ([http://www.japanpost.jp/en/group/governance/pdf/01\\_02.pdf](http://www.japanpost.jp/en/group/governance/pdf/01_02.pdf)).

## ④ Group Management System

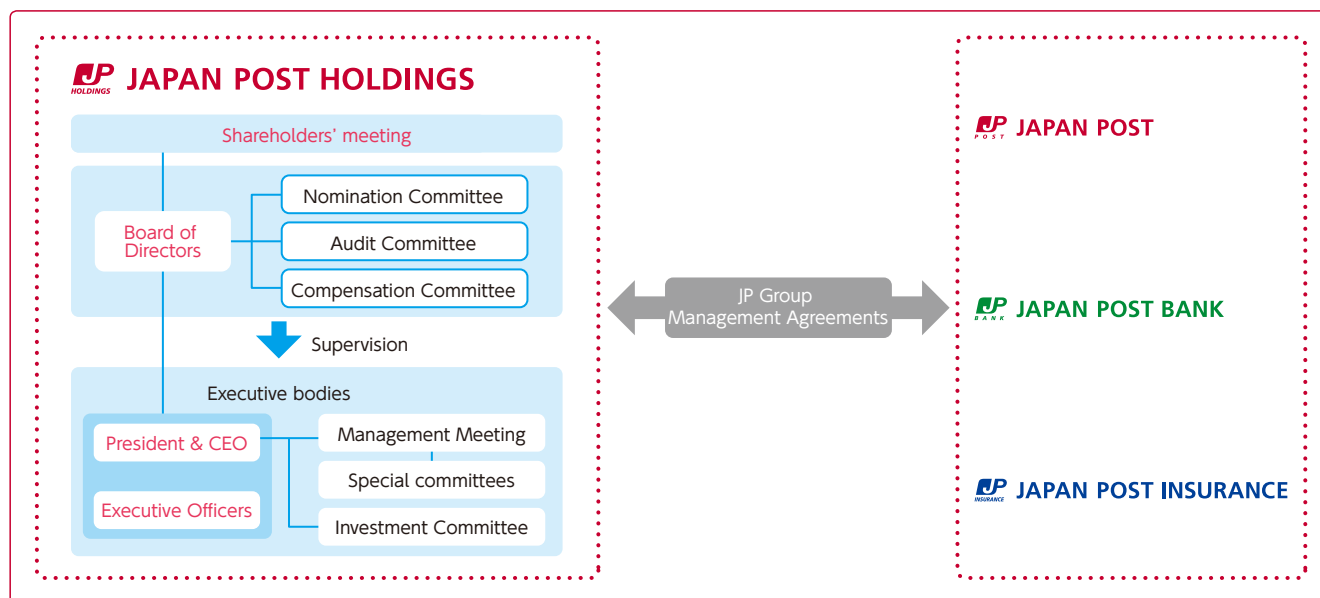
Japan Post Holdings has concluded agreements on the Group's operation and management ("JP Group Management Agreements") with and between Japan Post Co., Ltd., Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. on the Group's common philosophy, policies and other basic matters concerning Group management, thereby setting up a system to facilitate mutual collaboration and cooperation as well as exerting synergy effects among Group companies.

For matters that may have a significant effect on the entire Group and those necessary for maintaining management transparency, Group companies must receive approval from, have discussion with and report to the holding company on an individual basis. Through these activities, Japan Post Holdings ensures corporate governance of the Japan Post Group.

### Group Steering Committee

In accordance with JP Group Management Agreements, the Group Steering Committee comprised of the Presidents and CEOs of Japan Post Holdings and its key subsidiaries and other members shall be established to discuss and share common understanding of important matters concerning group management among the management of the Group companies for the purpose of promoting effective and efficient operation of the Group.

### ■ Japan Post Group Corporate Governance System



## ② Corporate Governance Systems of Group Companies

Japan Post has a corporate governance system based on a Board of Corporate Auditors, a majority of which comprises outside auditors.

Japan Post Bank and Japan Post Insurance have adopted a company with three committees system of corporate governance in which more than half of their directors are outside directors. These companies also have established a Nomination Committee, Audit Committee and Compensation Committee, each with a majority of outside directors.

Japan Post, Japan Post Bank and Japan Post Insurance have a Management Meeting made up of executive officers, which serves as an advisory body to the president. This meeting discusses and reports on important matters related to business execution. Each company also has special committees, including the Compliance Committee and Risk Management Committee, which serve as advisory bodies to the Management Meeting and deliberate on specialized matters.



## 2. Japan Post Group Customer Satisfaction

### ① Listening to Customers

Each Group company's customer satisfaction department\* analyzes customer feedback collected from post offices, branches, call centers and its own website with the aim of making required improvements and providing products and services that bring customer satisfaction.

\*Group companies' customer satisfaction departments:

- Japan Post Co.: General Affairs Division, Social Contribution and CSR Promotion Office
- Japan Post Bank Co.: Customer Satisfaction Department
- Japan Post Insurance Co.: Customer Service Department

The Customer Satisfaction Promotion Department at Japan Post Holdings Co. devises ways to utilize customer opinions gathered from Group companies in its management operations.

### ② Customer Service Consulting Center

Customer opinions are gathered at all post offices, branches and call centers nationwide, as well as from respective websites. Please refer to pages 194-197 for business hours at post offices and branches, and for telephone numbers and business hours of Group company call centers.

#### ■ Japan Post Group Customer Satisfaction Flowchart



The Customer Satisfaction Promotion Department at Japan Post Holdings Co. examines these initiatives.

#### ■ Example of improvements based on customer feedback

	Customer feedback	Improvements
Japan Post Co.	For the New Year's postcard printing service, it would be good if you also printed the address side instead of just the greeting side.	In September 2015, we added the Addressee printing service of New Year's postcards at post office counters whereas previously this was only possible online. If you apply at the post office counter, we accept New Year's postcards that customers have received in the past and print out the name and address based on the sender's information on the card. This means that even customers who have not kept a log of sender addresses on their computer can use the service.
Japan Post Bank Co.	I would like you to print the maturity date for TEIGAKU deposits in our passbooks for reference.	The maturity date will now be printed in the details of the deposit for TEIGAKU deposits.
Japan Post Insurance Co.	The current status report of an annuity policyholder requires certification by the head of a municipal government. Is this certification necessary? Can't it be handled at a post office?	This procedure can be handled at a post office. We improved the situation as to the annuity policies that require a third-party certification of the fact that the policyholder is alive, such as the final year of a term annuity contract, by putting a statement in the guide for submitting such report that recommends the free method available at a post office rather than the fee-based certification from the head of a municipal government by postal mail.

## Results of the Japan Post Group Customer Satisfaction Survey

Japan Post Holdings Co. conducts a survey on customer satisfaction levels and intention of use at post offices (Japan Post Co., Japan Post Bank Co. and Japan Post Insurance Co.) and summarizes the results in order to accurately ascertain customer opinions on products and services and respond to new needs.

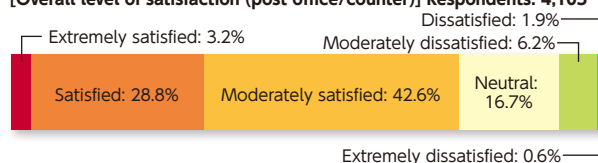
The Japan Post Group will continue to regularly conduct surveys as a means to further raise customer satisfaction and the results of analysis of issues and other aspects obtained via such research will be actively reflected in management operations.

### Level of satisfaction in the post office

◇ (Satisfied: 74.6%, Dissatisfied: 8.7%)

How satisfied are you overall with the post office network and response at counters?

[Overall level of satisfaction (post office/counter)] Respondents: 4,105

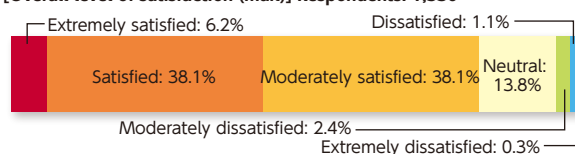


### Level of satisfaction for services such as postal services, banking services and insurance services.

◇ Mail (Satisfied: 82.4% Dissatisfied: 3.8%)

How satisfied are you overall with mail delivery services at post offices for such items as letters, postcards, direct marketing and catalogs?

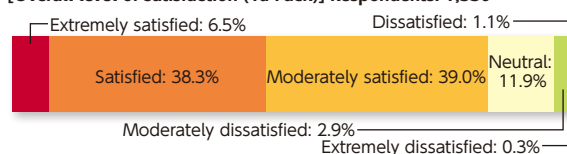
[Overall level of satisfaction (mail)] Respondents: 1,530



◇ Yu-Pack (Satisfied: 83.8% Dissatisfied: 4.3%)

How satisfied are you overall with Yu-Pack delivery services at post offices?

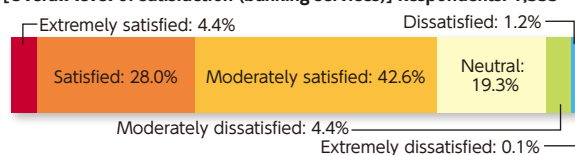
[Overall level of satisfaction (Yu-Pack)] Respondents: 1,530



◇ Banking services (Satisfied: 75.0% Dissatisfied: 5.7%)

How satisfied are you overall with banking services of post offices (Japan Post Bank)?

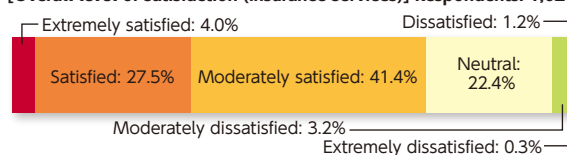
[Overall level of satisfaction (banking services)] Respondents: 1,555



◇ Insurance services (Satisfied: 72.9% Dissatisfied: 4.7%)

How satisfied are you overall with insurance services of post offices (Japan Post Insurance)?

[Overall level of satisfaction (insurance services)] Respondents: 1,020



\* Level of satisfaction is evaluated based on a scale of the aggregate percentage of "extremely satisfied," "satisfied" and "moderately satisfied." Level of dissatisfaction is evaluated based on a scale of the aggregate percentage of "extremely dissatisfied," "dissatisfied" and "moderately dissatisfied."

\* Graph figures have been rounded to one decimal place, so the total response rate may not add to 100.0%.

#### Outline of survey

##### ■ Respondents

- (1) Individuals who use the post office (including ATMs) more than once a month
- (2) Individual males or females over 20 years old nationwide
- (3) Individuals that fit one of the following criteria
  - Used mail such as Yu-Pack or letter in the past year
  - Have an account at Japan Post Bank
  - Family subscribes to Japan Post Insurance

\* Excludes mass media, sector peer companies, those affiliated with the post office, etc.

■ Period: September 12-24, 2015

■ Survey method: Internet

■ Valid responses: 4,105 people (72.5% of 5,662 solicited)

# 3. Japan Post Group CSR

## ① Japan Post Group CSR Activities

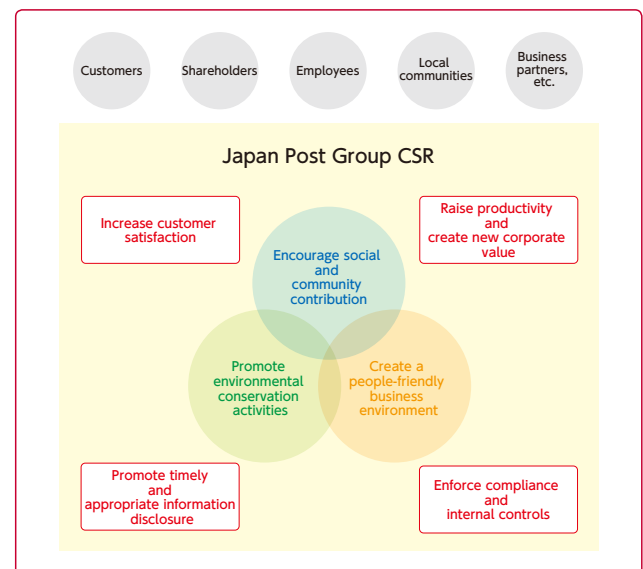
The Japan Post Group has designated seven action areas to be systematically addressed in fulfilling its corporate social responsibility (CSR). These are social and community contribution, environmental conservation, creating a people-friendly business environment, increasing customer satisfaction, compliance, information disclosure and boosting productivity.

At the Japan Post Group, CSR activities serve as a means of achieving the Group's management philosophy and ensuring sustainable growth.

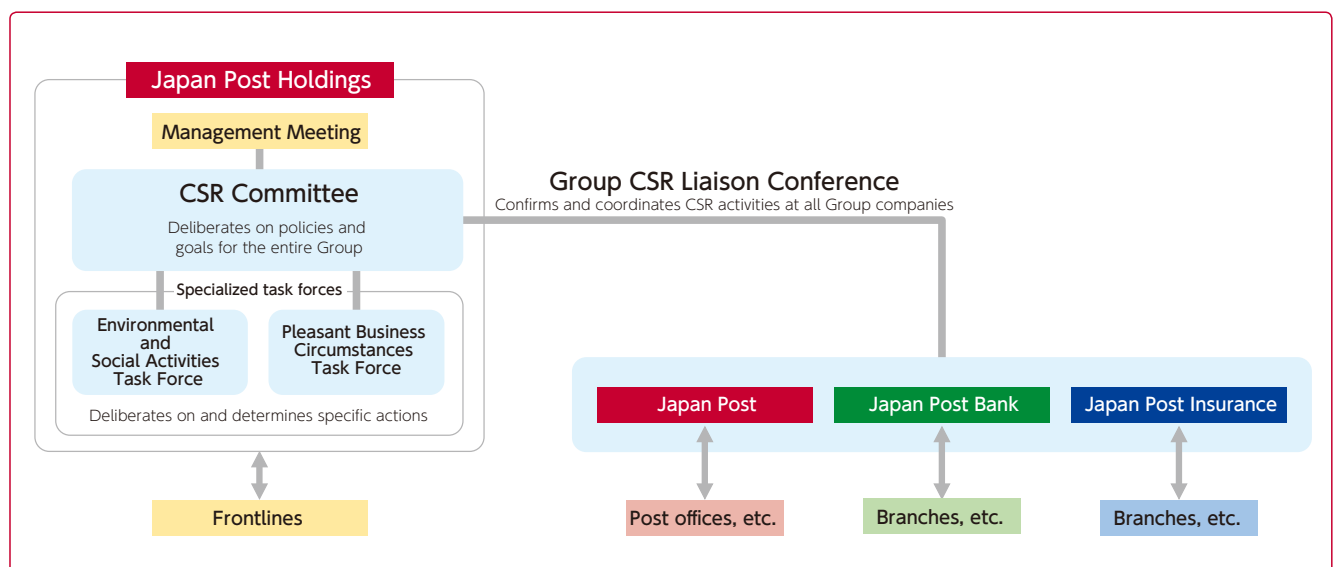
### ① Seven CSR Areas Including Three Priority Areas

Of the seven CSR areas, four areas are what is expected of the Japan Post Group by customers and shareholders when the Group conducts business. Specifically, these are to increase customer satisfaction; raise productivity and create new corporate value; promote timely and appropriate information disclosure; and enforce compliance and internal controls. Explicit actions are to be undertaken independently and voluntarily by each Group company with a clear understanding that these are included within the scope of the Japan Post Group's CSR.

The remaining three, namely, encourage social and community contribution, promote environmental conservation activities and create a people-friendly business environment, are CSR priority areas that should be pursued commonly by all Group companies. The Japan Post Group places particular emphasis on these areas, recognizing that these are the responsibility that the Group assumes as a provider of products and services to customers throughout the country.



### ② Japan Post Group CSR Organization



## ② Activities Related to the Three Common CSR Priority Areas

In fiscal year ended March 31, 2016, we promoted our ongoing efforts related to CSR initiatives by leveraging the distinctive strengths of the Japan Post Group, namely, its nationwide post office network, and at the same time we disseminated information on the CSR measures being undertaken by Japan Post Group companies.

### ① Encourage Social and Community Contribution

Utilizing the Japan Post Group's network, we cooperate with local governments to ensure the well-being of elderly people living in underpopulated areas by checking on them through the exchange of words during mail delivery as well as to provide the first line of protection for children in their daily lives. We also provide support for disaster preparedness and assistance for disaster-affected areas, such as no postal charge on mail and money transfers sent for disaster relief purposes, and conduct education and enlightenment activities within local communities based on the line of business undertaken by each Group company.

#### Specific Activities

#### 1. Promotion of Community Contribution

##### Network of 24,000 Post Offices

Japan Post Co. has approximately 24,000 post offices in all of the cities, districts, towns and villages nationwide, including underpopulated areas, encompassing all of Japan. These serve as one-stop service centers for mail, savings deposits, insurance and other basic everyday services and are intricately connected with the local community. We will offer our local customers new, convenient services through our post offices while continuing to use them as locations for these services in the future as well.

##### Fostering of Dementia Supporters

Japan Post Group companies work to foster Dementia Supporters to cultivate the correct knowledge on dementia and learn appropriate ways to interact with people with dementia.

As of March 31, 2016, around 35,000 employees throughout the Japan Post Group are active as Dementia Supporters.

##### Height above Sea Level Signs on Post Boxes

Some post offices cooperate in disaster prevention efforts of local governments. As one means of mitigating tsunami-caused damage and raising awareness among community members, at post offices and on post boxes we put up signs and stickers provided by local governments that show heights above sea level and evacuation shelters of respective areas.

##### Neighborhood Watch Agreements

Neighborhood watch activities, led by local governments, have been expanding among local communities to safeguard children and ensure the well-being of elderly people living alone. We have concluded agreements with local governments and have been

participating in these activities by being on the lookout for any unusual occurrences while at work and notifying predetermined contact points when encountering any such incidents.

##### Provision of *Himawari* Service

Mail delivery personnel provide words of encouragement to elderly people living alone (who are 70 years old or older) and elderly couples in underpopulated areas.

##### Promotion of Intergenerational Communication via the Exchange of Letters

As one way of nurturing ties among people and among local communities, we provide support for letter-related measures through promoting the exchange of letters between youth (20 years of age or under) and the elderly (70 or older) and through the Association of Pen Friend Clubs of Japan operated by Japan Post.

##### Promotion of *Furusato* (Hometown) Parcel

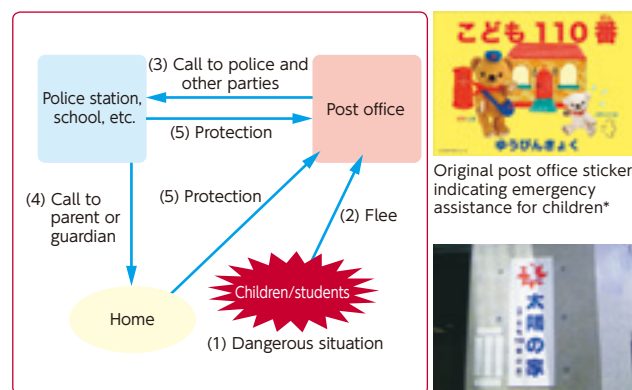
We display catalogs with products for which each locale nationwide is known and circulars with products closely related to the community at approximately 24,000 post office counters nationwide for customers to order from. We then ship these by Yu-Pack directly from the producing regions. Revenues from the sale of goods through catalogs were ¥102.6 billion in fiscal year ended March 31, 2016 (up 0.3% year-on-year).

##### Handling of Work for Local Governments

Designated post office counters provide administrative services, such as distribution of official family register transcripts, certificates of residency and other public certificates, and sell public bus tickets on consignment from local governments.

##### Emergency Assistance for Children

In order to prevent incidents and accidents involving children before they happen, post offices serve as a safe refuge for children, providing the first line of protection and making an emergency call to police.



\*An original post office sticker is attached if there is no designated sticker for the area.



## Education and Enlightenment Activities

- Accepting children from local elementary schools for a post office tour
- Offering space within a post office lobby for community use
- Participating in local events, including Radio Exercise and other sports events
- Providing financial education to elementary school children
- JAPAN POST BANK Piggy Bank Design Contest for children
- Operating a patient library (Tokyo Teishin Hospital)

## Collection of Used Ink Cartridges, etc.

We collect used ink cartridges jointly with five printer manufacturers. As of March 31, 2016, collection boxes have been installed at 3,639 post offices nationwide and certain facilities of local governments.

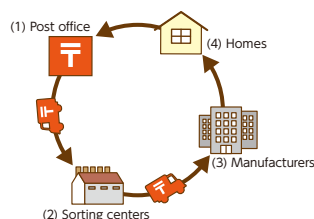
Used cartridges collected at these post offices and facilities are sent to sorting centers using our Yu-Pack service and then returned to the respective companies, which responsibly perform the recycling of these cartridges.

We also collect used or expired fire extinguishers and personal home computers at post offices or through our pickup service.

Special Collection Box



Collection Cycle



## 2. Promotion of Social Contribution

### New Year's Postcard Donations Program

Our New Year's postcard donations program celebrates its 67th anniversary in fiscal year ended March 31, 2017. A donation of ¥5 is added to each New Year's postcard, and funds raised through sales of these postcards are allocated to organizations engaged in activities in 10 fields, including the promotion of social welfare, healthy youth development, emergency disaster aid and disaster prevention, and global environmental conservation.

Donations of ¥487.95 million raised from sales of 2016 donation-added New Year's postcards and postage stamps were distributed to 243 organizations.

### Reduced Postal Rates or No Charge for Third- and Fourth-Class Mail

We apply reduced rates or no charge for periodicals that are published four or more times each year and have been approved by Japan Post Co. (third-class mail) and on materials sent for the purpose of promoting public welfare or academic research (fourth-class mail). Examples of such fourth-class mail include correspondence education materials, Braille materials, sound recordings intended solely for the use of the visually impaired, plants and seeds, and academic publications.

## "Japan Post Bank Deposits for International Aid"

Under the "Japan Post Bank Deposits for International Aid" program, our customers donate 20% of the interest received on their savings (after-tax). By using the JICA (Japan International Cooperation Agency) Fund established by JICA, these resources are used in such activities as improving living standards in developing countries and regions through nongovernmental organizations (NGOs) and other groups.

In response to the growing importance of environmental conservation measures in recent years, we now offer an option for customers to specifically make donations for supporting international cooperation activities related to environmental conservation.

The program began in October 2008, and as of March 31, 2016 we had received about 956,060 applications for the program, and a total of ¥32,497,999 has been donated.

## Use of Artwork by Artists with Disabilities

We have produced original clear files that use the artwork drawn by artists with disabilities who have a wonderful talent in order to assist their independence.

Sales representatives in the Japan Post Bank network use the files as communication tools with customers.

Clear file featuring artwork by an artist with a disability



## Special Support for Go Competitions

To foster intergenerational communication and local revitalization through Go, a traditional Japanese board game, we have been providing special support to the Competition of Junior Honinbo for the Japan Post Bank Cup, in which children of junior high school age or younger compete for the top position in Japan.

We also provided special support to the Japan Post Bank Cup Go Youth Tournament – Koji Nakano Memorial for young professional Go players and aspiring professionals who are 20 years old or younger. The intent is to support young professional players who can be active globally.

## Festival of 10 Million People's Radio Exercise and Minna no Taiso ("Exercise for Everyone")

As one of our major Radio Exercise events, we hold the Festival of 10 Million People's Radio Exercise and *Minna no Taiso* every summer, aiming to get 10 million people around the country to participate together in Radio Exercise and *Minna no Taiso*. This event is broadcast live nationwide over NHK's Radio 1 and on its General TV channel and is also broadcast through its international broadcasting service to overseas viewers.

At the 54th Festival of 10 Million People's Radio Exercise and *Minna no Taisho* (on Sunday, August 2, 2015 Kanazawa City, Ishikawa Prefecture)



## Holding the All-Japan Elementary School Radio Exercise Competition

With the aim of increasing opportunities for numerous elementary school children to energetically participate in Radio Exercises and to contribute to health promotion, we hold the All-Japan Elementary School Radio Exercise Competition for elementary school children across Japan.

For this competition, participants submit videos demonstrating their "daily efforts toward radio exercise" and "Radio Exercise No. 1 scene." Judging is based on whether children are enthusiastically and happily participating in Radio Exercise throughout the entire program and whether they are correctly performing radio exercise with uniform motions. The winning teams are then decided and announced.

Gold award winning school in the second contest ("Masuda Spirit," of Masuda Elementary School, Nakatane-cho, Kagoshima Prefecture)



## Supporting Sports Events

We co-sponsored the interscholastic athletic meet (National High School Athletic Meet) held in the Kinki region from July 28 to August 20, 2015.

## Support for the JAPAN U-12 FOOTBALL CHAMPIONSHIP

With the aim of supporting children with great promise, and to foster their sound physical and mental growth and development through football, we provided support to the JAPAN Under-12 FOOTBALL CHAMPIONSHIP, one of Japan's largest official championships for elementary school children, hosted by the Japan Football Association and other organizations.

## Supporting Projects for the Promotion of Social Welfare

We do not charge postage (including handling fees) on registered mail used to send donations to corporations or organizations specialized in the promotion of social welfare, such as regional Community Chests, the Central Community Chest of Japan and the Japanese Red Cross Society, or commission fees on donations made to transfer accounts by means of money transfer.

## Marathons Supported by Japan Post Insurance

In the fiscal year ended March 31, 2016, we provided special sponsorship of the Third Nissan Stadium: Five-Hour Endurance Relay Marathon ~improvised and registered team~ (July 5), the Third Weekday Marathon at *Kodomonokuni* (December 1) and the 2016 Challenge Relay Marathon at *Kodomonokuni* ~42.195 in Mid-Winter ~ (January 30).



Third Nissan Stadium: Five-Hour Endurance Relay Marathon

## 3. Support for Disaster Preparedness and Assistance for Disaster-Affected Areas

### Emergency Assistance for Disaster Victims

Upon the occurrence of a natural or other emergency disaster, we provide emergency services for disaster victims, including emergency handling of deposits, at post office counters and other places.

	Major Activities
Postal	<ul style="list-style-type: none"> <li>No postal charge on registered or other mail used to send relief funds to organizations engaged in disaster relief activities for disaster victims</li> <li>Offering postcards free of charge to disaster victims</li> <li>No postal charge on mail sent by disaster victims</li> <li>Providing information concerning damage on roads, etc.</li> </ul>
Deposits	<ul style="list-style-type: none"> <li>No commission fees on donations made to transfer accounts of the Japanese Red Cross Society, regional Community Chests and local governments for the purpose of disaster relief</li> <li>Withdrawal of ordinary deposits for disaster victims who have lost their deposit passbooks</li> </ul>
Insurance	<ul style="list-style-type: none"> <li>Extending the grace period for premium payments</li> <li>Emergency and immediate payments of insurance and other benefits</li> </ul>
Accommodation	<ul style="list-style-type: none"> <li>Free bathing services by <i>Kanpo no Yado</i> inns</li> </ul>

### Disaster Prevention Agreements

For the purpose of mutual cooperation at the time of disaster, disaster prevention agreements are concluded between local governments and post offices. As an effort to cooperate in the prevention of landslides and damage in mountainous areas, we are putting up posters and handing out leaflets on soil and water conservation, and installing rain gauges and rain gauge displays.

## ② Promote Environmental Conservation Activities

The Japan Post Group has laid out its Environmental Vision that encompasses its basic approach to the environment and has been conducting various activities with a strong focus on three areas, namely, implementing global warming response measures, promoting the cultivation of sustainable forests and making efficient use of resources.

(For details, please refer to "Japan Post Group Environmental Vision" on page 69.)

### (1) Implementing Global Warming Response Measures

The Japan Post Group aims to reduce CO<sub>2</sub> emissions basic unit by 1% on average (from fiscal year ended March 31, 2014 level) over three years from fiscal year ended March 31, 2015 to fiscal year ended March 31, 2017.

### (2) Promoting the Cultivation of Sustainable Forests

Employees and their families from each of the Japan Post Group companies volunteer to undertake tree silvicultural activities at the JP-no-Mori. We also provide support to a children's tree-planting campaign, which is designed to engender sound environmental awareness in children and help them to be strong and bold in their lives by taking part in this comprehensive forest cultivation program.

We promote the cultivation of sustainable forests both through our business activities and social contribution activities.



Employee volunteer activities at the JP-no-Mori (Kururi Donguri-no-Mori) (Kimitsu City, Chiba Prefecture)



Children's tree-planting "Tohoku Regeneration Green Wave" (Yamada-town, Iwate Prefecture)

## Specific Activities

### Reduction of CO<sub>2</sub> Emissions

We strive to reduce CO<sub>2</sub> emissions through a range of initiatives, including promoting energy-saving awareness among employees.

### Power-Saving Measures in Summertime

Under the guideline, "Electricity Supply-Demand Measures in 2015 Summertime," issued on May 22, 2015 by the Electricity Supply-Demand Review Committee, we implemented several power-saving measures in response to the government's call for voluntary actions without numerical targets. Our efforts included setting the temperature of air conditioners at 28°C, minimum lighting during peak times and partial operation of elevators.

- Period: July 1, 2015 – September 30, 2015
- Subject facilities: All facilities of each Group company within the areas covered by respective power companies
- Reduction target: A reduction of 5-15% or more from the previous year's level, with a specific target figure separately determined for each area

As a result of the Group-wide efforts undertaken during the period, we successfully achieved the reduction target.

### Implementation of "Cool Biz" and "Super Cool Biz" Campaign

As part of efforts to save power during summertime, the Japan Post Group conducted a "Cool Biz" campaign during the period from May 1 to October 31, 2015 and a "Super Cool Biz" campaign, which is a step beyond the Cool Biz practice, at the height of summer from June 1 to September 30, 2015. The latter encourages even more casual attire in the workplace, and post office and branch personnel were allowed to wear polo shirts at work during that period.

### Promotion of Environmentally Friendly Facilities

We introduce environmentally friendly energy-saving measures when constructing new or additional facilities for post offices or conducting large-scale renovations.

We have also conducted energy conservation evaluations at post offices with high levels of CO<sub>2</sub> emissions and energy usage and are introducing ESCO (Energy Service Companies) businesses at some of these post offices as part of our efforts to introduce energy-saving facilities.

### Introducing Electric and Other Eco-friendly Vehicles at Post Offices and Other Locations

At Japan Post Co., we are deploying eco-friendly vehicles, namely, electric vehicles (EVs) and hybrid vehicles (HVs), to achieve a reduction in the amount of CO<sub>2</sub> emitted from vehicles.

At post offices, we have deployed 17 EVs for commercial use, 50 EVs (four-wheeled mini-vehicles) for collection and delivery services and 20 EVs for cargo transportation (as of March 31, 2016).

### Eco-friendly Driving

The Japan Post Group encourages well-mannered, eco-friendly driving to reduce the number of traffic accidents and lower CO<sub>2</sub> emissions through lower fuel consumption.

Japan Post Co. strives to raise "Safe Eco-Driving" awareness



among mail delivery and sales personnel nationwide through various initiatives, such as holding an in-house driving contest.

### Contributions to Environmental Preservation Activities through Online Versions of the Contract Guidelines and Policy Conditions

Starting from October 2, 2014, we began offering online contract guidelines and policy conditions.

Previously, we provided contract guidelines and policy conditions in a paper booklet format. By selecting "web viewing," customers can now confirm the documents in a PDF format on our Japanese website in place of paper brochures.

Online contract guidelines and policy conditions will mean no need for the conventional brochures, thereby enabling reduction in the amount of paper used. In July 2016, we made a donation of ¥10.8 million to environmental conservation groups (13 in total) that are active in growing forests based on the number of customers who used the online contract guidelines and policy conditions in the six-month period from April to September 2015.



Tree planting by local volunteers

## ③ Create a People-Friendly Business Environment

As an operator with a nationwide network of business and service bases, the Japan Post Group has been adopting a comprehensive universal design approach to planning and designing its facilities, equipment and services to ensure usability and friendliness for the widest group of customers, including elderly people and persons with disabilities.

We have also been making efforts to create a better working environment for our employees who play a crucial role in supporting our business operations.

### Specific Activities

#### Transitioning to Barrier-Free Facilities

We have been promoting the conversion of post offices into barrier-free facilities. To ensure safe accessibility for every customer, we will continue to encourage renovation based on a view of universal design, for example, by installing ramps and handrails at the entrances of post offices and laying Braille blocks for visually impaired customers.



Braille blocks



Ramp and handrails installed at the entrance

### Pension Delivery Service

We provide a service to deliver pension and other benefits to advanced-age or physically challenged pensioners who have difficulty in coming to the counter to receive payments. This home delivery service is conducted periodically as the payment of these benefits is made by the government.

### Services Available in Braille

We provide a range of services in Braille for visually impaired customers.

	Services
Postal	<ul style="list-style-type: none"> <li>• Displaying mail pickup times in Braille</li> <li>• Undeliverable Item Notice in Braille to recipients during their absence</li> </ul>
Deposits	<ul style="list-style-type: none"> <li>• Braille notices of the service content of deposits and money transfers, etc.</li> <li>• Equipping ATMs with Braille instructions</li> <li>• Issuing Braille ATM cards</li> <li>• Product and service brochure in Braille</li> </ul>
Insurance	<ul style="list-style-type: none"> <li>• Braille notices of the content of insurance agreements</li> <li>• Various notices in Braille (e.g., insurance maturity dates, pension payments and loan contents, etc.)</li> </ul>

### Braille Yu-Pack, Yu-Pack for the Hearing Impaired and Yu-Mail for Persons with Disabilities

Lower shipping fees are applied for Yu-Pack for sending large Braille books and other Braille materials; Yu-Pack used to send videotapes and other recorded materials between hearing-impaired persons and facilities approved by Japan Post Co.; and Yu-Mail used to send books between persons with disabilities and libraries registered with Japan Post Co..

### Offering Blue Bird Postcards Free of Charge (Conducted Annually since 1976)

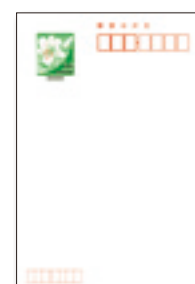
We provide 20 standard postcards (plain, inkjet printing or dimpled postcards) or standard postcards with the postage mark featuring a moth orchid (plain or inkjet printing) free of charge to severely physically challenged individuals (class 1 or 2) or severely mentally challenged individuals (level 1 or 2, or holding grade A intellectual disability certificates), who have requested this service. These 20 postcards are provided in a special envelope.

### Postcards with Indentations (Dimpled Postcards) for the Visually Impaired

These are postcards with a semi-circular indentation in the lower left corner on the front side of the postcard, which makes it easy to distinguish the front or back and the top or bottom of the postcard.



Postcards with indentations (dimpled postcards)



## New Welfare Time Deposits

This one-year time deposit with preferential interest rates is designed for persons receiving disability, survivor and other similar public pensions and other eligible person. Up to ¥3 million can be deposited per person.

## Kampo Eat & Smile Project

For the purpose of promoting sound health through food, we carried out the Kampo Eat & Smile Project. In this project, donations collected through charitable menus served at a café that is open for a limited period were matched with a donation from Japan Post Insurance and contributed to Second Harvest Japan.

In a tie-up with “Sumimasu Geinin,” comedians who moved to live and work in local communities around Japan, we provided information on food from various parts of Japan.



Inside the Eat & Smile Café



Support via Second Harvest Japan

## ④ Others

With a view to widely communicating to the public our efforts concerning the common CSR priority areas that should be pursued by all Group companies, the Japan Post Group seeks various opportunities and strives to disclose information on a range of CSR activities undertaken by each Group company. In addition, our social and environmental report now includes a third-party opinion.

## Publication of Social and Environmental Report

In December 2015, we published the *Japan Post Group Social and Environmental Report 2015*, which describes the Group's community and social contribution activities in an easy-to-understand format. We handed out this report at the Eco-Products 2015 exhibition and other occasions.

## Participation in Eco Life Fair 2015

A Japan Post Group booth was run for the first time at Eco Life Fair 2015 held in Yoyogi Park on June 6-7, 2015. We presented a display of panels concerning the Group's environmental activities and also held workshops.

## Participation in Eco-Products 2015

At the Eco-Products 2015 exhibition held at Tokyo Big Sight from December 10 to 12, 2015, we ran a Japan Post Group booth and presented various environmental conservation activities undertaken by each Group company. During the event, we also held a workshop using postcards made from thinned trees.



Japan Post Group booth at Eco-Products 2015



## ■ Japan Post Group Environmental Vision

- The Japan Post Group recognizes its responsibility to pass on to future generations the beautiful and livable Earth and will seek to conserve the global and regional environment as one of the important Group management issues. We will observe laws, regulations and other agreements and endeavor to prevent pollution or other environmental issues that may arise from our execution of business.
- The Japan Post Group will monitor the status of the global and regional environment and the environmental impact of our business operations, define specific targets and constantly refine our activities by reviewing these targets on a regular basis. We will designate the following three items as the highest priority among the environmental activities and undertake initiatives in each field.
  - (1) Implementing Global Warming Response Measures  
We will define numerical targets for reduction in CO<sub>2</sub> emissions\* from our business operations and appropriately manage CO<sub>2</sub> emissions.
  - (2) Promoting the Cultivation of Sustainable Forests  
We will contribute to the cultivation of sustainable forests both through our business activities and social contribution activities.
  - (3) Making Efficient Use of Resources  
We will work to reduce paper usage and at the same time introduce eco-friendly practices, such as drastically increasing the use of recycled paper. We will also strive to save resources by encouraging the recycling of office supplies used in our business activities.
- Each company and employee in the Japan Post Group will share this Environmental Vision, and the Japan Post Group proactively discloses environment-related information.

\*Our Environmental Vision only covers energy-derived CO<sub>2</sub> emissions.

## Our Response to the 2016 Kumamoto Earthquake

The Kumamoto area was initially hit by a 7.3 magnitude earthquake in April 2016. The Japan Post Group would like to express its heartfelt sympathy to the people who have suffered from the disaster. We are implementing a series of initiatives aimed at supporting people affected by the disaster.

### Assistance for Disaster Victims

#### 1. Postal Operations

##### ■ Delivering Mail to Evacuation Shelter

Mail has been delivered to evacuation shelters in Mashiki Town and Minamiaso Village (since April 27, 2016).

##### ■ No Postal Charge on Registered Mail Used to Send Cash for Disaster Relief Purposes

Registered mail is handled without charging postage when used to send cash for disaster relief to organizations engaged in disaster relief activities (from April 19, 2016).

#### 2. Financial Services

##### ■ Emergency Handling of Deposits and Insurance Payments

We are allowing withdrawals of up to ¥200,000 per person from ordinary deposit accounts by depositors who have lost their deposit passbooks, deposit certificates, seals or other such articles as a result of the Kumamoto earthquakes and enforcing the emergency handling of insurance matters, including making emergency insurance payments (from April 15, 2016).

##### ■ Special Handling of Policyholder Loans and Hospitalization Benefit

We are waiving the interest applied to immediate payments for standard loans (April 15 to June 30, 2016). In addition, to those who were injured by the earthquake but could not be immediately hospitalized due to the circumstances of the afflicted areas or other reasons and those who could not receive hospitalization care because hospital or clinic beds were occupied, we paid hospitalization benefits, on the assumption that they were hospitalized for the period for which they should have been hospitalized (from April 28, 2016).

##### ■ Free-of-charge Money Transfers for Natural Disaster Relief Donations

We are offering free money transfers by ordinary in-payment for natural disaster relief donations in support of relief activities for victims of the Kumamoto earthquakes. These free money transfers are sent to the accounts of organizations engaged in relief and other related activities (from April 18, 2016).

#### 3. Counter Operations

##### ■ Establishment of Temporary Post Offices

We set up temporary post offices in four evacuation shelters in Kumamoto Prefecture for emergency handling of deposits (May 9 to 31, 2016).

##### ■ Special Counter Services by Mobile Post Offices

We dispatched a mobile post office in the car park of the Mashiki Town Synthesis Gymnasium to accept and handle postal and Yu-Pack items and enable deposits and withdrawals of deposits through ATM (April 25, 2016~\*).

\*We discontinued handling via counter service on May 31, 2016 and have been providing solely ATM service since June 1.



Temporary service at a mobile post office (Kumamoto Prefecture: Car park of the Mashiki Town Synthesis Gymnasium)

#### 4. Others

##### ■ Acceptance of Evacuees at Kanpo no Yado Inn Aso

We opened the hall and conference room of Kanpo no Yado inn Aso as evacuation shelters for local citizens from the earthquake-damaged surroundings and provided food and drinking water based on an agreement with Aso City (April 16 to May 14, 2016).

##### ■ Implementation of Post Office Fundraising

We set up donation boxes at post office counters nationwide as part of fundraising efforts based on a Japan Post Group employee-driven initiative in support of the people who have suffered from the earthquakes (May 16 to July 29, 2016 (planned)).

## Our Response to the Great East Japan Earthquake

The Japan Post Group extends its heartfelt sympathy to the people who have suffered from the Great East Japan Earthquake that occurred on March 11, 2011. We have implemented a series of initiatives aimed at supporting the swiftest recovery possible of people affected by the disaster.

### ① Status of Resuming Operations of Post Offices

On March 14, 2011, which was the first business day after the earthquake, the number of "out-of-service" directly operated post offices and contracted post offices in three prefectures in the Tohoku region (Iwate, Miyagi and Fukushima prefectures) was 583 (out of 1,103) and 100 (out of 319), respectively, or approximately half of the total post offices located within the district. We gradually undertook efforts to set up temporary post offices and reconstruct permanent buildings, and as of May 31, 2016, had reduced the number of "out-of-service" directly operated post offices and contracted post offices to 44 and 14, respectively.

These figures include five directly operated post offices and three contracted post offices, which are unable to operate due to the government's designation of "difficult-to-return" zones associated with the Fukushima Daiichi Nuclear Power Plant accident.



Temporary facilities for the Naraha Post Office (Fukushima Prefecture)



Sanriku Post Office following restoration (Iwate Prefecture)

### ② Assistance for Disaster Victims

#### 1. Postal Operations

##### ■ Delivering Mail to Temporary Housing Units

Mail is delivered to temporary housing units after confirming the address of customers who relocated there from evacuation shelters. Additionally, we set up post boxes inside temporary housing complexes in conjunction with local authorities (180 post boxes in the three prefectures of Tohoku as of March 31, 2016) in an effort to improve customer convenience.

##### ■ No Postal Charge on Registered Mail Used to Send Cash for Disaster Relief Purposes

Registered mail is handled without charging postage when used to send cash for disaster relief to organizations engaged in disaster relief activities (from March 14, 2011).

#### 2. Financial Services

##### ■ Emergency Handling of Deposits and Insurance Payments

We are allowing withdrawals of up to ¥200,000 per person from ordinary deposit accounts by depositors who have lost their deposit passbooks, deposit certificates, seals or other such articles as a result of the Great East Japan Earthquake and enforcing the emergency handling of insurance matters, including making emergency insurance payments (from March 14, 2011).

##### ■ Free-of-Charge Money Transfers for Natural Disaster Relief Donations

We are offering free money transfers by ordinary in-payment for natural disaster relief donations in support of relief activities for victims of the Great East Japan Earthquake. These free money transfers are sent to the accounts of organizations engaged in relief and other related activities.

As of March 31, 2016, the Bank had processed a total of approximately 3.38 million free money transfers for disaster relief donations in the total transfer amount of approximately ¥96.4 billion.

#### 3. Counter Operations

##### ■ Special Counter Services by Mobile Post Offices

Immediately following the disaster, we dispatched mobile post offices to 22 locations in the three prefectures of Iwate, Miyagi and Fukushima. Currently, a mobile post office is stationed at one location in Iwate and Miyagi prefectures to accept and handle postal and Yu-Pack items and enable deposits and withdrawals of deposits through ATM.



Special counter services at a mobile post office (former Raga Elementary School in Iwate Prefecture)

## 4. Japan Post Group Women's Athletics Team

The Japan Post Group established the Japan Post Group Women's Athletics Team in April 2014, making it the first company sports team since its founding, with the aims of fostering a sense of unity among Group employees and contributing to the community and society through sports.

The team enters various middle- and long-distance running competitions, mainly road relay races (*ekiden*), and strives to take

top positions, keeping in mind the affinity between our postal service that connects people by mail and the *ekiden* that connects runners by a sash. In fiscal year ended March 31, 2017 which marks the third year since its establishment, the team, comprising 13 members with the addition of three new members, will work as one to achieve even loftier goals, including entry to the 2020 Tokyo Olympics.

### ■ Major Activities and Results in fiscal year ended March 31, 2016

Month/Year	Activity/Competition	Athlete	Result	Record
April 2015	63rd Hyogo Relay Carnival (women's 10000 m)	Hanami Sekine	6th	33.20.99
June 2015	99th Japan National Championships (women's 5000 m)	Ayuko Suzuki	3rd	15.24.14
July 2015	Hokuren Distance Challenge 2015 Abashiri Meet (women's 10000 m)	Hanami Sekine	8th	32.12.54*1
August 2015	15th IAAF World Championships (Beijing, 2015) (women's 5000 m finals)	Ayuko Suzuki (Japanese National Team)	9th	15.08.29*1*2
September 2015	63rd National Corporate Track and Field Championships (women's 10000 m)	Ayuko Suzuki	1st	31.48.18*1
October 2015	1st All Japan Industrial Teams Women's Ekiden trials (Princess Ekiden in Munakata, Fukutsu)	Japan Post Group	3rd	2:19:49
December 2015	35th All Japan Industrial Teams Women's Ekiden (Queens Ekiden in Miyagi)	Japan Post Group	12th	2:17:17
January 2016	Empress's cup The 34th Inter-Prefectural Women's Ekiden	Hanami Sekine Ayuko Suzuki	1st in leg 9*3 2nd in leg 9*3	6th (Tokyo) 1st (Aichi Prefecture)

\*1 Bettered the standard for competing in the 2016 Rio de Janeiro Olympics

\*2 Ranked 1st in Japan in fiscal 2016 (as of March 31, 2016)

\*3 Outstanding athlete award

**Ayuko Suzuki (5000 m, 10000 m) and Hanami Sekine (10000 m) have been chosen to compete in the 31st Olympic Games Rio de Janeiro 2016 representing Japan.**

Japan Post Co. is the Japan Olympic Committee's Official Partner in Postal Services



15th IAAF World Championships (Beijing, 2015)  
Ayuko Suzuki, representing Japan in the 5000 m (in the lead)

Photos courtesy of Photo Kishimoto Corporation



Members of the Japan Post Group Women's Athletics Team



35th All Japan Industrial Teams Women's Ekiden (Queens Ekiden in Miyagi)  
(Fifth runner: Hanami Sekine)



## 5. Initiatives to Promote Diversity

The Japan Post Group recognizes that having a diverse perspective and set of values that reflect the different experiences, skills and attributes within the Group is an important strength that will help secure sustainable growth for the organization. Based on this recognition, we actively embrace diversity, which includes promoting the active participation of women and persons with disabilities.

### Promotion of the Active Participation of Women

The Japan Post Group is implementing various initiatives to ensure that female employees can fully demonstrate their individuality and capabilities and to establish a pleasant workplace environment that continues to be motivating.

We have set the following targets for the percentage of women in management in our Group companies and are pushing ahead with initiatives that include training to raise awareness among women, support of women's career development and reform of work styles to reduce long work hours.

#### ■ Target percentage of women in management (up to April 1, 2021)

Japan Post	Japan Post Bank	Japan Post Insurance	Japan Post Holdings
10% or more	14% or more	14% or more	11% or more

### Employment of Persons with Disabilities

Cognizant of the fact that providing suitable employment opportunities to persons with disabilities is our social responsibility as a corporation, we are working proactively to promote such employment and there are currently around 6,000 persons with disabilities working in active roles throughout the Japan Post Group.



Packing candy into bags

### Empowerment of the Elderly

The Japan Post Group re-employs permanent staffs who have reached retirement age but want to keep working up until the age of 65 in line with the Act on Stabilization of Employment of Elderly Persons. Approximately 8,700 employees are currently working throughout the Japan Post Group.

### Promotion of Work-Life Balance

The Japan Post Group is working to create a system and workplace culture that enables each employee to choose diverse work styles depending on his or her stage in life. We use systems that support the realization of work-life balance, including leave systems that go beyond legal requirements and subsidy systems for such things as childcare costs with the aim of ensuring harmony between work and child/nursing care. We are committed to ensuring that all employees find this balance, both female and male.

In addition, the Japan Post Group has received the "KURUMIN" mark, a certification issued by the Ministry of Health, Labour and Welfare for companies supporting child-rearing.



### Training in Diversity

The Japan Post Group conducts training across the Group through the Postal College for the purposes of fostering a sense of unity and enhancing synergistic effects. Within the training programs, we provide training on diversity and the active participation of women with the primary aims of promoting understanding of employee diversity and increasing productivity.



Female leader training

### Advocacy of the "Declaration on Action" by a Group of Male Leaders Who Will Create "A Society in which Women Shine"

Based on agreement with the tenets of the "Declaration on Action" by a group of male leaders who will create "A Society in which Women Shine" supported by Gender Equality Bureau Cabinet Office, the Japan Post Group is proactively promoting the active roles of women who shine. These efforts are in line with the three initiatives set forth under the Declaration, namely "taking actions and sending messages ourselves," "disrupting the status quo" and "developing networking."





## 6. Cooperation with Japan Post and Two Financial Institutions

In the Japan Post Group, post offices serve as points of contact with customers in which they can make use of a variety of services.

Japan Post, Japan Post Bank and Japan Post Insurance cooperate to provide these services at post offices, the hubs of the Japan Post Group, and work together to implement different initiatives and provide training.

### Sales Training Related to Japan Post Bank Products

Japan Post Co., in conjunction with Japan Post Bank, provides training to employees handling Japan Post Bank's financial products at post offices such as deposits and investment trusts.

In addition, we are providing individual support for investment trusts through sales instructors from Japan Post Bank. Through this one-on-one training at each post office, we are working to enhance the sales skills of Japan Post employees.

### Sales Training Related to Japan Post Insurance Products

Japan Post Co. works with Japan Post Insurance to provide training to employees on insurance-related products handled at post offices. Employees of Japan Post and Japan Post Insurance nationwide support personnel who have completed the training.

### Pension Consulting Sessions Provided in Cooperation with Japan Post Bank

Japan Post Co. and Japan Post Bank Co. have teamed up to conduct pension consulting sessions to provide guidance on required documentation and advice on life after retirement for customers who will receive their pensions in the near future.

### Life Plan Consulting Sessions Conducted with Japan Post Insurance

We hold life plan consulting sessions after hours on weekdays and on holidays for customers who cannot visit the post office during the day and provide guidance on the details of coverage in line with life events.



Training in progress



Training in progress



Life plan consulting session



# 7. Japan Post Group Compliance Framework

We conduct rigorous compliance activities as one of the highest management priorities of the Japan Post Group. With the guidance and support of Japan Post Holdings, all Group companies build an effective compliance framework giving due consideration to the public characteristics of the business.

## ① Japan Post Group Compliance Framework

The Japan Post Group employs a common compliance framework. Each Group company establishes a Compliance Department to conduct integrated management of compliance-related matters.

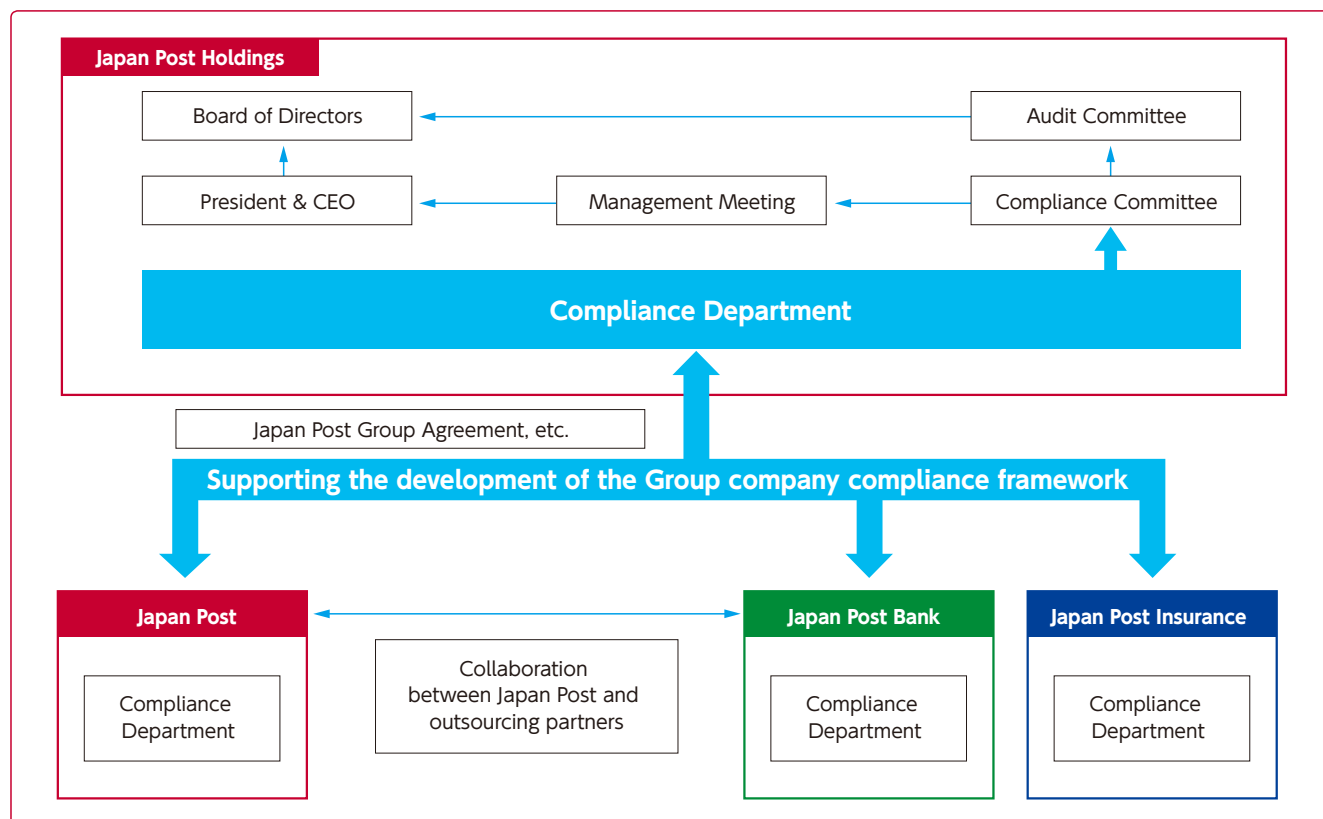
In addition, each Group company has a Compliance Committee that provides advice to its Management Meeting to review the compliance policy, framework, specific activities and associated issues.

A Compliance Department has been set up and placed under the control of a director in charge of compliance to propose

measures to promote compliance and manage the progress of each measure.

In order to ensure Group-wide compliance, the Compliance Department of Japan Post Holdings provides support in accordance with the Group agreements to Group companies to help them establish their respective compliance frameworks, and by doing so, strives to maintain and improve compliance functions for the Group as a whole.

### ■ Japan Post Group Compliance Framework



## ② Group Company Compliance Framework

Japan Post Group companies have built a compliance framework as outlined below and use various measures to promote compliance so that the compliance framework can function effectively.

### 1. Compliance Framework

#### (a) Line of responsibility for compliance activities

Each Group company has a Compliance Department that is independent from departments related to business execution in order to promote compliance activities throughout the company. This department and other departments have a compliance officer who is responsible for executing specific compliance activities. In addition, compliance managers have been appointed at all head office departments, regional offices, post offices and branch offices in order to establish a line of report for compliance activities.

#### (b) Internal reporting system

In each Group company, the Compliance Department has a compliance hotline that can be used by employees and others. In addition, reports of compliance infringement at any Group company can be submitted at a designated law firm, which provides an external reporting channel. This reporting system makes it possible to quickly deal with compliance violations and prevent such violations from spreading while maintaining a structure to resolve issues at the earliest stage.

### 2. Promotion of Compliance

#### (a) Establishment of compliance program

Each fiscal year, a compliance program is established to provide a plan for specific actions involving compliance. Progress is then checked on a regular basis.

#### (b) Activities related to compliance items

At Group companies, specific compliance items have been selected and departments have been assigned to take responsibility for individual compliance items in order to promote compliance in a focused manner. The Compliance Department oversees the compliance promotion activities undertaken by these units and conducts integrated management of compliance-related issues across the board.

#### (c) Preparation and distribution of compliance manual

A compliance manual is prepared to serve as a practical guide to promote compliance. The manual explains the compliance framework, matters concerning areas of compliance and other subjects. All employees also receive a compliance handbook that summarizes the manual and is used in training programs and other activities to raise awareness among employees of the importance of compliance.

#### (d) Implementation of compliance-related training

Each Group company conducts a variety of training activities to promote a better understanding of legal matters and other areas, and to raise awareness of compliance.

# 8. Japan Post Group Internal Audit System

The Japan Post Group has established an effective internal audit system at each Group company in order to ensure sound administration and proper operations aimed at building customer trust.

## ① Japan Post Group Internal Audit System Framework

The Japan Post Group sets forth the fundamental matters necessary to create an internal audit system framework in the Group agreements.

Based on these agreements, each Group company develops an effective internal audit system framework befitting the nature of its business and the type and degree of risk.

The Internal Audit Department of Japan Post Holdings monitors the audit regulations, audit plans and progress of audits of the

Internal Audit Departments of Japan Post, Japan Post Bank and Japan Post Insurance from the perspective of enhancing the internal audit system framework of the entire Group.

This Internal Audit Department also evaluates and examines the internal audit systems of Group companies and provides guidance and advice, as well as makes recommendations for improvements and directly undertakes audits when required.

## ② Internal Audit System at Group Companies

### 1. Overview

Each Group company has an Internal Audit Department independent from the business-executing departments which conducts internal audits from an independent and objective standpoint.

In addition, the scope of the internal audits extends to all business sites and administrative affairs, so each Group company

has set up an Internal Audit Department at its head office. Besides this, Japan Post, which has approximately 24,000 post offices, has established audit offices at 50 locations nationwide. This ensures that internal audits are carried out at a sufficient frequency and in appropriate detail.

### 2. Implementation of Effective Internal Audits

The Internal Audit Department of each Group company conducts risk-based internal audits, in which audit frequency and audit items are determined by evaluating specific types and extent of risks in the branches and departments or operations within the scope of the internal audit.

In addition, efforts are made to ensure efficient and effective internal audits through off-site monitoring that includes routinely attending various meetings and gathering relevant internally managed materials.

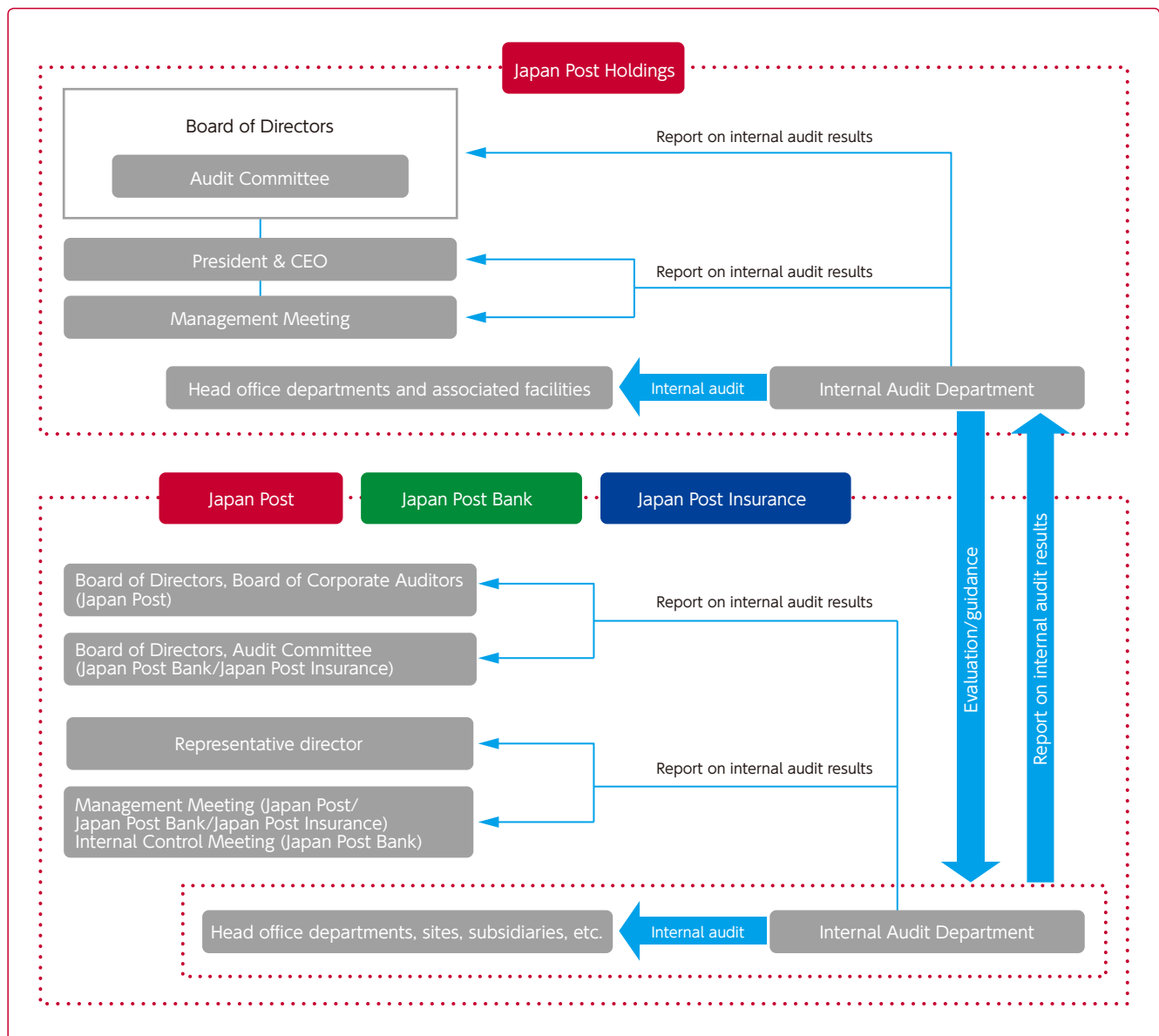
### 3. Reporting on Results of Internal Audits and Making Improvements

The Internal Audit Department of each Group company reports on internal audit results to the business-executing departments as well as to the representative director, Audit Committee and Board of Corporate Auditors.

Moreover, each Internal Audit Department works to improve operations in respective companies. To this end, progress reports of improvement-requested items indicated in audit reports are periodically made to the representative director.



## ■ Japan Post Group Internal Audit Framework



# 9. Japan Post Group Risk and Crisis Management

Japan Post Holdings Co., as the holding company of the Japan Post Group, recognizes that properly managing risk within the Group is one of management's highest priorities and has formulated a basic policy concerning Group risk management. Based on the shared understanding of this policy among Group companies, Japan Post Holdings Co. establishes a risk management system for the entire Group.

Japan Post Holdings Co. is committed to preventing the transfer of risk from one Group company to another. Japan Post Holdings Co. is also committed to assuring that Japan Post Bank Co. and Japan Post Insurance Co., the Group's financial companies, continue to strengthen their risk management systems as independent financial institutions and implement autonomous risk management.

To ensure an appropriate response to crisis situations, including earthquakes and other natural disasters, each Group company in the Japan Post Group has established its own crisis management system in accordance with the Group agreements.

## ① Group Risk Management Framework

As a basic policy concerning Group risk management, the Japan Post Group has laid down basic principles of risk management and fundamental matters that should be observed by Group companies in implementing risk management, including categories of risks that should be managed by each company. The Japan Post Group performs Group risk management based on this policy.

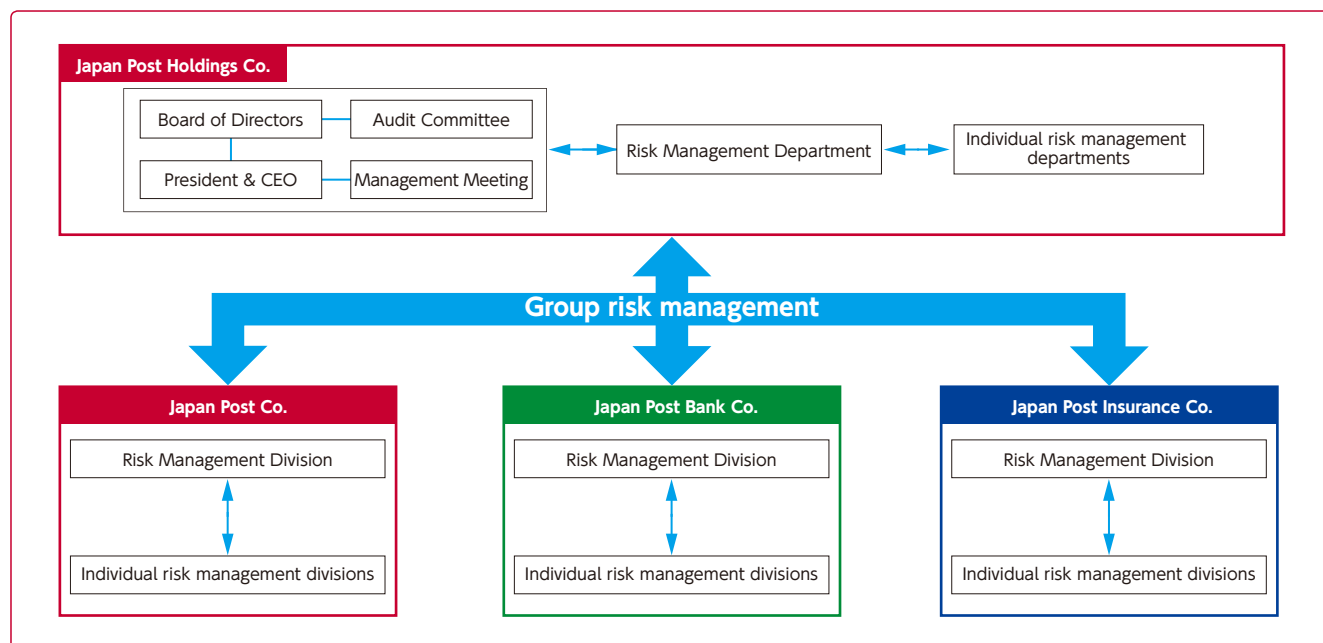
In addition, Japan Post Holdings Co. has a Risk Management Department for the purpose of monitoring risk for the entire Japan Post Group. The Risk Management Department receives reports from and has discussions with Group companies on matters related to their risk management, thereby setting up a system to

properly identify and monitor risk for the Group as a whole.

The Risk Management Department periodically submits Group company risk management reports to the Management Meeting in which the Group's risk management policies and risk management systems are discussed.

The Japan Post Groups pays particular attention to preventing any conflicts of interest when determining the authority and responsibility of organizations, executives and employees engaging in risk management and has in place a system that ensures appropriate checks and balances among these parties.

### ■ Risk Management Framework for Japan Post Group



Japan Post Bank Co. and Japan Post Insurance Co. are exposed to market risk, credit risk and other types of risk that are unique to the provision of financial services. Each Group company identifies risks to be quantified and then uses VaR (value at risk, a measure of the maximum expected loss that could occur due to events with a certain probability) and other methods to objectively and appropriately measure these risks in a uniform manner.

Japan Post Holdings Co. manages risk by confirming that the

amount of risk measured at each of these two companies is suitable in relation to each Group company's equity capital.

Operational risk is managed for the business activities of Japan Post Co., Japan Post Bank Co. and Japan Post Insurance Co.. Operational risk management is monitored on a regular basis to properly supervise this risk. In addition, actions are taken to enable Group companies to work more closely together in order to prevent the recurrence of problems and strengthen risk management.

## ② Japan Post Group Risk Management System

Managing risk at Japan Post Group companies is recognized as one of management's highest priorities. After specifying risks associated with each business activity, each Group company has established a management system in accordance with the characteristics of each risk based on the basic policy for Group risk

management and manages those risks autonomously.

A department responsible for managing risk has been set up at each Group company and a system for checks and warnings has been created together with the individual risk management departments.

### ■ Risk Categories and Definitions

Risk category	Definition
<b>Insurance underwriting risk</b>	The risk of losses arising due to change in economic conditions or insurance accident occurrence ratios as opposed to the projections made at the time when insurance premiums were set.
<b>Credit risk</b>	The risk of losses arising from the decline or elimination of the value of assets (including off-balance-sheet assets) due to deterioration in the financial condition of an entity to which credit is provided.
<b>Market risk</b>	The risk of loss resulting from changes in the value of assets and liabilities (including off-balance-sheet assets and liabilities) due to fluctuations in risk factors such as interest rates, foreign exchange rates and stock prices and the risk of losses resulting from changes in earnings generated from assets and liabilities. There are three material market risks as follows:
<b>1) Interest rate risk</b>	The risk of losses resulting from changes in interest rates. As a result of a mismatch of interest rates on its assets and liabilities and/or timing differences in the maturity thereof, the company may suffer a loss or a decline in profit due to changes in interest rates.
<b>2) Price volatility risk</b>	The risk of declines in the value of assets due to changes in the prices of securities and other financial instruments.
<b>3) Foreign exchange risk</b>	The risk of losses resulting from the difference between assumed and actual foreign exchange rates in the case where the company has a long position or short position on a net basis with regard to its assets and liabilities denominated in foreign currencies.
<b>Asset investment risk</b>	The risk of losses arising from fluctuations in the values of assets or liabilities held (including off-balance-sheet items). Investment risk consists of the following credit, market and real estate investment risks.
<b>1) Credit risk</b>	Same as credit risk above

Risk category	Definition
<b>2) Market risk</b>	Same as market risk above
<b>3) Real estate investment risk</b>	The risk of losses due to decline in profitability of real estate caused by the changes of rental rates, or due to decrease in the value of real estate itself caused by factors such as changes in market conditions.
<b>Liquidity risk</b>	(1) Funding-liquidity risk: The risk of losses because a company finds it difficult to secure the necessary funds or is forced to obtain funds at far higher interest rates or the company must unavoidably trade at remarkably lower prices than usual under normal conditions because of a worsening financial condition. (2) Market-liquidity risk: the risk of losses arising due to an inability to conduct market transactions or the need to conduct transactions at far more unfavorable prices because of market turmoil.
<b>Operational risk</b>	The risk of losses resulting from inadequate operation processes, inadequate activities by officers and employees and inadequate systems or from external events. There are three categories of operational risk that apply to the entire Group: (1) administrative risk, (2) IT system risk and (3) information assets risk.
<b>1) Administrative risk</b>	The risk of losses resulting from the neglect by officers and employees to conduct administrative work properly, accidents caused by them and violation of laws conducted by them in the course of the administrative work process.
<b>2) IT system risk</b>	The risk of losses because of a breakdown or malfunctioning of computer systems or other computer system inadequacies, or because of improper use of computer systems.
<b>3) Information assets risk</b>	The risk of losses arising from the loss, falsification, inappropriate use, or external leakage of information due to IT system damage or inappropriate processing.

## ③ Crisis Management for Disasters

Based on the Group agreements, each Group company in the Japan Post Group has established a system to ensure appropriate response to crisis situations, including earthquakes and other natural disasters, large-scale accidents and major failures in information systems.

Group companies prepare manuals and establish plans that

facilitate the required initial response and rescue measures immediately after a crisis occurs. In the event of a major crisis, a joint task force on-scene comprising representatives of Group companies will be quickly established in an affected area to review and implement methods to enable the smooth provision of services to customers.



# Corporate Data

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## Japan Post Group Management Philosophy

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Stressing the security and confidence of the Japan Post Group network, the Group, as a private corporation, is demonstrating creativity and efficiency to the greatest extent possible and will provide customer-oriented services, support the lives of customers

in local communities and aim for the happiness of customers and employees. The Group will also pursue managerial transparency on its own, observe rules and contribute to the development of society and the region.

## Group Management Policy

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1. We will duly consider our customers' lives, exercise our creativity and provide through our nationwide network a selection of products and services needed by customers in every stage of their lives.
2. We will establish effective corporate governance and compliance programs, including internal audits and internal controls.
3. We will maintain the transparency of the Group's operations through the timely and proper disclosure of information, the appropriate use of intra-group transactions and other activities.
4. We aim for the Group's sustainable growth and a mid-to-long term improvement in our corporate value.
5. We will create opportunities for all employees, business partners and the community to mutually cooperate and for each and every employee to grow.

## Japan Post Group Charter of Corporate Conduct

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- (1) Earn the trust of customers
  - We earn the trust of customers by adopting their perspective and meeting their expectations.
  - We protect and manage information strictly so that customers can use our services with peace of mind.
  - We fulfill our responsibility to explain our operations by conducting highly transparent business operations and disclosing information in a fair manner.
- (2) Observe ethical standards
  - We continue to conduct business activities with sincerity by complying with laws, regulations, social standards and internal rules.
  - We stand firmly against antisocial forces and organizations that threaten the order and safety of civil society.
  - We maintain workplace discipline by clearly defining responsibilities and authority and fairly evaluating performance and results.
- (3) Place priority on coexistence
  - We actively promote environmental conservation and make a significant contribution to society through business activities.
  - We aim for sustainable coexistence by placing importance on maintaining dialogues with diverse stakeholders.
  - We respect human rights and provide safe and pleasant workplaces.
- (4) Create value
  - We will create new convenience for customers and provide them with high-quality services.
  - We will create stable value by providing universal services in our three core businesses through the Japan Post Group network.
  - We will utilize teamwork and create corporate value for the Japan Post Group by promoting mutual understanding and cooperation among employees and encouraging each and every employee to fulfill their roles and responsibilities.
- (5) Be a source of change
  - We will apply technological innovation and continually make innovative changes internally to provide stable services to our customers.
  - We exercise our creativity from a broad viewpoint and lofty perspective to promote the Group's development.
  - We aggressively take on the challenge of conducting global business activities.

# 1. Outline of Japan Post Holdings Co., Ltd.

## 1

### Company Outline

Company name (in Japanese):	Nippon Yusei Kabushiki Kaisha
Company name:	JAPAN POST HOLDINGS Co., Ltd.
Head office location:	3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo 100-8798, Japan
Telephone:	03-3504-4411 (Japan Post Group main number)
Paid-in capital:	¥3,500 billion
Date of establishment:	January 23, 2006
Legal basis:	Established under the Japan Post Holdings Co., Ltd. Act (Law No. 98 of October 21, 2005)
Lines of business:	Strategy formulation of Group management

## 2

### Information on Shares

(As of March 31, 2016)

#### 1. Number of Shares

Authorized number of shares	18,000,000,000
Total shares issued	4,500,000,000
Number of shareholders as of March 31, 2016	579,701

#### 2. Major Shareholders

	Condition of holdings	
	Shares owned	Percentage of total issued
Minister of Finance	3,622,098,300	80.49%
Japan Post Employee Shareholding Association	39,151,700	0.87%
Japan Trustee Services Bank, Ltd. (Trust Account)	18,415,700	0.40%
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,482,200	0.25%
STATE STREET BANK WEST CLIENT - TREATY 505234	6,378,667	0.14%
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	6,191,300	0.13%
STATE STREET BANK AND TRUST COMPANY 505001	6,060,500	0.13%
Japan Trustee Services Bank, Ltd. (Trust Account 1)	4,725,700	0.10%
Japan Trustee Services Bank, Ltd. (Trust Account 6)	4,722,900	0.10%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	4,719,300	0.10%

\*The Company holds 383,306,000 shares (8.52%) of treasury stock, which are not included in the above list of major shareholders.

#### 3. Information on Rights to Purchase New Shares, etc.

None outstanding

## 3

### Number of Employees

2,886\* (as of March 31, 2016)

\* The number of employees excludes employees assigned to other companies by Japan Post Holdings Co., Ltd. but includes employees assigned to Japan Post Holdings Co., Ltd. by other companies. The figures do not include part-time employees.

(As of July 1, 2016)

**1. Directors**

President & CEO (Representative Executive Officer) .....	Masatsugu Nagato (Concurrently holds the positions of Director of Japan Post Co., Ltd., Director of Japan Post Bank Co., Ltd., and Director of Japan Post Insurance Co., Ltd.)
Senior Executive Vice President (Representative Executive Officer) ...	Yasuo Suzuki (Concurrently holds the position of Director of Japan Post Co., Ltd.)
Director .....	Masami Ishii (Concurrently holds the position of President & CEO of Japan Post Insurance Co., Ltd.)
Director .....	Norito Ikeda (Concurrently holds the position of President & CEO of Japan Post Bank Co., Ltd.)
Director .....	Kunio Yokoyama (Concurrently holds the position of President & CEO of Japan Post Co., Ltd.)
Director (Outside) .....	Miwako Noma (Concurrently holds the position of Representative Director of Nippon Gurashi Co., Ltd.)
Director (Outside) .....	Akio Mimura (Concurrently holds the position of Senior Adviser to the Board and Chairman Emeritus of Nippon Steel & Sumitomo Metal Corp.)
Director (Outside) .....	Tadashi Yagi (Concurrently holds the position of Adviser to the Board of K. K. Kyodo News)
Director (Outside) .....	Satoshi Seino (Concurrently holds the position of Chairman and Director of East Japan Railway Company)
Director (Outside) .....	Kunio Ishihara (Concurrently holds the position of Adviser to the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd.)
Director (Outside) .....	Yasuo Inubushi (Concurrently holds the position of Emeritus Adviser to the Board of Kobe Steel, Ltd.)
Director (Outside) .....	Toru Shimizu (Concurrently holds the position of Adviser to the Board of Hitachi Insurance Service, Ltd.)
Director (Outside) .....	Charles Ditmars Lake II (Concurrently holds the position of Representative Chairman in Japan of American Family Life Assurance Company of Columbus)
Director (Outside) .....	Michiko Hirono (Concurrently holds the position of Representative Director and President of 21 Lady Co., Ltd.)
Director (Outside) .....	Norio Munakata (Attorney-at-Law)

**2. Executive Officers** (Excludes persons with concurrent posts in the above 1. Directors)

Executive Vice President (Representative Executive Officer)	Susumu Atsuki	Executive Officer	Makoto Sakurai
Executive Vice President (Representative Executive Officer)	Toshihide Komatsu	Executive Officer	Atsuko Onodera
Executive Vice President (Representative Executive Officer)	Yoshifumi Iwasaki	Executive Officer	Hidetake Kikuhara
Senior Managing Executive Officer	Ryosuke Haraguchi	Executive Officer	Katsuyuki Takahashi
Senior Managing Executive Officer	Noboru Ichikura	Executive Officer	Tsutomu Shomura
Senior Managing Executive Officer	Kazuhide Kinugawa	Executive Officer	Mamiko Izumi
Senior Managing Executive Officer	Hiroshi Yamada	Executive Officer	Mitsuyuki Yamamoto
Managing Executive Officer	Kenji Fukumoto	Executive Officer	Katsumi Amano
Managing Executive Officer	Kimihiko Oku	Executive Officer	Shinji Denishi
Managing Executive Officer	Yoshiharu Miyazaki	Executive Officer	Masamichi Moribe
Managing Executive Officer	Toru Inasawa	Executive Officer	Noriko Kinoshita
Managing Executive Officer	Satoru Tatebayashi	Executive Officer	Akihito Nishiguchi
Managing Executive Officer	Susumu Tanaka	Executive Officer	Kenji Ogata
Managing Executive Officer	Tetsuya Senda		

**3. Nomination Committee**

Chairperson	Akio Mimura
Member	Kunio Ishihara
Member	Masatsugu Nagato

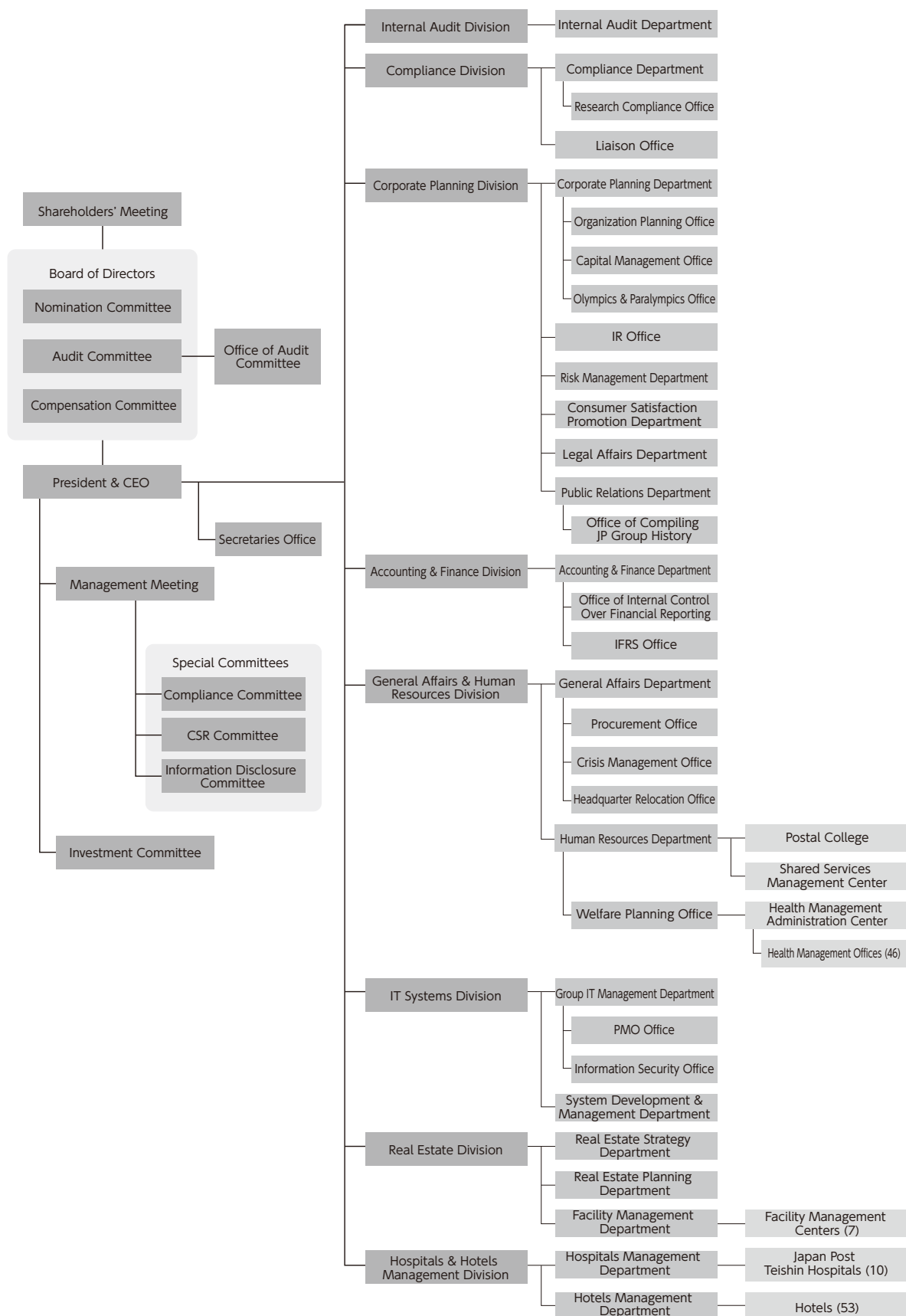
**4. Audit Committee**

Chairperson	Tadashi Yagi
Member	Miwako Noma
Member	Toru Shimizu
Member	Norio Munakata

**5. Compensation Committee**

Chairperson	Satoshi Seino
Member	Tadashi Yagi
Member	Masatsugu Nagato

(As of July 1, 2016)



(As of March 31, 2016)

Affiliation	Company name	Location	Issued capital (millions)	Main business	Date of establishment	Percentage ownership of voting rights
Consolidated subsidiaries	JAPAN POST Co., Ltd.	Chiyoda-ku, Tokyo	¥400,000	Postal and logistics business, financial services counter sales business	October 1, 2007	100.0%
	JAPAN POST BANK Co., Ltd.	Chiyoda-ku, Tokyo	¥3,500,000	Banking business	September 1, 2006	89.0%
	JAPAN POST INSURANCE Co., Ltd.	Chiyoda-ku, Tokyo	¥500,000	Life insurance business	September 1, 2006	89.0%
	JAPAN POST STAFF Co., Ltd.	Minato-ku, Tokyo	¥640	Temporary staffing service, contracted business	July 3, 2007	100.0%
	YUSEI CHALLENGED CO., Ltd.	Setagaya-ku, Tokyo	¥5	Office cleaning	November 20, 2007	100.0%
	Japan Post Hotel Service Co., Ltd.	Chuo-ku, Saitama-shi, Saitama	¥39	Contracted hotel management	December 25, 1996	100.0%
	Japan Post Information Technology Co., Ltd.	Shinjuku-ku, Tokyo	¥3,150	Communication network maintenance and management	July 3, 1987	100.0%
	Japan Post Trading Service Co., Ltd.	Koto-ku, Tokyo	¥100	Outsourcing services of catalog products ordering	September 11, 2007	100.0% (100.0%)
	Japan Post Building Management Co., Ltd.	Chiyoda-ku, Tokyo	¥150	Property management for commercial buildings	April 1, 2011	100.0% (100.0%)
	Japan Post Communications Co., Ltd.	Minato-ku, Tokyo	¥350	Operations related to sales of advertising media	August 8, 2014	100.0% (100.0%)
	JAPAN POST OFFICE SUPPORT Co., Ltd.	Minato-ku, Tokyo	¥100	Merchandise sales	March 16, 1971	100.0% (100.0%)
	JP TWOWAY CONTACT Co., Ltd.	Nishi-ku, Osaka-shi, Osaka	¥182	Telemarketing services	April 18, 1988	82.87% (82.87%)
	JP MITSUKOSHI MERCHANDISING Co., Ltd.	Koto-ku, Tokyo	¥50	Mail-order business, whole-sale, others	April 1, 2014	60.0% (60.0%)
	YY Gift Co., Ltd.	Nishi-ku, Yokohama-shi, Kanagawa	¥20	Mail-order of gift catalogs	April 24, 1996	51.0% (51.0%)
	JP TOKYO TOKUSENKAI Co., Ltd.	Taito-ku, Tokyo	¥30	Sales of catalog products, mail-order business, others	March 2, 2015	51.0% (51.0%)
	Japan Post Transport Co., Ltd.	Minato-ku, Tokyo	¥18,250	Truck cargo transportation	November 30, 2007	100.0% (100.0%)
	JAPAN POST International Logistics Co., Ltd.	Shanghai, China	CNY50	Logistics business	September 6, 2013	100.0% (100.0%)
	Japan Post Delivery Co., Ltd.	Chuo-ku, Tokyo	¥400	Collection and delivery of Yu-Pack and other items	April 1, 2014	100.0% (100.0%)
	Toll Holdings Limited	Melbourne, Australia	AUD2,978	Forwarding business, 3PL business, express business	June 20, 1986	100.0% (100.0%)
	Japan Post Finance Co., Ltd.	Shinjuku-ku, Tokyo	¥400	Settlement service business	April 1, 2014	85.1% (85.1%)
	JP GENERAL INSURANCE AGENCY Co., Ltd.	Chiyoda-ku, Tokyo	¥20	Non-life insurance agency business	August 7, 1950	70.0% (70.0%)
	JP Logi Service Co., Ltd.	Chuo-ku, Osaka-shi, Osaka	¥34	Preparation and posting of postal items	October 15, 1968	67.6% (67.6%)
	JP Biz Mail Co., Ltd.	Adachi-ku, Tokyo	¥100	Preparation and posting of postal items	February 1, 2006	58.5% (58.5%)
Affiliated companies accounted for under the equity method	JAPAN POST SANKYU GLOBAL LOGISTICS CO., LTD.	Chuo-ku, Tokyo	¥300	International air freight forwarding	July 1, 2008	60.0% (60.0%)
	JP Media Direct Co., Ltd.	Minato-ku, Tokyo	¥300	Product development of mail media	February 29, 2008	51.0% (51.0%)
	JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd.	Shinagawa-ku, Tokyo	¥60	Commissioning of design, development, maintenance and operation of information systems	March 8, 1985	100.0% (100.0%)
	JP Asset Management Co., Ltd.	Chuo-ku, Tokyo	¥500	Investment management business	August 18, 2015	50.0% (50.0%)
	SDP Center Co., Ltd.	Chuo-ku, Tokyo	¥2,000	Bank agency operations	May 28, 1980	45.0% (45.0%)
	SAISON ASSET MANAGEMENT Co., Ltd.	Toshima-ku, Tokyo	¥1,000	Type II financial instruments business operation and investment trust management business, others	June 12, 2006	40.0% (40.0%)
	ATM Japan Business Service, Ltd.	Minato-ku, Tokyo	¥100	ATM cash loading and collection as well as ATM management	August 30, 2012	35.0% (35.0%)
	JA Foods Oita Co., Ltd.	Kitsuki-shi, Oita	¥493	Processing and sales of agricultural products, fruits and vegetables	December 2, 1991	20.0% (20.0%)
	RINGBELL Co., Ltd.	Chuo-ku, Tokyo	¥354	Planning, production and sales of gift catalogs, others	July 3, 1987	20.0% (20.0%)

Note: The figures in parentheses in the column showing percentage ownership of voting rights indicate the percentage of indirect ownership through consolidated subsidiaries.



(As of April 1, 2016)

Name of facility	Location	Telephone number
Sapporo Teishin Hospital	1-5-1, Kawazoe 14-jo, Minami-ku, Sapporo, Hokkaido 005-8798	011-571-5103
Yokohama Teishin Hospital	13-10, Nishi Kanagawa 1-chome, Kanagawa-ku, Yokohama, Kanagawa 221-8798	045-321-4782
Tokyo Teishin Hospital	14-23, Fujimi 2-chome, Chiyoda-ku, Tokyo 102-8798	03-5214-7111
Toyama Teishin Hospital	2-29, Kashima-machi 2-chome, Toyama, Toyama 930-8798	076-423-7727
Nagoya Teishin Hospital	2-5, Izumi 2-chome, Higashi-ku, Nagoya, Aichi 461-8798	052-932-7151
Kyoto Teishin Hospital	109, Nishi Rokkakuchō, Shinmachi Nishiiru, Rokkakutori, Nakagyo-ku, Kyoto, Kyoto 604-8798	075-241-7167
Hiroshima Teishin Hospital	19-16, Higashi Hakushima-cho, Naka-ku, Hiroshima, Hiroshima 730-8798	082-224-5355
Tokushima Teishin Hospital	19-2, Iga-cho 3-chome, Tokushima, Tokushima 770-8798	088-623-8611
Fukuoka Teishin Hospital	6-11, Yakuin 2-chome, Chuo-ku, Fukuoka, Fukuoka 810-8798	092-741-0300
Kagoshima Teishin Hospital	12-1, Shimo Ishiki 1-chome, Kagoshima, Kagoshima 890-8798	099-223-6013

(As of July 1, 2016)

1. *Kanpo no Yado* Inns

Number	Name of facility	Location	Telephone number	Number of rooms	Notes
1	Otaru	2-670, Asarigawa Onsen, Otaru, Hokkaido 047-0154	0134-54-8511	21	Kazeru Otaru Annex
2	Ichinoseki	147-5, Horyu, Genbi-cho, Ichinoseki, Iwate 021-0101	0191-29-2131	55	
3	Sakata	17-26, Iimoriyama 3-chome, Sakata, Yamagata 998-8588	0234-31-4126	39	
4	Koriyama	3-198, Atami, Atami-machi, Koriyama, Fukushima 963-1380	024-984-3511	36	
5	Iwaki	60, Shibazaki, Tairafujima, Iwaki, Fukushima 970-0103	0246-39-2670	59	
6	Oarai	7986-2, Isohama-cho, Oarai-machi, Higashi-Ibaraki-gun, Ibaraki 311-1301	029-267-3191	52	
7	Itako	1830-1, Mizuhara, Itako, Ibaraki 311-2404	0299-67-5611	56	
8	Shiobara	1256, Shiobara, Nasushiobara, Tochigi 329-2921	0287-32-2845	39	
9	Tochigi Kitsuregawa Onsen	5296-1, Kitsuregawa, Sakura, Tochigi 329-1412	028-686-2822	53	
10	Isobe	22, Gobara, Annaka, Gunma 379-0135	027-385-6321	51	
11	Yorii	2267, Sueno, Yorii-machi, Osato-gun, Saitama 369-1205	048-581-1165	51	
12	Kamogawa	1137, Nishi-cho, Kamogawa, Chiba 296-0043	04-7092-1231	101	
13	Asahi	2280-1, Nittama, Asahi, Chiba 289-2525	0479-63-2161	61	
14	Katsuura	2183-5, Ubara, Katsuura, Chiba 299-5243	0470-76-3011	50	
15	Ome	668-2, Komaki-cho 3-chome, Ome, Tokyo 198-0053	0428-23-1171	56	
16	Hakone	159, Motohakone, Hakone-machi, Ashigarashimo-gun, Kanagawa 250-0522	0460-84-9126	29	
17	Isawa	348-1, Matsumoto, Isawa-cho, Fuefuki, Yamanashi 406-0021	055-262-3755	54	
18	Suwa	15-16, Owa 2-chome, Suwa, Nagano 392-0001	0266-52-1551	36	
19	Atami (Main Building)	12-3, Minaguchi-cho 2-chome, Atami, Shizuoka 413-0016	0557-83-6111	159	
	Atami (Annex)	13-77, Minaguchi-cho 2-chome, Atami, Shizuoka 413-0016	0557-83-6111	45	
20	Izukogen	1104-5, Yawatano, Ito, Shizuoka 413-0232	0557-51-4400	59	
21	Toyama	5691-2, Hane, Fuchu-machi, Toyama, Toyama 939-2694	076-469-3135	40	
22	Fukui	43-17, Fuchi-machi, Fukui, Fukui 918-8026	0776-36-5793	33	
23	Yaizu	1375-2, Hamatome, Yaizu, Shizuoka 425-8533	054-627-0661	40	
24	Hamanako-Mikkabi	2977-2, Tsuzuki, Mikkabi-cho, Kita-ku, Hamamatsu, Shizuoka 431-1496	053-526-1201	41	
25	Chita-Mihama	39, Suhara, Okuda, Mihama-cho, Chita-gun, Aichi 470-3233	0569-87-1511	45	
26	Ena	2709, Oi-cho, Ena, Gifu 509-7201	0573-26-4600	54	
27	Gifu-Hashima	1041, Umaminami, Kuwabara-cho, Hashima, Gifu 501-6323	058-398-2631	40	
28	Toba	1200-7, Arashima-cho, Toba, Mie 517-0021	0599-25-4101	58	
29	Hikone	3759, Matsubara-cho, Hikone, Shiga 522-0002	0749-22-8090	41	
30	Maizuru	224-5, Ueyasu, Maizuru, Kyoto 624-0912	—	—	Temporarily closed
31	Tondabayashi	880-1, Ryusen, Tondabayashi, Osaka 584-0053	0721-33-0700	43	

Number	Name of facility	Location	Telephone number	Number of rooms	Notes
32	Yamatoheguri	16-1, Kamisho 2-chome, Heguri-cho, Ikoma-gun, Nara 636-0905	0745-45-0351	34	
33	Nara	9-1, Nijo-cho 3-chome, Nara, Nara 630-8002	0742-33-2351	42	
34	Kii-Tanabe	24-1, Mera, Tanabe, Wakayama 646-8501	0739-24-2900	52	
35	Arima	1617-1, Arima-cho, Kita-ku, Kobe, Hyogo 651-1401	078-904-0951	53	
36	Ako	883-1, Misaki, Ako, Hyogo 678-0215	0791-43-7501	50	
37	Awajishima	824, Toshima, Awaji, Hyogo 656-1711	0799-82-1073	40	
38	Takehara	442-2, Nishino-cho, Takehara, Hiroshima 725-0002	0846-29-0141	40	
39	Hikari	31-1, Murozumi-Higashinosho, Hikari, Yamaguchi 743-0005	0833-78-1515	40	
40	Yuda	1-42, Kanda-cho, Yamaguchi, Yamaguchi 753-0064	083-922-5226	40	
41	Kanonji	1101-4, Ikenoshiri-cho, Kanonji, Kagawa 768-0031	0875-27-6161	55	
42	Tokushima	3-70, Nakatsuyama, Hachiman-cho, Tokushima, Tokushima 770-8071	088-625-1255	46	
43	Ino	1569, Hakawa, Ino-cho, Agawa-gun, Kochi 781-2128	088-892-1580	52	
44	Kitakyushu	2829, Arige, Wakamatsu-ku, Kitakyushu, Fukuoka 808-0123	093-741-1335	50	
45	Yanagawa	10-1, Yashiro-machi, Yanagawa, Fukuoka 832-0057	0944-72-6295	40	
46	Shimabara	8362-3, Hakusan-machi, Shimabara, Nagasaki 855-0824	—	—	Temporarily closed
47	Beppu	457, Tsurumi, Beppu, Oita 874-0844	0977-66-1271	49	
48	Hita	685-6, Nakanoshima-machi, Hita, Oita 877-0074	0973-24-0811	53	
49	Aso	5936, Miyaji, Ichinomiya-machi, Aso, Kumamoto 869-2612	0967-22-1122	66	
50	Nichinan	2228-1, Hoshikura, Nichinan, Miyazaki 889-2533	0987-22-5171	46	

## 2. Kanpo no Sato Inns

Number	Name of facility	Location	Telephone number	Number of rooms	Notes
51	Shobara	281-1, Shinjo-cho, Shobara, Hiroshima 727-0004	0824-73-1800	62	

## 3. Rafre Saitama and Other Facilities

Number	Name of facility	Location	Telephone number	Number of rooms	Notes
52	Rafre Saitama	3-2, Shintoshin, Chuo-ku, Saitama, Saitama 330-0081	048-601-1111	186	
53	U-Port Recreation Center in Setagaya	17-1, Kamata 2-chome, Setagaya, Tokyo 157-0077	03-3709-0161	—	No accommodation facilities

Notes 1: For more details, contact the hotels directly or call the customer service center of *Kanpo no Yado* inns at 0120-715294 (weekdays: 9:30 to 17:30).

2: Each accommodation facility has formed a disaster agreement beforehand with local municipalities to provide evacuation areas, bathing facilities and food in accordance with requests from these municipalities (except Koriyama).

Year	Major Event
1871	Modern postal service established (new postal system set up between Tokyo and Kyoto and Tokyo and Osaka)
1872	Registered mail service launched Nationwide postal network completed
1873	Nationwide flat-rate system introduced Issuance of postcards begun
1875	Government mail offices and mail handling offices renamed post offices Postal money order service established International mail service launched Postal savings service established
1877	Joined the Universal Postal Union
1880	Foreign postal money order service launched
1885	Issuance of reply-paid postcards begun Ministry of Communications established
1887	The 〒 mark adopted as the logo for the Ministry of Communications
1892	Parcel post service begun
1894	First commemorative stamps (two types; celebrating the 25th royal wedding anniversary of the Meiji Emperor) issued
1899	Special New Year's postcards delivery service launched (suspended in 1923, when the Great Kanto Earthquake occurred, and in the pre- and post-war periods from 1940 to 1947)
1901	Red post boxes introduced
1906	Money Transfer service established
1910	Governmental pensions payment receiving service launched
1911	Express mail service launched
1916	Postal life insurance service established
1926	Postal life annuity service established
1928	<i>Kokumin Hoken Taiso</i> (radio exercise) program launched
1931	Foreign Money Transfer service launched
1941	<i>TEIGAKU</i> deposits introduced
1944	System allowing payment of postage in arrears introduced
1949	The Ministry of Posts and Telecommunications established Law Concerning Contracted Post Offices went into effect Issuance of New Year's lottery postcards begun
1950	Issuance of summer greeting postcards begun
1951	New radio exercise program launched
1961	Postal orders ( <i>TEIGAKU KOGAWASE</i> ) service introduced
1968	Three- or five-digit postal code system introduced
1973	Depositor loan service introduced
1975	Express mail service (EMS) launched

Year	Major Event
1977	Online postal life insurance service launched
1978	Online postal savings service launched
1980	Cash dispensers (CDs) for postal savings introduced
1981	Automatic teller machines (ATMs) for postal savings introduced Trial service for electronic postal mail launched
1983	<i>Furusato</i> parcel service launched
1986	Automatic insurance premiums transfer service launched
1988	Sales of Japanese Government Bonds etc. begun
1989	Issuance of regional stamps (later renamed <i>Furusato</i> stamps) and New Year's lottery stamps begun The passbook with remittance service launched
1991	Issuance of <i>Furusato</i> picture postcards and donation-added New Year's lottery stamps begun Foreign exchange service launched
1998	Seven-digit postal code system introduced
1999	ATM/CD alliance service with private-sector financial institutions launched <i>Minna no Taiso</i> ("Exercise for Everyone") program developed Sales of lotteries begun
2000	Mutual remittance services between post offices and private-sector financial institutions begun
2001	Postal Services Agency established
2002	Defined contribution pensions (individual annuities) service begun
2003	Japan Post established
2005	Sales of investment trusts begun
2007	Japan Post Group established Agent sales of automobile insurance begun
2008	Issuance of JP BANK CARD begun Intermediary service for individual loans launched Agent sales of Variable Annuities Policies begun A new hospitalization rider, <i>Sono hi kara</i> , launched Agent sales of third-sector insurance begun Sales of life insurance for corporate clients (for management-level personnel) begun
2009	Online connection to the Zengin Data Telecommunication System (Zengin System) established
2010	Letter Pack service launched
2012	The "Act for Partial Revision of the Postal Service Privatization Act and others" went into effect, Japan Post Service and Japan Post Network merged, and Japan Post Co., Ltd. established Japan Post Group Vision 2021 announced
2013	Grand opening of JP Tower
2014	"Japan Post Group Medium-term Management Plan—New Japan Post Group Network Creation Plan 2016" announced Japan Post Group Women's Athletics Team established Sales of <i>Hajime no Kampo</i> Educational Endowment Insurance begun
2015	"Japan Post Group Medium-term Management Plan—New Japan Post Group Network Creation Plan 2017" announced Japan Post Holdings Co., Ltd. acquired 100% ownership of Toll Holdings Limited, an Australian logistics company. Japan Post Holdings Co., Ltd. listed on the First Section of the Tokyo Stock Exchange Japan Post Bank Co., Ltd. listed on the First Section of the Tokyo Stock Exchange Japan Post Insurance Co., Ltd. listed on the First Section of the Tokyo Stock Exchange



## 2. Outline of Japan Post Co., Ltd.

### 1

#### Company Outline

Company name (in Japanese):	Nippon Yubin Kabushiki Kaisha
Company name:	JAPAN POST Co., Ltd.
Head office location:	3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo 100-8798, Japan
Telephone:	03-3504-4411 (Japan Post Group main number)
Paid-in capital:	¥400 billion
Date of establishment:	October 1, 2007
Legal basis:	Established under the Japan Post Co., Ltd. Act (Law No. 100 of October 21, 2005)
Lines of business:	Postal operations; banking counter operations; insurance counter operations; sales of documentary stamps; operations consigned by local government entities; bank and life and non-life insurance agency services other than those mentioned previously; domestic distribution and delivery business and international cargo transport and agency services for air cargo business; logistics business; real estate business; and merchandise sales

### 2

#### Management Philosophy

##### Management Philosophy

"Japan Post Co., Ltd. will fully utilize its resources that include its post office and delivery networks covering every corner of the country to provide safe, reliable and fast services tailored to the needs of each community while contributing to the realization of a society with an abundance of human contact by supporting people's lifestyles throughout their entire lives."

- We will provide the basic postal services of postal, banking and insurance services extensively across the country into the future.
- We will take on the challenge of providing innovative services that respond accurately to changes in society and enrich people's lives.
- We will fulfill our responsibilities as a corporate citizen by establishing corporate governance systems and strictly implementing compliance.
- Each and every employee will continue to grow to ensure we are appreciated by our customers and trusted and respected by local communities.

### 3

#### Information on Shares

(as of March 31, 2016)

##### 1. Number of Shares

Total shares issued	10,000,000
---------------------	------------

##### 2. Shareholder

Japan Post Holdings Co., Ltd.	Condition of holdings	
	Shares owned	Percentage of total issued
	10,000,000	100%

### 4

#### Number of Employees

195,143\* (as of March 31, 2016)

\* The number of employees excludes employees assigned to other companies by Japan Post Co., Ltd. but includes employees assigned to Japan Post Co., Ltd. by other companies. The figures do not include part-time employees.

## 5

## List of Directors, Auditors and Executive Officers

(As of July 1, 2016)

## 1. Directors

Chairman .....	Toru Takahashi
President & CEO (Representative Executive Officer) .....	Kunio Yokoyama (Concurrently holds the position of Director of Japan Post Holdings Co., Ltd.)
Senior Executive Vice President (Representative Director) .....	Tomohiro Yonezawa
Executive Vice President (Representative Director) .....	Seiki Fukuda
Director .....	Yasuo Suzuki (Concurrently holds the position of Representative Director and Senior Executive Vice President of Japan Post Holdings Co., Ltd.)
Director .....	Masatsugu Nagato (Concurrently holds the position of Representative Executive Officer and President & CEO of Japan Post Holdings Co., Ltd.)
Director (Outside) .....	Kenji Kitahara (Former member of the NHK Management Committee)
Director (Outside) .....	Risa Tanaka (Concurrently holds the position of President of The Graduate School of Project Design)
Director (Outside) .....	Yoshinori Suzuki (Concurrently holds the position of Senior Executive Officer and CIO of Japan Securities Depository Center, Incorporated)
Director (Outside) .....	Toyohiko Takabe (Concurrently holds the position of Senior Adviser of Nippon Telegraph and Telephone East Corporation)
Director (Outside) .....	Kaori Sasaki (Concurrently holds the position of President and CEO of ewoman, Inc.)

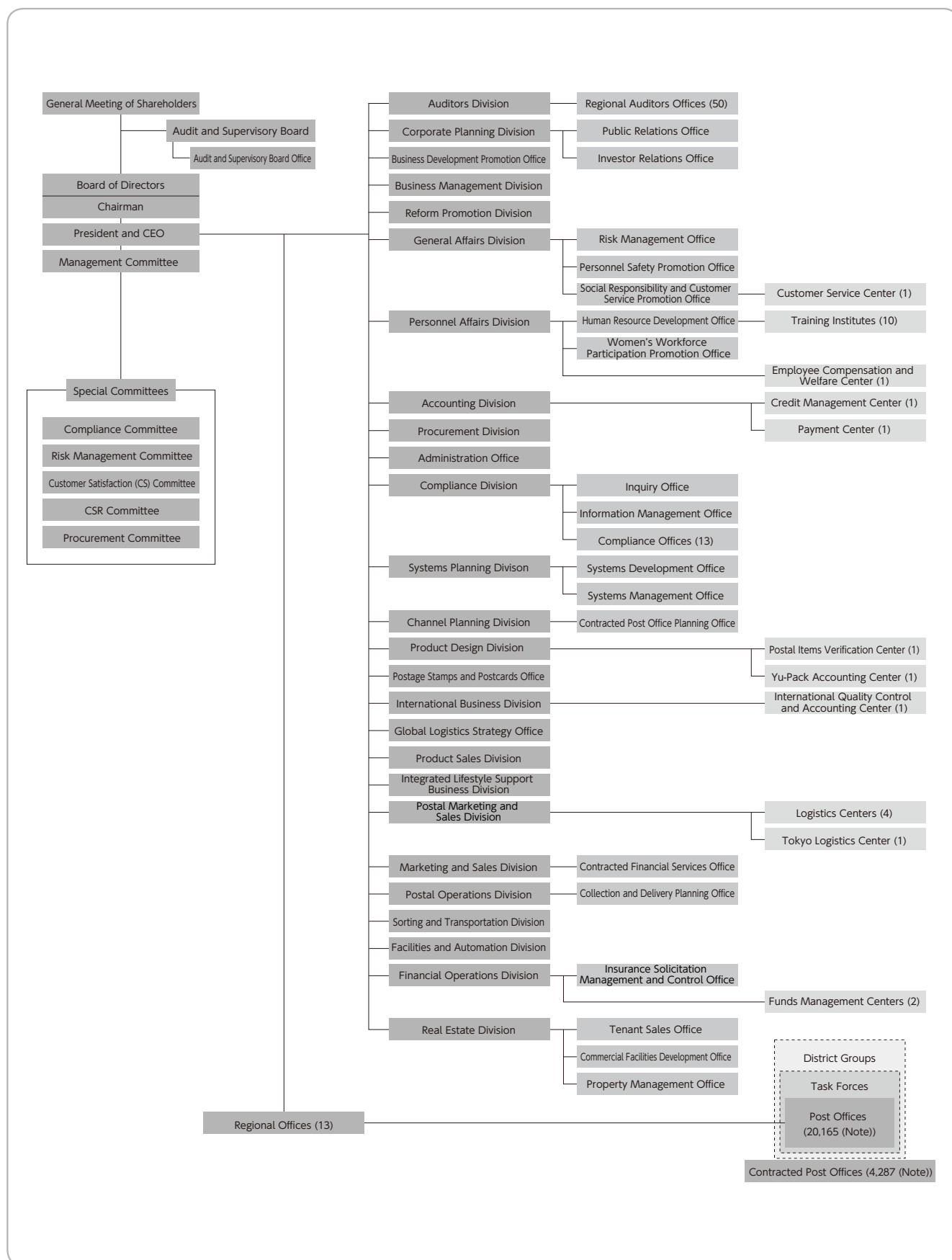
## 2. Audit and Supervisory Board Member

Hisamitsu Gannyo  
Hiroshi Shidehara  
Toshiyuki Takano  
Yoshio Haibara

## 3. Executive Officers

Vice President	Chikashi Isayama	Executive Officer	Kazuaki Daikaku
First Executive Officer	Kenji Sasaki	Executive Officer	Keiichi Yano
First Executive Officer (Concurrently holds the position of Managing Executive Officer of Japan Post Holdings Co., Ltd.)	Toru Inasawa	Executive Officer	Hitoshi Arawaka
First Executive Officer	Makoto Osawa	Executive Officer	Toshiyuki Yazaki
Senior Executive Officer	Naoki Nakashima	Executive Officer	Nobuo Tsuruda
Senior Executive Officer	Tsunehiko Matsuyama	Executive Officer	Kazuya Hino
Senior Executive Officer	Ryutaro Yamamoto	Executive Officer	Masahiko Metoki
Senior Executive Officer	Keiichi Shirato	Executive Officer	Atsushi Fuchie
Senior Executive Officer	Yoshiyuki Higuchi	Executive Officer	Satoshi Higashikozono
Senior Executive Officer (Concurrently holds the position of Managing Executive Officer of Japan Post Holdings Co., Ltd.)	Satoru Tatebayashi	Executive Officer	Ichiro Mio
Senior Executive Officer	Norio Wakasa	Executive Officer	Kimikazu Sano
Senior Executive Officer	Hiroaki Kawamoto	Executive Officer	Kanako Asami
Senior Executive Officer	Katsuhiko Tsuyama	Executive Officer	Katsuhiko Sato
Senior Executive Officer	Yoshiharu Miyazaki (Concurrently holds the position of Managing Executive Officer of Japan Post Holdings Co., Ltd.)	Executive Officer	Koji Kamiozaki
		Executive Officer	Katsuyo Yamazaki
		Executive Officer	Hiroshi Shiraishi
		Executive Officer	Katsuyuki Takahashi (Concurrently holds the position of Executive Officer of Japan Post Holdings Co., Ltd.)

(As of July 1, 2016)



Note: The number of directly managed post offices and contracted post offices is as of March 31, 2016.

(As of July 1, 2016)

Name of regional office	Location
Hokkaido	4-3, Kita Nijo Nishi, Chuo-ku, Sapporo, Hokkaido 060-8797
Tohoku	1-34, Ichiban-cho 1-chome, Aoba-ku, Sendai, Miyagi 980-8797
Kanto	3-1, Shintoshin, Chuo-ku, Saitama, Saitama 330-9797
Tokyo	6-19, Azabudai 1-chome, Minato-ku, Tokyo 106-8797
Minami Kanto	1-2, Enoki-cho, Kawasaki-ku, Kawasaki, Kanagawa 210-8797
Shinetsu	801, Kurita, Nagano, Nagano 380-8797
Hokuriku	1-15, Kamitsutsumi-cho, Kanazawa, Ishikawa 920-8797
Tokai	1-1, Meieki 1-chome, Nakamura-ku, Nagoya, Aichi 469-8797
Kinki	3-9, Kitahama Higashi, Chuo-ku, Osaka, Osaka 530-8797
Chugoku	19-8, Higashi Hakushima-cho, Naka-ku, Hiroshima, Hiroshima 730-8797
Shikoku	8-5, Miyata-cho, Matsuyama, Ehime 790-8797
Kyushu	1-1, Joto-machi, Chuo-ku, Kumamoto, Kumamoto 860-8797
Okinawa	26-29, Higashi-machi, Naha, Okinawa 900-8797

(As of March 31, 2016)

Prefecture	Post offices in service				Post offices out of service				Grand total
	Directly managed post offices		Contracted post offices	Total	Directly managed post offices		Contracted post offices	Total	
	Regular post offices	Post office branches			Regular post offices	Post office branches			
Hokkaido	1,208	1	282	1,491	1	0	13	14	1,505
Aomori	267	0	90	357	0	0	5	5	362
Iwate	299	1	120	420	8	0	5	13	433
Miyagi	345	0	82	427	17	0	11	28	455
Akita	273	0	125	398	0	0	3	3	401
Yamagata	289	0	108	397	0	0	1	1	398
Fukushima	411	0	106	517	19	0	11	30	547
Ibaraki	465	0	50	515	0	0	6	6	521
Tochigi	312	0	42	354	0	0	5	5	359
Gunma	301	0	39	340	0	0	0	0	340
Saitama	626	0	19	645	0	0	0	0	645
Chiba	689	0	32	721	1	0	2	3	724
Kanagawa	752	0	13	765	0	0	1	1	766
Yamanashi	201	0	64	265	0	0	2	2	267
Tokyo	1,477	0	5	1,482	20	0	1	21	1,503
Niigata	534	0	137	671	0	0	10	10	681
Nagano	443	0	198	641	0	0	11	11	652
Toyama	212	0	76	288	0	0	3	3	291
Ishikawa	253	0	69	322	0	0	5	5	327
Fukui	207	0	32	239	0	0	2	2	241
Gifu	355	0	90	445	0	0	11	11	456
Shizuoka	484	0	97	581	0	0	16	16	597
Aichi	839	2	74	915	0	0	18	18	933
Mie	372	0	81	453	0	0	13	13	466
Shiga	230	0	31	261	0	0	1	1	262
Kyoto	441	0	30	471	1	0	4	5	476
Osaka	1,084	4	29	1,117	0	0	1	1	1,118
Hyogo	839	2	118	959	0	0	6	6	965
Nara	241	0	77	318	0	0	5	5	323
Wakayama	263	0	53	316	0	0	1	1	317
Tottori	147	0	95	242	0	0	5	5	247
Shimane	257	0	113	370	0	0	7	7	377
Okayama	417	2	103	522	0	0	10	10	532
Hiroshima	580	0	113	693	0	0	7	7	700



Prefecture	Post offices in service				Post offices out of service				Grand total
	Directly managed post offices		Contracted post offices	Total	Directly managed post offices		Contracted post offices	Total	
	Regular post offices	Post office branches			Regular post offices	Post office branches			
Yamaguchi	352	0	57	409	0	0	6	6	415
Tokushima	201	0	31	232	0	0	6	6	238
Kagawa	188	0	26	214	0	0	11	11	225
Ehime	316	0	76	392	0	0	8	8	400
Kochi	228	0	90	318	0	0	5	5	323
Fukuoka	714	0	95	809	1	0	1	2	811
Saga	166	0	40	206	0	0	1	1	207
Nagasaki	309	0	136	445	0	0	3	3	448
Kumamoto	387	0	177	564	0	0	3	3	567
Oita	302	0	99	401	0	0	1	1	402
Miyazaki	195	0	112	307	0	0	2	2	309
Kagoshima	435	2	274	711	0	0	9	9	720
Okinawa	177	0	23	200	0	0	0	0	200
Nationwide total	20,083	14	4,029	24,126	68	0	258	326	24,452

Note: Contracted post offices operate under consignment contracts.

"Post offices out of service" are post offices for which customers have been informed of a temporary closure and postal counter operations have been ceased.

Other emergency services are as follows.

Number of instances where services are provided by personnel dispatched to the location	Number of instances where services are provided by 1 mobile post office
0	3

Post offices out of service are as follows.

	Closed due to the Great East Japan Earthquake	Closed for reasons other than the Great East Japan Earthquake	Total
Directly managed post offices	44	24	68
Contracted post offices	14	244	258

(As of March 31, 2016)

Affiliation	Company name	Location	Paid-in capital (millions)	Line of business	Date of establishment	Japan Post ownership	Ownership of voting shares
Consolidated Subsidiaries	Japan Post Office Support Co., Ltd.	Minato-ku, Tokyo	¥100	Merchandise sales Facilities management and contracting business	March 16, 1971	100.0%	100.0%
	JP General Insurance Agency Co., Ltd.	Chiyoda-ku, Tokyo	¥20	Non-life insurance agency business	August 7, 1950	70.0%	70.0%
	Japan Post Sankyu Global Logistics Co., Ltd.	Chuo-ku, Tokyo	¥300	International air freight forwarding	July 1, 2008	60.0%	60.0%
	Toll Holdings Limited	Melbourne, Australia	AUD2,978	Forwarding business, 3PL business, express business	June 20, 1986	100.0%	100.0%
	Japan Post International Logistics Co., Ltd.	Shanghai, China	CNY50	International logistics business	September 6, 2013	100.0%	100.0%
	Japan Post Trading Service Co., Ltd.	Koto-ku, Tokyo	¥100	Merchandise business, contracting business for merchandise operations	September 11, 2007	100.0%	100.0%
	Japan Post Communications Co., Ltd.	Minato-ku, Tokyo	¥350	Operations related to posting advertisements in post offices	August 8, 2014	100.0%	100.0%
	JP Logi Service Co., Ltd.	Osaka-shi, Osaka	¥34	Preparation and posting of postal items, parcels and mail items	October 15, 1968	67.6%	67.6%
	JP Media Direct Co., Ltd.	Minato-ku, Tokyo	¥300	Planning, development and sales of direct media and contracted shipment of merchandise	February 29, 2008	51.0%	51.0%
	Japan Post Finance Co., Ltd.	Shinjuku-ku, Tokyo	¥400	Settlement service business	April 1, 2014	85.1%	85.1%
	JP Biz Mail Co., Ltd.	Adachi-ku, Tokyo	¥100	Preparation and posting of postal items	February 1, 2006	51.0%	58.5%
	Japan Post Delivery Co., Ltd.	Chuo-ku, Tokyo	¥400	Collection and delivery of Yu-Pack and other items	April 1, 2014	100.0%	100.0%
	Japan Post Transport Co., Ltd.	Minato-ku, Tokyo	¥18,250	Truck cargo transportation	November 30, 2007	100.0%	100.0%
	Japan Post Building Management Co., Ltd.	Chiyoda-ku, Tokyo	¥150	Property management for commercial buildings	April 1, 2011	100.0%	100.0%

## Postal Services

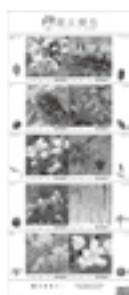
### 1. Stamps and Postcards

(As of April 1, 2016)

Products	Description/Features
<b>Ordinary stamps</b>	Standard lineup of postage stamps.
<b>Special stamps</b>	Stamps issued for a special purpose, such as to commemorate an important national event in Japan or a significant campaign in Japan or other countries. We also provide greeting postage stamps with designs suitable for use with greeting cards for celebrations and various other occasions.
<b>Furusato stamps</b>	Stamps issued to stimulate interest in specific regions of Japan using regional themes.
<b>Donation-added New Year's postage stamps</b>	These lottery stamps allow individuals who use their own New Year's postcards and letters to participate in the New Year's postcard lottery. There are two types: one for postcards and one for letters.
<b>Frame stamps</b>	An original postage stamp that is designed to look like a photo frame, with its inner blank space available for printing photographs, etc. Frame stamps can be ordered via the Internet or at a post office.
<b>Standard postcards</b>	In addition to the postage mark featuring a house sparrow, other postcards are available featuring a moth orchid, suitable for use for winter greetings or announcing a period of mourning.
<b>New Year's postcards (New Year's lottery postcards)</b>	These postcards are available in a standard format and with a donation added. A service called <i>Nenga Town-Mail</i> is also available to deliver no name specified New Year's postcards to all households and offices within a particular town neighborhood, where there is a delivery of New Year's postcards on January 1.
<b>Summer greeting postcards (Kamo-Mail)</b>	Kamo-Mail is lottery postcards for summer greetings. A service called <i>Kamome Town</i> is also available to deliver no name specified Kamo-Mail postcards, which are accepted during a specified period, to all households and offices within a particular town neighborhood.
<b>Echo-postcards</b>	Part of the postcard is used for advertising and the advertising income is used to reduce the price by ¥5 to ¥47.
<b>Inkjet printing standard postcards</b>	Postcards with a special coating permitting the postcards to be used for printing photographs, pictures and other colorful images. The postage mark is in the design of mountain cherry blossoms. Other postcards are available featuring a moth orchid, suitable for use for winter greetings or announcing a period of mourning.
<b>Reply-paid postcards</b>	This is two attached postcards, one to be used by the sender and the other by the recipient to send a reply back to the sender. The absence of a fold in the middle allows these postcards to be easily used with a printer or copier. These postcards are useful for printing large numbers of invitations to parties, sales events, exhibitions and other events.
<b>Four-surface printing postcards</b>	With four postcards in a single sheet, these postcards are useful for situations where a large number of postcards need to be printed.
<b>Postcards with indentations</b>	These postcards have a semicircular indentation on the lower left corner of the front so that visually impaired individuals can tell the front and back and top and bottom of a postcard.
<b>Picture postcards</b>	Picture postcards featuring famous scenery and other sights from all over Japan.
<b>International postcards</b>	These postcards are used for international air mail and have the same rate (¥70) for every foreign country.
<b>Mini-letters (Postal envelopes)</b>	These sheets, in which writing space is three times the size of a postcard, are a combined letter and an envelope. Postage is printed on the front just as with a postcard. Items can be enclosed up to the limit of 25 g.
<b>Letter Pack Plus (Specified postage-paid envelope, with recorded delivery service)</b>	This is a special purpose A4 file size, pre-paid envelope, with which correspondence and items can be sent nationwide for a flat rate (¥510). As the package is hand delivered to the recipient in exchange of his or her signature or seal, it offers a secure way to send items by post. A tracking service is available to check delivery status.
<b>Letter Pack Light (Specified postage-paid envelope)</b>	This is a special purpose A4 file size, pre-paid envelope, with which correspondence and items that do not exceed 3 cm in depth can be sent nationwide for a flat rate (¥360). This item is placed in the recipient's mail box and is therefore useful for persons who are not often at home to receive mail items. A tracking service is available to check delivery status.
<b>Aerogrammes</b>	The international mail version of the "mini-letter." Items can be enclosed up to a limit of 25 g. Space is three times the size of a postcard and postage is printed on the front. Air-mail postage is cheaper (¥90 for anywhere in the world).
<b>Stamp booklets</b>	Stamp booklets have a cover and contain several stamps or several dozen stamps, with an accompanying explanation of each stamp.



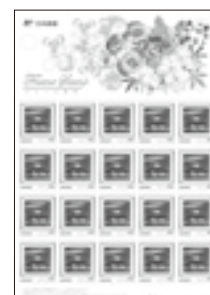
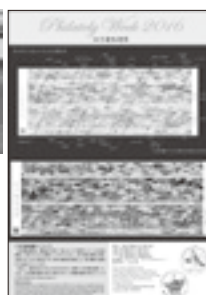
Special stamps



Furusato stamps



Stamp booklets



Frame stamps

## 2. Standard Mail Services

Category	Description/Features
<b>First-class mail</b> ( <i>Dailishu yubin</i> )	This category includes letters and is divided into standard-size items of a certain size and weight and nonstandard-size items. This category also includes "mini-letters."
<b>Second-class mail</b> ( <i>Dainishu yubin</i> )	This is the category for postcards. There are two categories: standard postcards and reply-paid postcards.
<b>Third-class mail</b> ( <i>Daisanshu yubin</i> )	Newspapers, magazines and other periodicals issued at least four times each year and that have been approved by Japan Post. This includes third-class mail, which has discounted rates, and covers a portion of newspapers published three or more times monthly or publications containing one-day's content that are mailed by a publisher, seller or organization. Third-class mail at a discounted rate is also available for organizations for persons with disabilities that have the aim of promoting the welfare of persons with disabilities.
<b>Fourth-class mail</b> ( <i>Daiyonshu yubin</i> )	A reduced-rate or free postage category for materials associated with public service or welfare. Examples include correspondence education materials, Braille materials, sound recordings intended solely for the use of the visually impaired, plants and seeds, and academic publications.

## 3. Yu-Pack, Yu-Mail and Other Services

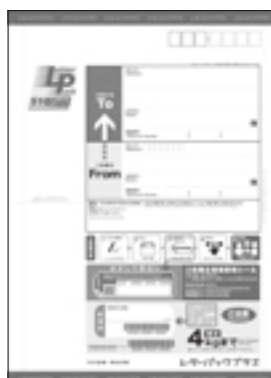
Products	Description/Features
<b>Yu-Pack</b>	Yu-Pack is a domestic delivery service for sending parcels having the sum total of length, width and thickness of less than 170 cm and weighing less than 30 kg, with the receiver's address listed on an attached invoice. The Yu-Pack service offers a host of benefits and conveniences. These include discounts for parcels brought to post offices, discounts for the same destination, discounts for multiple parcels to the same destination simultaneously, volume discounts for 10 or more parcels, service that allows the user to specify the nearest post office to home or work for receipt of the package, forwarding to a second address when no one is at the primary address, notice of completed delivery service, same-day redelivery, specified time delivery service and same-day delivery (certain post offices and regions).
<b>Airport Yu-Pack</b>	An easy and inexpensive way for travelers to ship their luggage to and from an airport. Luggage can be picked up at a designated counter at the airport. There is a reduction available for using the service on both outbound and inbound journeys.
<b>Golf and Ski Yu-Pack</b>	Golf and ski equipment is delivered to a hotel or other location by the day prior to the customer's arrival or back to the customer's home. There is a reduction available for using the service on both outbound and inbound journeys.
<b>Pos Packet</b>	A convenient service for sending small and light items anywhere in Japan at a flat rate of ¥360. Delivery confirmation is available online. No prior procedure is needed. Simply drop Pos Packet in a post box.
<b>Yu-Mail (booklet parcels)</b>	A service for sending books and other publications. No prior procedure is needed. Simply drop Yu-Mail in a post box.
<b>Town Plus</b>	A service to deliver Yu-Mail to all deliverable addresses within a particular town neighborhood without the name of receivers.
<b>Yu-Mail for persons with disabilities</b>	Yu-Mail for materials sent between libraries and persons with severe physical or mental disabilities.
<b>Braille Yu-Pack</b>	Used to send Braille materials.
<b>Yu-Pack for the hearing impaired</b>	Used to send videotapes for hearing-impaired individuals. Available for tapes sent between facilities approved by Japan Post and eligible recipients.



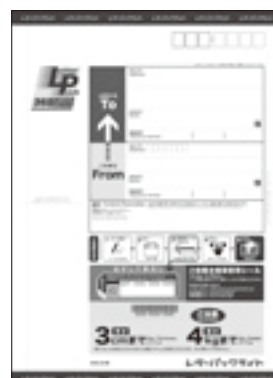
New Year's postcard  
(Nenga Town-Mail)



Kamo-Mail (Kamome Town)



Letter Pack Plus



Letter Pack Light



Yu-Pack package (large box)



Yu-Pack package  
(large pouch)






Yu-Pack package  
(small pouch)



Yu-Pack package (small box)

## 4. Major Supplementary Services

(As of April 1, 2016)

Services	Description/Features
<b>Express mail (<i>Sokutatsu</i>)</b>	The fastest form of delivery, in which mail receives priority over other letters and parcels in the same class.
<b>New special express mail (<i>Shin tokkyu yubin</i>)</b>	Delivers mail received around morning time by approximately 17:00 the same day.
<b>Delivery time-specified mail (<i>Haitatsu-jikantai shitei yubin</i>)</b>	This service enables delivery time to be delivered within the three specified timeframes of morning (8:00 to 12:00), afternoon (12:00 to 17:00) and evening (17:00 to 21:00) starting from the earliest possible delivery slot.
<b>Registered mail (<i>Kakitome</i>)</b>	Letters and parcels are tracked from acceptance to delivery. If the item is damaged or lost, the sender will be reimbursed for the actual loss based on the amount submitted when the item was sent. There are three types: cash registered mail, ordinary registered mail and simplified registered mail (discounted postage).
<b>Security service</b>	This service provides compensation for loss up to ¥500,000 in the event that a Yu-Pack is damaged or lost.
<b>Acceptance-recorded mail (<i>Tokutei kiroku</i>)</b>	A service for registering the acceptance and delivery of letters and parcels.
<b>Recorded delivery mail (<i>Kofu kiroku yubin</i>)</b>	This is a service provided for a flat rate of ¥510, using a specified postage-paid envelope, which records the delivery of the items in the specified envelope.
<b>ID confirmation delivery service (<i>Honnin gentei uketori</i>)</b>	This service provides delivery of letters and parcels only to a person whose name is listed on the letter or parcel. There are three types of service: basic, special-case and conveying specific details.
<b>Cash on Delivery (<i>Daikin hikikae</i>)</b>	The recipient pays the designated amount upon receipt of the letter or parcel. The amount due is remitted to the sender's bank account. For cash on delivery Yu-Pack parcels, we also offer Cash on Delivery and Remittance Service ( <i>Daikin hikikae matome sokin</i> ), a service to collect payments and make a lump-sum transfer of money in five-day increments to the sender, and Yu-Pack Collection Service.
<b>Refrigerated delivery service</b>	A safe and reliable refrigerated delivery service for fresh produce and other goods to keep their freshness while in transport.
<b>Delivery date-specified mail (<i>Haitatsu-bi shitei</i>)</b>	The letter or parcel is delivered on the day specified by the sender.
<b>Letax</b> 	A service to deliver messages to recipients, such as congratulatory messages for weddings and condolence messages for funerals, using mat boards and designs specified by senders. It is possible to apply online via the Internet (Web Letax, Web <i>Sokutatsu</i> ), by telephone (Telephone Letax), or at post office.
<b>Computer mail</b> 	The sender submits the recipient's name, address, electronic message and other data. Japan Post Co. performs everything from printing to placing the messages in envelopes so they can be delivered using standard mail. It is possible to apply online via the Internet (Web Letter).
<b>e-content certificate</b> 	A service for using the Internet to conveniently send mail that requires certification of the contents; available on a 24-hour basis.
<b>Certification service</b>	Receipt time certification is for certifying the time a letter or parcel sent as registered mail was received. Delivery certification certifies the delivery of a letter or parcel sent as registered mail. Certification forms (which are verified by postal certification officers) state the date, sender and recipient, and contents of the letter or parcel, with certification by Japan Post.

\* These services may not be available depending on the type of letter or parcel.

## 5. Other Services

Services	Description/Features
<b>Forwarding service</b>	When an individual relocates, mail is forwarded to the new address for one year from the date of submission at no charge. In addition to submitting an application using relocation forms, which are available at post offices, a service is available for submitting applications via the Internet. For online service, access <a href="http://welcometown.post.japanpost.jp">http://welcometown.post.japanpost.jp</a> and fill in required items according to the instructions. Additionally, the status of applications can be checked online after submittal.
<b>Requests for alteration of address and withdrawal of mail</b>	When a sender realizes there was a mistaken entry for the sender or address after sending a letter or parcel, a request for change of recipient or return of the item can be submitted (a fee may be required).
<b>Stamp and postcard exchanges</b>	Postage stamps, non-usable postcards due to mistaken entries and other unneeded stamps and postcards can be exchanged for new ordinary stamps and postcards by paying the prescribed fee. Exchanges are not possible for postcards and postal envelopes, etc. where the printed postage stamp rate is soiled or damaged, and for soiled or damaged stamps.
<b>Free exchange of lottery number postcards, etc.</b>	New Year's postcards and stamps with lottery numbers that cannot be used due to the death of a close relative can be exchanged for ordinary postcards at no cost. Lottery postcards purchased by mistake and that can be resold can be exchanged at no cost for another type of lottery postcard for the same year. (This service may not be available for certain postcards or stamps.)
<b>Sales of documentary stamps</b>	Revenue stamps, automobile weight tax documentary stamps, unemployment insurance documentary stamps, health insurance documentary stamps and patent documentary stamps are sold at sales outlets designated by the Ministry of Internal Affairs and Communications on behalf of the Japanese national government.



## 6. International Mail

Services	Description/Features
<b>EMS (Express Mail Service)</b>	Letters and parcels are given the highest priority from the time of receipt through delivery. Status of delivery can be confirmed. (Note)
<b>EMS delivery time guaranteed service (time certain service)</b>	Provides a guarantee for delivery time for EMS mail sent from Tokyo or Osaka to five countries/regions (China, Hong Kong, Singapore, South Korea, Taiwan)
<b>Cool EMS</b>	A speed post service for small-lot, temperature-sensitive parcels by way of Express Mail Service (EMS) being provided as a trial for addresses in Taiwan, Hong Kong, Singapore, Malaysia, Vietnam and France.
<b>International parcels</b>	Available in three types: air parcels where speed is the priority, surface (sea) parcels where low cost is the priority and economy air mail (SAL) parcels that combine speed and low cost. (Note)
<b>International letter-post mail</b>	
<b>International registered mail</b>	A service to record acceptance and delivery of a mail item and to compensate for actual damage incurred when it gets damaged or lost, to the extent insured by the sender.
<b>International e-Packet</b>	A service to apply a special rate, which is lower than normal fees, to a small packet when customers use special labels issued online to send these parcels by air as registered mail.
<b>International insured mail</b>	A service to record acceptance and delivery. If the item is damaged or does not reach its destination, the sender or the addressee will be reimbursed for the actual loss based on the amount submitted when the item was sent.
<b>Letters</b>	A frequently-used service to deliver letters to overseas addresses. Letters are divided into two categories: standard-size mail having specific weights and sizes and other nonstandard-size mail. This service is available to send letters or documents weighing up to 2 kg by air mail or surface mail. "Letters" include aerogrammes and greeting cards.
<b>Postcards</b>	A service to deliver postcards worldwide at a flat rate of ¥60 for surface mail and ¥70 for air mail.
<b>Printed matter</b>	A low-cost international mail service for periodicals, catalogs, direct marketing materials, business documents and other printed materials. Can be sent as air mail, surface mail or economy air mail (SAL).
<b>Small packet</b>	A service for sending parcels up to 2 kg to overseas destinations. Less expensive than EMS or international small parcels. Can be sent as air mail, surface mail or economy air mail (SAL).
<b>D-mail, P-mail</b>	A service to apply a special rate, when a single sender mails a large quantity of pre-sorted items at once at the specified post office (300 or more for printed matters and 50 or more for small packets).

Note: Tracking availability, maximum size and weights depend on each country.

## 7. International Parcel Delivery

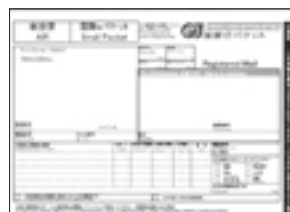
Services	Description/Features
<b>U-Global Express (UGX)</b>	An international small-lot delivery service provided in affiliation with excellent logistics service operators overseas. The service makes it possible to easily and securely send goods overseas at a trusted level of quality and an affordable price.



Shipping labels for EMS (Merchandise)



International registered mail label



International e-Packet label

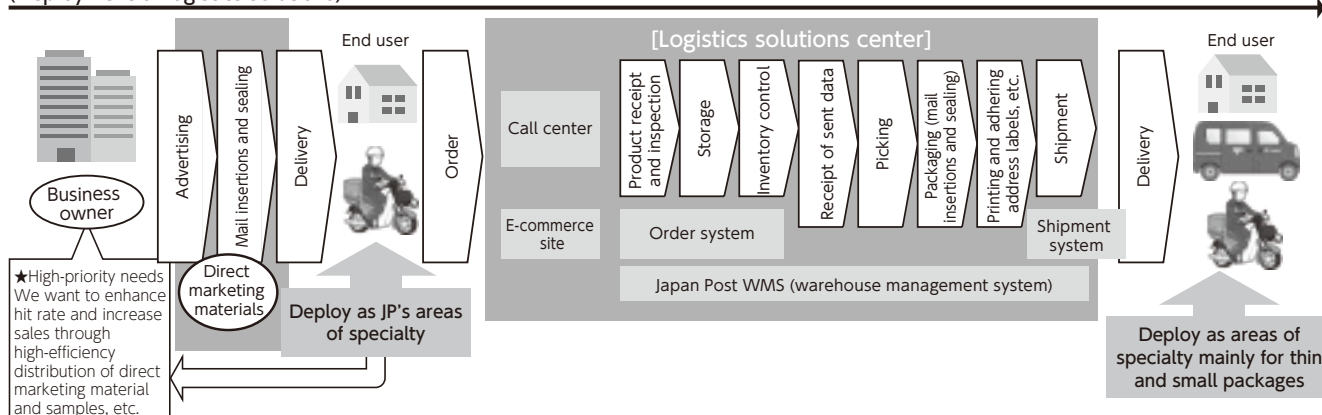


UGX label

## 8. Logistics Solutions

We provide from the delivery of direct marketing materials and samples to the ordering, shipment management and delivery of products in a one-stop package.

(Deployment of logistics solutions)



## Banking

We handle ordinary deposits, TEIGAKU deposits and time deposits, provide remittance and settlement services in addition to handling public pension payments and carrying out counter sales of Japanese Government Bonds and investment trusts. (For details, please refer to pages 115-119.)

## Insurance





We solicit life insurance and handle premium payments of Japan Post Insurance. (For details, please refer to pages 124-125.)

### Other Insurance Products

(As of April 1, 2016)

Products	Description/Features
<b>Cancer insurance</b>	<p>Cancer insurance is sold at 20,064 post offices nationwide in order to meet the growing need to guard against the possibility of cancer, which is becoming more prevalent. [Products handled]</p> <ul style="list-style-type: none"> <li>• New Days - Cancer insurance for daily living [underwriter: Aflac American Family Life Assurance Company of Columbus]</li> </ul> <p>A cancer insurance product providing hospitalization coverage and a lump-sum payment when a policyholder is diagnosed with cancer. Hospitalization and treatment include surgery, radiation therapy and anti-cancer drugs. Also provided are benefits for outpatient cancer treatment, which has been increasing, coverage for advanced medical treatment, not usually covered under public health insurance, and treatment for female-specific cancer. Coverage of treatment for female-specific cancer (female cancer rider) can be added as an option.</p>
<b>Medical insurance with eased underwriting conditions</b>	<p>In order to respond to needs for healthcare coverage, which have been rising in years, we sell medical insurance with eased underwriting conditions at 1,000 post offices. [Products handled]</p> <ul style="list-style-type: none"> <li>• <i>Tayoreru YOU Plus</i> [underwriter: Sumitomo Life Insurance Company]</li> </ul> <p>This whole life medical insurance (medical insurance with eased underwriting conditions) allows for the enrollment of persons with pre-existing conditions (diabetes, hypertension, etc.) who are not accepted under traditional health insurance*.</p> <p>* Insurance products providing benefits for hospitalization or injury or when undergoing prescribed surgery</p>
<b>Variable annuity</b>	<p>In order to further enhance our life planning and asset accumulation consulting-related products, we sell variable annuities at 1,079 post offices. [Products handled]</p> <ul style="list-style-type: none"> <li>• <i>Shiawase Teikibin</i> [underwriter: Mitsui Sumitomo Primary Life Insurance Co., Ltd.]</li> <li>• <i>Yu Yu Tsumitate Nenkin</i> [underwriter: MetLife Life Insurance K.K.]</li> </ul>
<b>Life insurance for companies (for management-level personnel)</b>	<p>In order to respond to a variety of needs of executives, such as needs for retirement benefit-related measures, business insurance, business succession and inheritance countermeasures, we sell life insurance for companies (for management-level personnel) at 200 post offices. [Products handled]</p> <ul style="list-style-type: none"> <li>• Level term life insurance    • Increasing term life insurance</li> </ul> <p>[underwriters: NN Life Insurance Company, Ltd., Sumitomo Life Insurance Company, Tokio Marine &amp; Nichido Life Insurance Co., Ltd., Nippon Life Insurance Company, Mitsui Sumitomo Aioi Life Insurance Co., Ltd., Meiji Yasuda Life Insurance Company, MetLife Life Insurance K.K.]</p> <p>* Sumitomo Life Insurance Company only underwrites level term life insurance.</p>
<b>Automobile insurance</b>	<p>As a non-life insurance agency, we have been handling post office automobile insurance in cooperation with five non-life insurance companies at 1,495 post offices. [Products handled]</p> <ul style="list-style-type: none"> <li>• Post Office Automobile Insurance</li> </ul> <p>[five underwriters: Aioi Nissay Dowa Insurance Co., Ltd., Sompo Japan Nipponkoa Insurance Inc., Tokio Marine &amp; Nichido Fire Insurance Co., Ltd., The Fuji Fire and Marine Insurance Co., Ltd. and Mitsui Sumitomo Insurance Co., Ltd.]</p> <p>This insurance provides three types of basic coverage, namely, compensation and liability coverage, personal coverage of the insured and vehicle coverage in addition to combining seven types of support services ranging from accident-prevention support to support after an accident. Premium rates are set depending on the purpose of the vehicle usage and the category (color) of the driver's license held.</p>

## Merchandise

Products	Description/Features
Sales of catalog products	<p>We offer a number of catalog services, including the <i>furusato</i> parcel service, which allows customers to order desired products from catalogs listing specialty products from all regions of Japan or leaflets that feature products specific to a certain area, and to have these products delivered by Yu-Pack service. There is also a regular order service that lets customers enjoy the flavors and tastes of the regions of Japan once a month.</p> 
Sales at post offices	<p>We have been selling mail-related items such as letter paper, envelopes and pens and pencils at post offices nationwide (excluding certain outlets).</p> <p>In addition, we are also selling <i>Gotochi</i> Form Cards, which enable non-standard sized mail items to be sent, and limited-time original frame stamps.</p>  <p>Original frame stamp</p>  <p>Posukuma stuffed bears</p>
Post Office Internet Shop	<p>The Post Office Internet Shop is an online shopping site opened on Japan Post's website.</p> <p>The shop offers a variety of products ranging from frame stamps to local specialty products provided under our <i>furusato</i> parcel service as well as medicines and daily necessities.</p> <p>We offer a Total Printing Service via our Post Office Internet Shop. In addition to conventional printing service for New Year's postcards, we now offer printing services for other greeting cards and business cards.</p> 

## Post Office Advertising

We implement an advertising business by deploying extra space at post offices and using our nationwide network of post offices to place advertisements by companies and local governments at around 20,000 sites.

Services	Description/Features
<b>Posters</b>	Posters can be displayed on poster boards designed exclusively for post office advertising or on clear wall space inside post office lobbies.
<b>Flyers, pamphlets</b>	Pamphlets and flyers can be placed in pamphlet racks designed exclusively for post office advertising or in clear space inside post office lobbies.
<b>Advertising rack</b>	A single company can have exclusive use of an advertising rack with space for a poster and four slots for pamphlets and flyers.
<b>Film-coated posters</b>	Posters coated with special film can be displayed on the glass area of the post office. The color of the poster does not fade even after prolonged display, making it a highly cost-effective form of advertising.
<b>Event space</b>	Space inside post office lobbies and outside post offices can be used for product PR and sales and to introduce services.
<b>Sampling</b>	Flyers and samples, etc. are handed to customers at post office counters.
<b>Monitor showing fees at post office counters</b>	Still-image advertisements are displayed on monitors showing postal fees at post offices nationwide. It is possible to present an advertisement on approximately 20,000 post office monitor screens at the same time by making use of the post office network.
<b>Advertising outside post offices and vertical banners, etc.</b>	Advertisements can be displayed on the walls, glass areas and vertical banners at post offices. It is possible to designate post offices in line with target area.
<b>Post code book</b>	It is possible to advertise in the post code book provided nationwide.



Flyers and pamphlets



Advertising rack



Event space



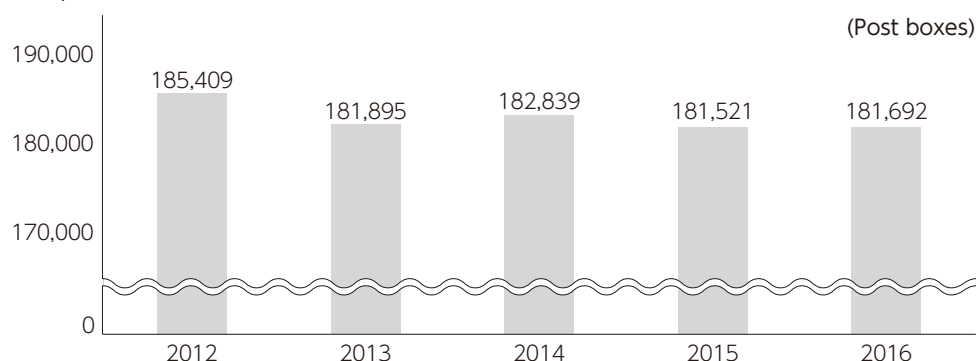
Sampling



Monitor showing fees

## 11 Number of Post Boxes

Fiscal years ended March 31



## 12 Outsourcing

Japan Post outsources some of its business activities as prescribed by law.

### ■ Outsourcing of Transport of Postal Materials or others

The following table shows the status for the outsourcing of the collection, transport and delivery operations to transport companies and other parties as prescribed in the Law for Outsourcing Postal Material Transport (1949 Law No. 284).

Fiscal years ended March 31

(Millions of yen)

Category	2014	2015	2016
Collection, delivery and transport outsourcing expenses	173,568	187,701	193,431

### ■ Outsourcing of Sale of Postage Stamps or others

The following table shows the status of outsourcing of the sale of postage stamps, etc., as prescribed in the Law Concerning Locations for the Sale of Postage Stamps (1949 Law No. 91).

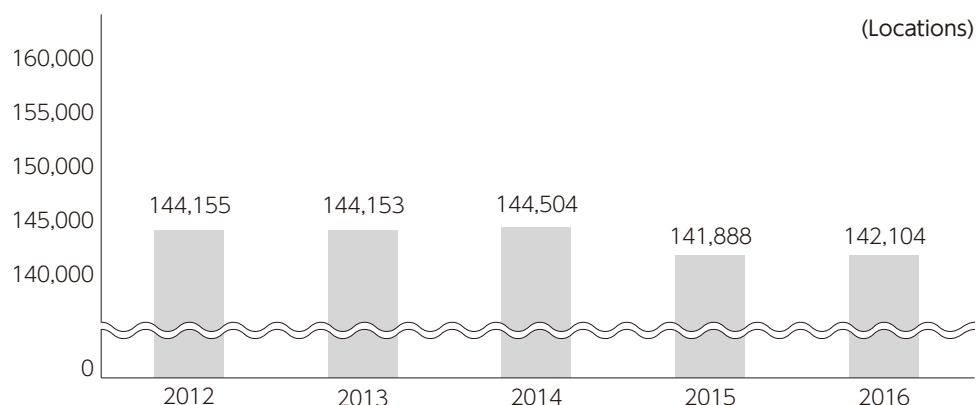
Fiscal years ended March 31

(Millions of yen)

Category	2014	2015	2016
Fees paid to locations selling postage stamps	18,713	17,443	17,291

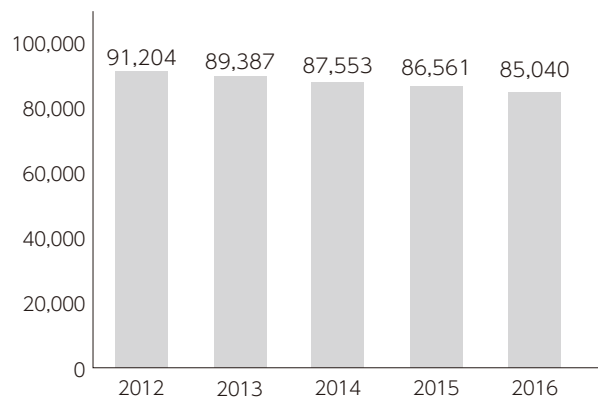
## 13 Number of Locations Selling Postage Stamps and Documentary Stamps

Fiscal years ended March 31

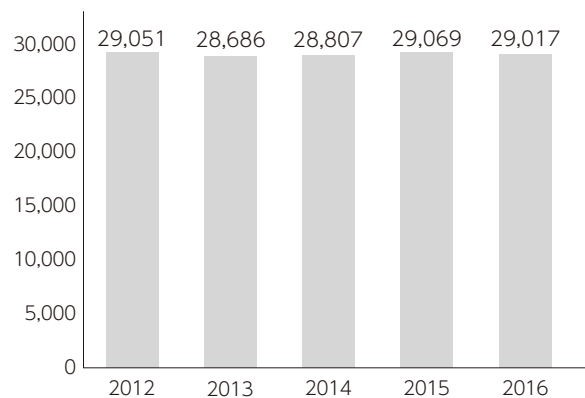




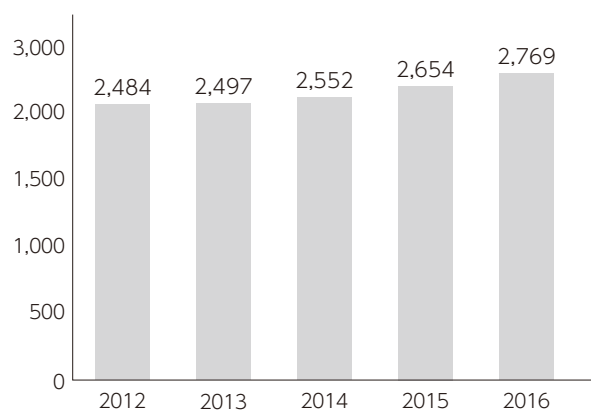
■ Two-wheeled vehicles (including small motor vehicles)  
Fiscal years ended March 31 (Number of vehicles)



■ Four-wheeled mini vehicles  
Fiscal years ended March 31 (Number of vehicles)



■ Small cargo vehicles  
Fiscal years ended March 31 (Number of vehicles)



# 3. Outline of Japan Post Bank Co., Ltd.

## 1

### Company Outline

Company name (in Japanese):	Kabushiki Kaisha Yucho Ginko
Company name:	JAPAN POST BANK Co., Ltd.
Head office location:	3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo 100-8798, Japan
Telephone:	03-3504-4411 (Japan Post Group main number)
Paid-in capital:	¥3,500 billion
Date of establishment:	September 1, 2006 (On October 1, 2007, the name was changed from Yucho Co., Ltd. to Japan Post Bank Co., Ltd.)
Line of business:	Banking
Financial institution code number:	9900

## 2

### Management Philosophy

#### Management Philosophy

Japan Post Bank Co. is dedicated to serving as “the most accessible and trustworthy bank in Japan,” with operations that are guided by the needs and wishes of our customers.

Trustworthy:	We will comply with laws regulations and other standards of behavior in order to earn the trust of markets, shareholders and employees and consistently serve as a responsible corporate citizen.
Innovation:	We will constantly use innovative ideas to improve our management and business activities in response to input from customers and changes in market conditions.
Efficiency:	We will pursue improvements in speed and efficiency in order to be a source of products and services that match our customers' requirements.
Expertise:	We will work continually on upgrading expertise in specialized fields with the aim of meeting the high expectations of our customers.

## 3

### Information on Shares

(as of March 31, 2016)

#### 1. Number of Shares

Total shares issued	4,500,000,000
---------------------	---------------

#### 2. Major Shareholders

		Shares owned	Percentage of total issued
1	Japan Post Holdings Co., Ltd.	3,337,032,700	88.99%
2	Japan Trustee Services Bank, Ltd. (Trust Account)	13,425,000	0.35%
3	The Master Trust Bank of Japan, Ltd. (Trust Account)	8,271,500	0.22%
4	GOLDMAN SACHS INTERNATIONAL	7,194,516	0.19%
5	STATE STREET BANK WEST CLIENT - TREATY 505234	5,852,580	0.15%
6	Japan Post Bank Employee Shareholding Association	5,365,200	0.14%
7	STATE STREET BANK - WEST PENSION FUND CLIENTS - EXEMPT 505233	4,309,200	0.11%
8	JP MORGAN CHASE BANK 385151	4,270,223	0.11%
9	Japan Trustee Services Bank, Ltd. (Trust Account 1)	3,891,300	0.10%
10	Japan Trustee Services Bank, Ltd. (Trust Account 6)	3,889,000	0.10%

Note 1: The Company holds 750,525,000 shares of treasury stock, which are not included in the above list of major shareholders.

Note 2: Percentage of total issued has been rounded down to the second decimal place.

## 4

### Number of Employees

12,905\* (as of March 31, 2016)

\* The number of employees excludes employees assigned to other companies by the Bank but includes employees assigned to the Bank by other companies. The figures do not include part-time employees.

(As of July 1, 2016)

**1. Board of Directors**

President and Representative Executive Officer.....	Norito Ikeda (Concurrently holds the position of Director of Japan Post Holdings Co., Ltd.)
Representative Executive Vice President.....	Susumu Tanaka (Concurrently holds the position of Managing Executive Officer of Japan Post Holdings Co., Ltd.)
Representative Executive Vice President.....	Katsunori Sago
Director .....	Masatsugu Nagato (Concurrently holds the position of Director and Representative Executive Officer and President & CEO of Japan Post Holdings Co., Ltd.)
Outside Director .....	Tomoyoshi Arita (Attorney-at-Law)
Outside Director .....	Yoshizumi Nezu (Concurrently holds the position of President and Representative Director of Tobu Railway Co., Ltd.)
Outside Director .....	Sawako Nohara (Concurrently holds the position of President and CEO of IPSe Marketing, Inc.)
Outside Director .....	Tetsu Machida (Independent Economic Journalist)
Outside Director .....	Nobuko Akashi (Concurrently holds the position of Board chairman of a non-profit organization, Japan Manners & Protocol Association)
Outside Director .....	Toshihiro Tsuboi (Formerly held the position of Representative Director, Vice President & Executive Vice President of Japan Post Co., Ltd.)
Outside Director .....	Katsuaki Ikeda (Formerly held the position of Corporate Auditor of MS&AD Insurance Group Holdings, Inc.)
Outside Director .....	Tsuyoshi Okamoto (Concurrently holds the position of Director and Chairman of TOKYO GAS CO., LTD.)

**2. Executive Officers** (Excludes persons with concurrent posts in the above 1. Board of Directors)

Executive Vice President	Ryoichi Nakazato	Executive Officer	Yoko Makino
Senior Managing Executive Officer	Masahiro Murashima	Executive Officer	Kunihiko Amaha
Senior Managing Executive Officer	Shigeki Matsushima	Executive Officer	Makoto Shinmura
Senior Managing Executive Officer	Hiroichi Shishimi	Executive Officer	Satoru Ogata
Managing Executive Officer	Riki Mukai	Executive Officer	Minoru Kotouda
Managing Executive Officer	Yasuyuki Hori	Executive Officer	Fujie Kawasaki
Managing Executive Officer	Masahiro Nishimori	Executive Officer	Toshiharu Ono
Managing Executive Officer	Masaya Aida	Executive Officer	Shigeyuki Sakurai
Managing Executive Officer	Harumi Yano	Executive Officer	Masatoshi Ishii
Managing Executive Officer	Suzunori Hayashi	Executive Officer	Masato Tamaki
		Executive Officer	Takayuki Tanaka
		Executive Officer	Yoshiko Iwashita

**3. Nomination Committee**

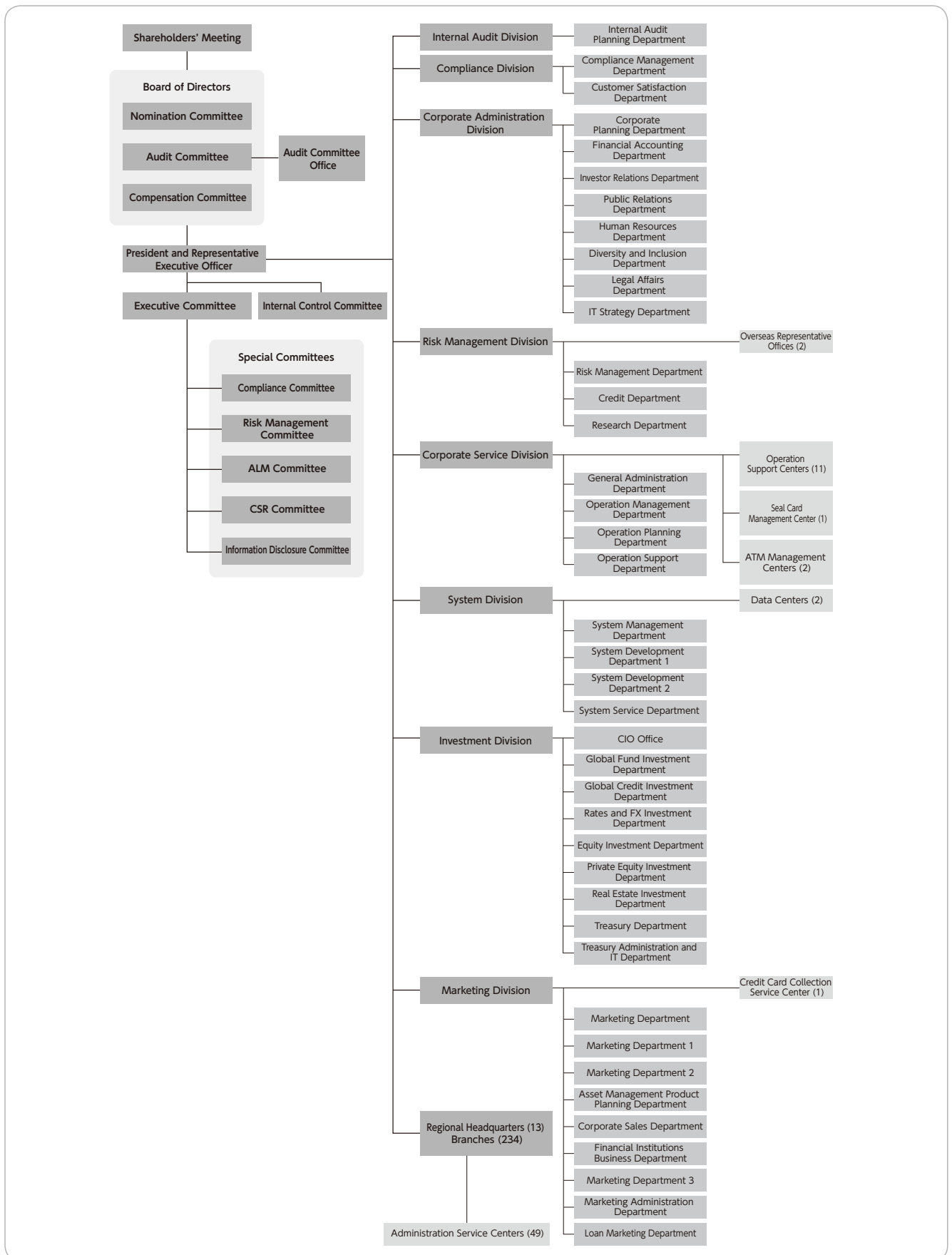
Chairman	Masatsugu Nagato
Member	Yoshizumi Nezu
Member	Tomoyoshi Arita
Member	Tsuyoshi Okamoto

**4. Audit Committee**

Chairman	Tomoyoshi Arita
Member	Sawako Nohara
Member	Tetsu Machida
Member	Toshihiro Tsuboi
Member	Katsuaki Ikeda

**5. Compensation Committee**

Chairman	Tsuyoshi Okamoto
Member	Masatsugu Nagato
Member	Yoshizumi Nezu
Member	Katsuaki Ikeda



## 7

## Principal Business Locations

Head Office and 234 Branches

(As of March 31, 2016)

Name of branch	Location	Telephone number
Sapporo Branch	4-3, Kita Nijo Nishi, Chuo-ku, Sapporo, Hokkaido 060-0002	011-214-4300
Sendai Branch	1-3-3, Ichibancho, Aoba-ku, Sendai, Miyagi 980-8711	022-267-8275
Saitama Branch	7-1-12, Bessho, Minami-ku, Saitama, Saitama 336-8799	048-864-7317
Central Branch	2-7-2, Marunouchi, Chiyoda-ku, Tokyo 100-8996	03-3284-9618
Nagano Branch	1085-4, Minami Agata-machi, Nagano, Nagano 380-8799	026-226-2550
Kanazawa Branch	1-1, Sanja-machi, Kanazawa, Ishikawa 920-8799	076-224-3844
Nagoya Branch	3-1-10, Osu, Naka-ku, Nagoya, Aichi 460-8799	052-261-6728
Osaka Branch	3-2-4, Umeda, Kita-ku, Osaka, Osaka 530-0001	06-6347-8112
Hiroshima Branch	6-36, Moto-machi, Naka-ku, Hiroshima, Hiroshima 730-0011	082-222-1315
Matsuyama Branch	3-5-2, Sanban-cho, Matsuyama, Ehime 790-8799	089-941-0820
Kumamoto Branch	1-1, Joto-machi, Chuo-ku, Kumamoto, Kumamoto 860-0846	096-328-5163
Naha Branch	1-1-1, Kumoji, Naha, Okinawa 900-0015	098-867-8802

## 8

## Japan Post Bank Offices by Prefecture

(As of March 31, 2016) (Branches/Post offices)

Prefecture	Head Office/Principal prefectural offices	Sub-branches	Japan Post Bank agents		Total
			Post offices	Contracted post offices	
Hokkaido	1	4	1,203	279	1,487
Aomori	0	2	265	90	357
Iwate	0	1	306	120	427
Miyagi	1	1	359	82	443
Akita	0	1	273	125	399
Yamagata	0	1	288	108	397
Fukushima	0	3	428	110	541
Ibaraki	0	3	462	51	516
Tochigi	0	2	309	43	354
Gunma	0	3	298	39	340
Saitama	1	16	608	18	643
Chiba	0	13	676	32	721
Kanagawa	0	31	719	13	763
Yamanashi	0	1	199	64	264
Tokyo	1	40	1,433	5	1,479
Niigata	0	3	531	136	670
Nagano	1	2	439	195	637
Toyama	0	2	209	75	286
Ishikawa	1	0	250	69	320
Fukui	0	1	206	31	238
Gifu	0	2	353	84	439
Shizuoka	0	5	478	88	571
Aichi	1	13	824	74	912
Mie	0	2	370	80	452
Shiga	0	1	229	31	261
Kyoto	0	4	437	30	471
Osaka	1	23	1,058	29	1,111
Hyogo	0	12	827	118	957
Nara	0	2	239	77	318

Prefecture	Head Office/Principal prefectural offices	Sub-branches	Japan Post Bank agents		Total
			Post offices	Contracted post offices	
Wakayama	0	1	262	53	316
Tottori	0	1	146	96	243
Shimane	0	1	256	113	370
Okayama	0	2	415	103	520
Hiroshima	1	3	576	113	693
Yamaguchi	0	3	349	57	409
Tokushima	0	1	200	31	232
Kagawa	0	2	186	25	213
Ehime	1	1	313	76	391
Kochi	0	1	227	88	316
Fukuoka	0	4	708	94	806
Saga	0	1	165	38	204
Nagasaki	0	2	307	136	445
Kumamoto	1	1	385	178	565
Oita	0	2	300	99	401
Miyazaki	0	1	194	112	307
Kagoshima	0	1	436	274	711
Okinawa	1	0	174	22	197
Total	12	222	19,875	4,004	24,113

Note 1: The number of post offices refers to the number of sales offices and branches handling bank agency services (including sub-offices).

2: The number of contracted post offices refers to the number of sales offices or branches commissioned to handle bank agency services by Japan Post Co., Ltd. on behalf of Japan Post Bank Co., Ltd.

3: The number of mobile post office in Tokushima Prefecture is not included in the above totals.

## 9

### Number of ATMs by Prefecture

(As of March 31, 2016)

Prefecture	Number of ATMs
Hokkaido	1,664
Aomori	321
Iwate	350
Miyagi	527
Akita	314
Yamagata	323
Fukushima	504
Ibaraki	584
Tochigi	369
Gunma	358
Saitama	992
Chiba	1,013
Kanagawa	1,249
Yamanashi	224
Tokyo	2,831
Niigata	646

Prefecture	Number of ATMs
Nagano	534
Toyama	255
Ishikawa	322
Fukui	244
Gifu	410
Shizuoka	587
Aichi	1,153
Mie	426
Shiga	294
Kyoto	597
Osaka	1,668
Hyogo	1,158
Nara	301
Wakayama	299
Tottori	167
Shimane	289

Prefecture	Number of ATMs
Okayama	517
Hiroshima	787
Yamaguchi	435
Tokushima	233
Kagawa	241
Ehime	402
Kochi	272
Fukuoka	1,030
Saga	215
Nagasaki	378
Kumamoto	470
Oita	352
Miyazaki	239
Kagoshima	507
Okinawa	263
Total	27,314

## 10

### Outline of Affiliated Companies

(As of March 31, 2016)

Company name	Location	Paid-in capital (Millions of yen)	Line of business	Date of establishment	Japan Post Bank ownership	Ownership of voting shares
SDP Center Co., Ltd.	Chuo-ku, Tokyo	2,000	Bank agency operations	May 28, 1980	45.0%	45.0%
ATM Japan Business Service, Ltd.	Minato-ku, Tokyo	100	ATM cash loading and collection as well as ATM management	August 30, 2012	35.0%	35.0%
JP Asset Management Co., Ltd.	Chuo-ku, Tokyo	500	Investment management business (investment trust management business)	August 18, 2015	45.0%	45.0%



## 1. Deposits

## Liquid deposits

## Ordinary deposits

These deposits are useful for ATM card withdrawals, automatic deductions for utility and other bills, the receipt of salaries and automatic receipt of pension payments, and many other purposes.

- Unlimited deposits and withdrawals
- Deposit amount: ¥1 or more, ¥1 unit

## Ordinary savings deposits

These deposits provide more beneficial interest rates than ordinary deposits for balances of ¥100,000 or higher. (Interest rates may be the same as the one for ordinary deposits depending on the interest rate trends.)

- Unlimited deposits and withdrawals
- Deposit amount: ¥1 or more, ¥1 unit

## Fixed-term deposits

## TEIGAKU deposits

These deposits can be withdrawn at any time after six months and held for up to ten years, with interest compounded semiannually. The initial interest rate is applicable until withdrawal.

- Deferment period: Six months (unlimited withdrawals after this period)
- Deposit amount: ¥1,000 or more, ¥1,000 unit  
(Eight types: Deposits of ¥1,000, ¥5,000, ¥10,000, ¥50,000, ¥100,000, ¥500,000, ¥1 million, and ¥3 million)

## Time deposits

These deposits have maturities that can be selected based on short-term and medium-term requirements for funds and personal needs. The extension procedure is simplified if automatic extensions are selected, making this deposit convenient for people with busy schedules.

- Deposit periods: One month, three months, six months, one year, two years, three years, four years, and five years (excluding one month deposits kept in deposit combined accounts)
- Deposit amount: ¥1,000 or more, ¥1,000 unit

## Automatic-accumulation TEIGAKU deposits/time deposits (Accumulation-type deposits)

For these accumulation-type deposits, each month a fixed amount or an amount depending on the balance of an ordinary deposit account is transferred to a TEIGAKU deposit or time deposit. These automatic-accumulation deposits also allow funds to be deposited only in specifically designated months up to six times per year. Funds deposited in specifically designated months can also be combined with funds deposited regularly every month.

- Accumulation period: Six years or less
- Deposit amount: ¥1,000 or more, ¥1,000 unit

## Time deposits with lump-sum payment at maturity (Accumulation-type deposits)

For these accumulation-type deposits, each month a fixed amount or an amount depending on the balance of an ordinary deposit account is transferred to a time deposit. At a pre-designated date (date for receiving a lump-sum payment at maturity), the accumulated deposits are transferred to an ordinary deposit. This type of deposit allows systematic accumulations in accordance with a person's future goals.

- Accumulation period: From one year up to three years
- Deposit amount: ¥1,000 or more, ¥1,000 unit

## Asset accumulation TEIGAKU deposits (Asset accumulation)

This type of TEIGAKU deposit enables the accumulation of funds withheld from a salary and salary bonus continuously for three years or longer to help working people build assets.

- Duration: Three years or more
- Deposit amount: ¥1,000 or more, ¥1,000 unit

## Asset accumulation pension TEIGAKU deposits (Asset accumulation)

This type of TEIGAKU deposit enables the accumulation of funds withheld from a salary and salary bonus continuously for five years or longer to help working people live comfortable lives in retirement. Interest is tax exempt and can be received from age 60 based on a pension-type payout method.

- Duration: Five years or more
- Deposit amount: ¥1,000 or more, ¥1,000 unit

## Asset accumulation home TEIGAKU deposits (Asset accumulation)

This type of TEIGAKU deposit enables the accumulation of funds withheld from a salary and salary bonus continuously for five years or longer to accumulate funds for building, purchasing or renovating a home. Interest is tax exempt.

- Duration: Five years or more
- Deposit amount: ¥1,000 or more, ¥1,000 unit

## New welfare time deposits (Others)

This one-year time deposit with preferential interest rates is designed for persons receiving disability, survivor and other similar public pensions and other eligible persons. Up to ¥3 million can be deposited.

- Deposit period: One year
- Deposit amount: From ¥1,000 or more, ¥1,000 unit, up to ¥3 million per depositor

## Also Convenient

### ● All-in-one general accounts useful in daily lives

General accounts allow customers to manage ordinary, *TEIGAKU*, time and other deposits in one account and serve as customers' personal wallets that are conveniently available at post offices as well as Japan Post Bank branches and ATMs nationwide.

### ● Also convenient as accounts to receive salaries

A nationwide network of Japan Post Bank branches and post offices ensures convenience and security for customers at every opportunity, including when they are on a business trip.

Japan Post Bank ATMs are available 365 days a year\*<sup>2</sup> with no withdrawal fees\*<sup>1</sup>.

### ● Automatic deduction feature for quick and easy payment of utility and other bills

A worry-free automatic and continuous deduction feature is available to pay utility bills, mobile phone charges, rent and other expenses from ordinary deposits.

### ● Japan Post Bank ATMs of Japan Post Bank conveniently located throughout Japan

We operate approximately 27,300 ATMs throughout Japan. These ATMs charge no fees for deposits and withdrawals to and from Japan Post Bank accounts 365 days a year\*<sup>2</sup> \*<sup>3</sup>.

\*<sup>1</sup> Only when using Japan Post Bank ATM cards or passbooks.

\*<sup>2</sup> Operating hours and days of the week differ depending on each ATM.

\*<sup>3</sup> ATMs in FamilyMart convenience stores do not handle passbooks.

## 2. Domestic Remittances

### Remittances

Remittances provide a simple and low-cost method for sending money anywhere in Japan. There are two types: ordinary remittances and postal orders (*TEIGAKU KOGAWASE*).

#### Ordinary remittances

Ordinary remittances allow cash to be exchanged for a money order that is sent to the recipient payee. The payee can then bring the certificate to a nearby Japan Post Bank branch or post office postal deposit counter and exchange the money order for cash.

#### Postal orders

The mechanisms for these remittances are the same as for ordinary remittances. However, postal orders offer lower fees and convenience when remitting small amounts. There are 12 types of money orders for postal orders in denominations of ¥50, ¥100, ¥150, ¥200, ¥250, ¥300, ¥350, ¥400, ¥450, ¥500, ¥750 and ¥1,000.

### Fund transfers

Fund transfers provide an easy and reliable means of sending money by using a transfer account. In-payment and out-payment can be handled normally or by electronic transfer for urgent transfers.

#### In-payment

In-payment remittances by persons not holding a transfer account can be sent to persons holding transfer accounts (account holders).

#### Electronic transfers

Persons holding a transfer account (account holders) can send deposits in the transfer account to a transfer account held by another person.

#### Transfers

Persons holding a transfer account (account holders) can transfer funds to persons holding a savings account at another financial institution.

#### Out-payment

Persons holding a transfer account (account holders) can send funds to persons not holding a transfer account.

### 3. International Remittances

#### Account transfer

The remittance amount and fee is withdrawn from the remitter's integrated account or giro account and deposited to an overseas-payee's bank or postal giro account.

#### Payment to account

The remittance amount and fee is paid in cash and deposited to an overseas-payee's bank or postal giro account.

#### Payment to address

The remittance amount and fee is paid in cash, and the money order is delivered to the payee's address. The payee can then cash the money order at their local post office. Only in the case of remittances to the United States is a money order issued to the remitter, after which the remitter sends the money order to the payee by international mail, etc.

### 4. Individual Loans

#### Loan intermediary service

Japan Post Bank serves as an agent for mortgage loans, specific-purpose loans and card loans offered by Suruga Bank Ltd. based on an alliance with this bank. Customers can apply for these loans at selected Japan Post Bank branches as well as by telephone or on the Internet.

##### *Yume Butai* home loan

This line features 15 types of home loans matched to the lifestyle of each individual, including persons operating sole proprietorships, working women and seniors thinking ahead to the retirement stage of their lives. These home loans can be used for building a new home, expanding and renovating an existing home, moving to a new home and refinancing.

##### *Yume Koro* free loan

This line of loans is available in two types: a "purpose" type and a "parental-devotion" type. The "purpose" type is available in amounts of up to ¥5 million and is offered in seven plans that are matched to the particular life stage of each person, including education, automobile and renovation plans. The "parental-devotion" type is available in amounts of up to ¥10 million, which can be used such expenses as family members' nursing care.

##### *Shitaku* Card Loan

Borrowing and repayment can be made directly from ATMs with this card loan. No collateral is needed, and loans of up to ¥5 million are available (¥3 million for the first application).

### 5. Investment Products

#### Japanese Government Bonds (JGBs)

Sales of JGBs to be sold (two-, five- and ten-year maturities) and nonmarketable JGBs for individual investors (three- and five-year fixed rate and ten-year variable rate) to purchase and loans secured by these bonds

#### Investment Trusts

Sale and repurchase of investment trusts and payments of income distributions and amounts due for fund maturities and redemptions

#### Variable Annuities Policies

Intermediary services for sales of insurance products such as variable annuities policies

#### Defined Contribution Pensions

Defined contribution pensions (individual annuities) for self-employed or salary-earning individuals  
Material requests and inquiries regarding enrollment of defined contribution pensions (individual annuities) can be made via the Defined Contribution Pension Call Center.

## 6. Credit and Debit Card Services

### Credit cards (JP BANK CARD)

Japan Post Bank issues the JP BANK CARD, which is both an ATM card and a credit card (available in three types: Visa, MasterCard and JCB).

In addition to another combo card lineup, JP BANK VISA Card ALente and JP BANK JCB Card EXTAGE, for young generation customers aged 18 to 29 (excluding high school students), we provide the JP BANK VISA Card Gold, JP BANK MasterCard Gold and JP BANK JCB Card Gold with an extensive range of privileges.

We also offer family cards, ETC cards, Plus EX cards, WAON cards\*1, PiTaPa cards\*1, iD (cell phone)\*1 and QUICPay\*2 (card and mobile).

\*1 Visa and MasterCard only

\*2 JCB only

### Debit Card Services

After customers scan their ATM cards using dedicated terminals and enter their personal identification numbers at locations such as retail electronics stores and supermarkets, purchase amounts are immediately debited from their general accounts (subject to an upper limit).

## 7. Internet Banking Services

### JAPAN POST BANK Direct

This service allows customers to use a PC, smartphone, mobile phone, telephone or facsimile machine to make deposits to *TEIGAKU* deposits and time deposits used as collateral, to initiate transfers to Japan Post Bank accounts (wire transfers), transfer funds to another financial institution, to perform investment trust transactions and to verify account deposit and withdrawal transactions.

\* Some services may not be available depending on the device used.



JAPAN POST BANK Direct (Smartphones, mobile phones, PCs)

### JAPAN POST BANK Investment Trust WEB Premier

A members-only Internet investment trust transaction service, offering members exclusive investment products in addition to the investment trust products handled by Japan Post Bank and JAPAN POST BANK Direct. Various exclusive services for members are also available, including cash back depending on the balance held.

## 8. Other Services

### "Japan Post Bank Deposits for International Aid"

"Japan Post Bank Deposits for International Aid" sets aside 20% of interest received on ordinary deposits and ordinary savings (after-tax) for use as contributions toward reducing poverty, improving daily living and protecting the environment in developing countries and regions. These contributions are made via the Japan International Cooperation Agency (JICA) Donation Fund for the People of the World.

### ATM/CD alliance

ATM cards and other eligible cards issued by affiliated financial institutions can be used at Japan Post Bank ATMs, and vice versa.

### JAPAN POST BANK Pay-easy Service

This service enables taxes and various types of fees to be paid through ATMs and JAPAN POST BANK Direct (PCs, smartphones and mobile phones). The service also immediately reports data concerning completed payments to the recipient financial institution.

### Instant Transfer Service and Interactive Instant Transfer Service

By using a PC or smartphone and registering account information beforehand from the Website of the recipient financial institution, this service enables immediate deposits from the customer's account into an account at the recipient financial institution or refunds into the customer's account (Interactive Instant Transfer Service only) without having to enter account information at the time of the settlement.

### Foreign currency exchange

Exchange services are provided for eight currencies: U.S. dollar, Euro, South Korean won, British pound, Australian dollar, Canadian dollar, Chinese yuan and Swiss franc. (Available currencies vary according to outlets.)

### Foreign Currency Home Delivery Service

Customers can receive free-of-charge home delivery of foreign currencies by submitting a foreign currency exchange application via the Internet using a PC or smartphone. Exchange services are provided for a total of 15 currencies, including the U.S. dollar, Euro, and the Chinese yuan.

### Payment of benefits from pensions and other types of assistance

Japan Post Bank Co. handles the payment of benefits from various pensions and assistance schemes that include the payment of benefits from pensions, senior welfare pensions, national pensions, employees' pensions, mariners' insurance pensions, workers' compensation pension insurance, cover pensions, child-rearing allowances, special child-rearing allowances and mutual aid pensions. Japan Post Bank Co. also provides payments from registered bonds, annual payouts and national tax refunds.

### Collection of fees for public utility and other service payments

Japan Post Bank Co. collects various types of payments. These include payments for national taxes (personal income and corporate taxes); local taxes (local inhabitant taxes and fixed-property taxes); various types of health insurance; pensions (national health insurance, employee's pensions); public housing fees; public utility and service fees such as electricity, gas, water, and NHK public televisions fees; traffic violation fines; and radio utilization fees.

Notes: 1. Payments received from various types of pensions are paid by automatic deposit into the customer's ordinary deposit account.  
2. Some payments and public utility fees are paid automatically through withdrawals from the customer's ordinary deposit account.

## 4. Outline of Japan Post Insurance Co., Ltd.

### 1

#### Company Outline

Company name (in Japanese) : Kabushiki Kaisha Kanpo Seimei Hoken  
Company name: JAPAN POST INSURANCE Co., Ltd.  
Head office location: 3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo 100-8798, Japan  
Telephone: 03-3504-4411 (Japan Post Group main number)  
Paid-in capital: ¥500 billion  
Date of establishment: September 1, 2006  
(The name of the company was changed from Kanpo Co., Ltd. to Japan Post Insurance Co., Ltd., on October 1, 2007.)  
Line of business: Life insurance

### 2

#### Management Philosophy and Management Policy

##### Management Philosophy

Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being.

##### Management Policy

We aim to become the No.1 Japanese insurance company selected by customers.

1. We are always close to people's lives, offering easy-to-understand products and high-quality services.
2. We always ensure that employees who have contact with our customers make full use of their strengths to offer better customer services.
3. We create a working environment in which all employees can develop their talents and work with energy and vitality.
4. We practice sound management based on strong corporate governance, constantly creating new value to achieve sustainable growth.
5. We actively contribute to health promotion, environmental protection, and the development of local communities and society as a whole.
6. We work to communicate closely with all stakeholders.

### 3

#### Information on Stocks

(as of March 31, 2016)

##### 1. Number of Shares

Total number of issued stocks	600,000,000
-------------------------------	-------------

Note: Japan Post Co. Insurance implemented a 30:1 share split effective August 1, 2015.

##### 2. Major Shareholder

	Condition of holdings	
	Shares owned	Percentage of total issued
Japan Post Holdings Co., Ltd.	534,000,000	89.00%
JAPAN POST INSURANCE EMPLOYEE SHAREHOLDING ASSOCIATION	1,401,000	0.23%
Japan Trustee Services Bank,Ltd.(Trust Account )	1,392,000	0.23%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,164,000	0.19%
The Master Trust Bank of Japan,Ltd.(Trust Account )	832,000	0.14%
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	708,000	0.12%
Japan Trustee Services Bank,Ltd.(Trust Account 1)	618,000	0.10%
Japan Trustee Services Bank,Ltd.(Trust Account 6)	617,000	0.10%
Japan Trustee Services Bank,Ltd.(Trust Account 5)	616,000	0.10%
Japan Trustee Services Bank,Ltd.(Trust Account 3)	607,000	0.10%



## 4

## Number of Employees

7,378\* (as of March 31, 2016)

\* The number of employees excludes employees assigned to other companies by Japan Post Insurance Co., Ltd. but includes employees assigned to Japan Post Insurance Co., Ltd. by other companies. The figures do not include short-term contract and part-time employees.

## 5

## List of Directors, Executive Officers and Management Committees

## 1. Directors

(As of July 1, 2016)

Director and President, CEO, Representative Executive Officer .....	Masami Ishii (Concurrently holds the position of Director, Japan Post Holdings Co., Ltd.)
Director and Deputy President, Representative Executive Officer .....	Toshihisa Minakata
Director and Deputy President, Representative Executive Officer .....	Kiyoshi Ido
Director .....	Akira Anzai
Director .....	Masatsugu Nagato (Concurrently holds the position of Representative Executive Officer, President & CEO, Japan Post Holdings Co., Ltd.)
Outside Director .....	Masaharu Hino (Attorney-at-Law)
Outside Director .....	Kiyomi Saito (Concurrently holds the position of CEO, JBond Totan Securities Co., Ltd.)
Outside Director .....	Shin Yoshidome (Concurrently holds the position of Adviser, Daiwa Securities Co. Ltd.)
Outside Director .....	Shinji Hattori (Concurrently holds the position of Chairman & Group CEO, Seiko Holdings Corporation)
Outside Director .....	Michiko Matsuda (Concurrently holds the position of Adviser, IHI Enviro Corporation)
Outside Director .....	Nobuhiro Endo (Concurrently holds the position of Chairman of the Board (Representative Director), NEC Corporation)
Outside Director .....	Masako Suzuki (Concurrently holds the position of Director, Vice President, Benefit One Inc.)

## 2. Executive Officers (Excludes persons holding concurrent posts in addition to the above. 1. Directors)

Deputy President Executive Officer	Kunio Tanigaki	Executive Officer	Tomoaki Nara
Senior Managing Executive Officer	Masaaki Horigane	Executive Officer	Yasumi Suzukawa
Senior Managing Executive Officer	Mitsuhiko Uehira	Executive Officer	Kieko Onoki
Senior Managing Executive Officer	Yoshito Horie	Executive Officer	Toru Onishi
Senior Managing Executive Officer	Tetsuya Senda (Concurrently holds the position of Managing Executive Officer, Japan Post Holdings Co., Ltd.)	Executive Officer	Keiki Ikejiri
Managing Executive Officer	Yasuhiro Sadayuki	Executive Officer	Hidekazu Sakamoto
Managing Executive Officer	Yoshihiko Ido	Executive Officer	Junko Koie
Managing Executive Officer	Yoshio Inoue		
Managing Executive Officer	Hiromichi Udagawa		
Managing Executive Officer	Hiroshi Nagaso		
Managing Executive Officer	Hisao Nishikawa		
Managing Executive Officer	Masato Kawagoe		
Managing Executive Officer	Atsushi Tachibana		
Managing Executive Officer	Shinji Ando		
Managing Executive Officer	Nobuyasu Kato		
Managing Executive Officer	Yasuaki Hironaka		

## 3. Nomination Committee

Chairman	Masatsugu Nagato
Member	Masaharu Hino
Member	Shinji Hattori

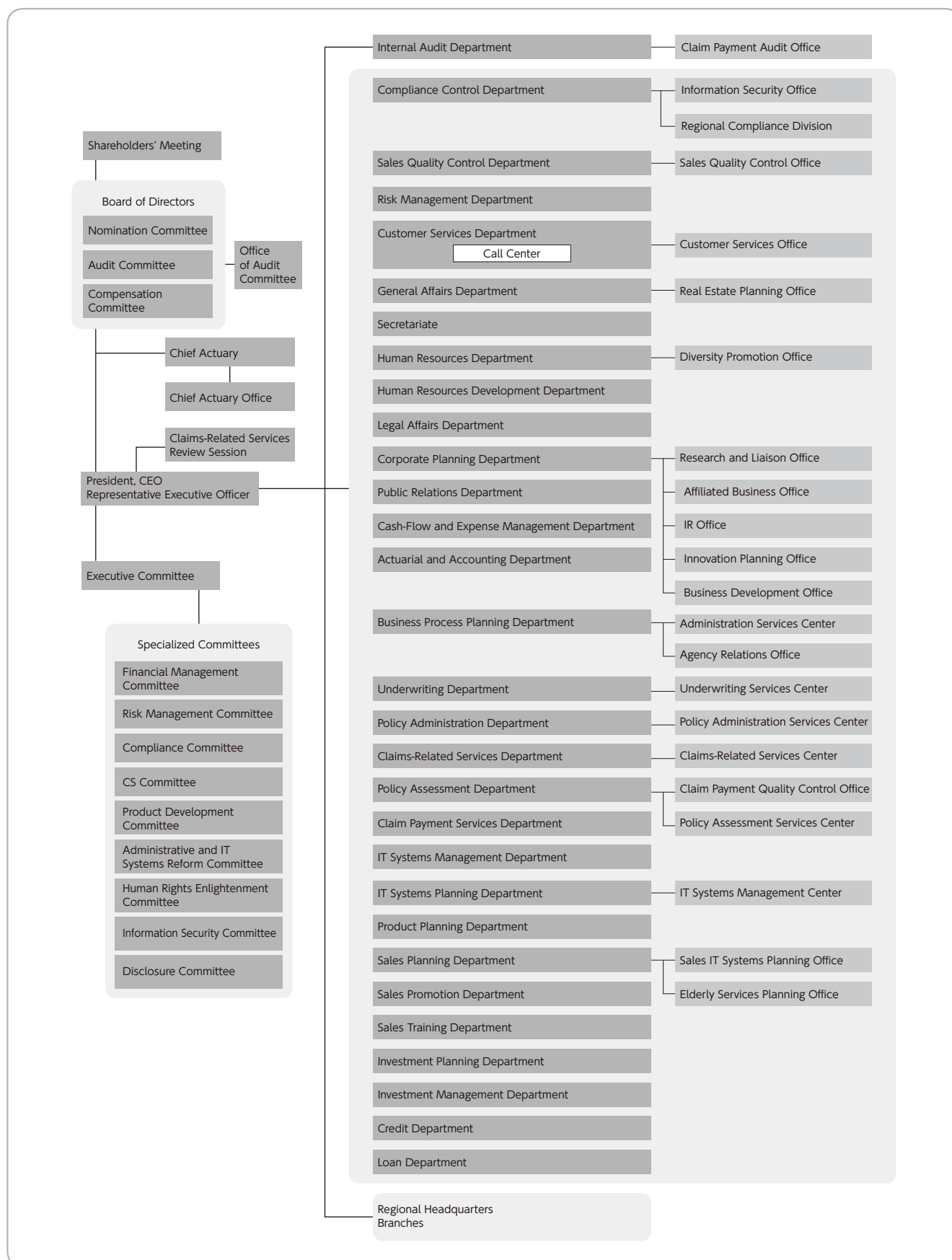
## 4. Audit Committee

Chairman	Masaharu Hino
Member	Akira Anzai
Member	Kiyomi Saito
Member	Shin Yoshidome
Member	Michiko Matsuda

## 5. Compensation Committee

Chairman	Nobuhiro Endo
Member	Masatsugu Nagato
Member	Shinji Hattori

(As of July 1, 2016)



## 7

## Principal Branches

(As of July 1, 2016)

Name of branch	Location	Telephone number
Sapporo	4-1, Kita Nijo Nishi, Chuo-ku, Sapporo, Hokkaido 060-8534	011-221-6375
Sendai	1-1-34, Ichibancho, Aoba-ku, Sendai, Miyagi 980-8797	022-267-7851
Saitama	3-1, Shintoshin, Chuo-ku, Saitama, Saitama 330-9797	048-600-2073
Tokyo Central Corporate	3-17-1, Toranomom, Minato-ku, Tokyo 105-0001	03-6402-6515
Tokyo-Shintoshin Corporate	1-26-2, Nishishinjuku, Shinjuku-ku, Tokyo 163-0513	03-5990-5348
East Tokyo Corporate	1-10-14, Kitaueno, Taito-ku, Tokyo 110-0014	03-6802-8353
South Tokyo Corporate	6-7-29, Kitashinagawa, Shinagawa-ku, Tokyo 141-0001	03-5422-7654
Yokohama	5-3, Nihon Odori, Naka-ku, Yokohama, Kanagawa 231-8799	045-212-3967
Nagano	801, Kurita, Nagano, Nagano 380-8797	026-231-2348
Kanazawa	1-15, Kamitsutsumi-cho, Kanazawa, Ishikawa 920-8797	076-220-3178
Nagoya Corporate	3-20-27, Nishiki, Naka-ku, Nagoya, Aichi 460-0003	052-228-6742
Osaka Corporate	1-7-31, Otemae, Chuo-ku, Osaka, Osaka 540-6591	06-6948-8062
Hiroshima	14-15, Higashi Hakushima-cho, Naka-ku, Hiroshima, Hiroshima 730-0004	082-224-5165
Matsuyama	8-5, Miyata-machi, Matsuyama, Ehime 790-8797	089-936-5274
Kumamoto	12-28, Hanabata-cho, Chuo-ku, Kumamoto, Kumamoto 860-0806	096-328-5419
Naha	3-3-8, Tsubogawa, Naha, Okinawa 900-8799	098-833-5518

In addition to the above, there are 66 other branches.

## 8

## Subsidiaries

(As of March 31, 2016)

Name	Location	Amount of capital stock	Description of business	Date of establishment	Ratio of the voting rights in the subsidiary held by the Company against the voting rights held by all shareholders or equity holders	Ratio of the voting rights in the subsidiary held by the Subsidiaries of the Company against the voting rights held by all shareholders or equity holders
JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd.	Shinagawa-ku, Tokyo	¥60 million	Commissioning of design, development, maintenance and operation of information systems	March 8, 1985	100%	—



## Types and Features of Japan Post Insurance's Insurance Products

## 1. Major Types of insurance

(As of July 1, 2016)

Purpose of Policy	Product Name	Nickname・Age Limit Range									
		0	10	20	30	40	50	60	70	80	
For lifetime coverage	Fixed amount type whole life insurance				Shin Nagaiki Kun (flat-type) 15*- 85 years old						
For balanced lifetime coverage	Double-type whole life insurance				Shin Nagaiki Kun (balance-type, double) 15*- 65 years old						
	Fivefold-type whole life insurance				Shin Nagaiki Kun (balance-type, fivefold) 15*- 60 years old						
For lifetime coverage with perks	Special whole life insurance				Shin Nagaiki Kun (special-type) 15*- 70 years old						
For large coverage with lower burden	Ordinary term insurance				Shin Ordinary Term Insurance 15 - 50 years old						
For coverage and benefits at maturity	Ordinary endowment insurance		Shin Free Plan 0 - 80 years old								
			Shin Free Plan (short-term premium payment) 0 - 75 years old								
For full coverage and benefits at maturity	Double-type special endowment insurance				Shin Free Plan (double benefit) 15 - 70 years old						
	Fivefold-type special endowment insurance				Shin Free Plan (fivefold benefit) 15 - 65 years old						
	Tenfold-type special endowment insurance				Shin Free Plan (tenfold benefit) 15 - 60 years old						
For those who spending life with a disease	Designated endowment insurance						Shin Ichibyo Soken Plan 40 - 65 years old				
For preparing for educational funds	Educational endowment insurance (H24)	Hajime no Kampo 0 - 12 years old									
					18 - 65 years old (male)						
					16 - 65 years old (female)						
For working people who want to form assets	Asset-formation savings insurance				15*- 65 years old						
	Asset-formation housing funding insurance				15*- 54 years old						
	Asset-formation whole life annuities					36 - 54 years old					

Notes:

Notes:  
1. For educational endowment insurance (H24),  shows the age range of insured persons, whereas  shows that of policyholders.

2. Depending on the interest-rate situation, the sale of some products could be suspended.

3. Ages denoted with an asterisk (\*) show the applicant's attained age. All ages shown without an asterisk represent subscription age as insurance age.

## 2. Major Riders and Special Provisions

(As of July 1, 2016)

Name	Outline
Accidental rider	Offers provision for death or disability due to an unexpected accident
Non-participating accident hospitalization rider	Offers provision for hospitalization, surgery and/or long-term hospitalization as prescribed in the rider due to an unexpected accident
Non-participating illness and accident hospitalization rider	Offers provision for hospitalization, surgery and/or long-term hospitalization as prescribed in the rider due to illness or an unexpected accident
Special provision for payment claim by the designated proxy	If the beneficiary of insurance benefits is (the insured person) for benefits such as hospitalization benefits, and he/she cannot make a claim for payment for any special reason, the payment claim can be made by the designated proxy (such as the beneficiary's family member) on behalf of the beneficiary.

Note: For details of the riders, such as the reasons for and limitation on payment of benefits, please refer to the respective Contract Guidelines and Clauses.

### ●Non-participating accident hospitalization rider and Non-participating illness and accident hospitalization rider



The Japan Post Insurance *Sono hi kara* hospitalization riders offer basic coverage in a simple and easy-to-understand manner, such as in that they insure hospitalization for a period of one day or more,

and the payment of surgery benefits is in line with the public health insurance system.

#### ■Details of the Japan Post Insurance *Sono hi kara* Hospitalization Riders

A non-participating illness and accident hospitalization rider with the hospitalization benefit of ¥15,000 per day (standard insured amount of the rider: ¥10 million) insures the following:

Hospitalization due to illness or injury [hospitalization benefit] This benefit is paid for hospitalization for one day or more (including day case* <sup>1</sup> ).	¥15,000 (hospitalization benefit per day) × days of hospitalization (up to 120 days)
Surgery due to illness or injury [surgery benefit] This benefit is paid for a surgery requiring hospitalization.* <sup>2</sup>	Depending on the type of surgery, ¥15,000 (hospitalization benefit per day) × 5, 10, 20 or 40
Long-term hospitalization due to illness or injury [lump-sum benefit for long-term hospitalization] This benefit is paid when the consecutive days of hospitalization reach 120 days.	¥300,000 (3% of the standard insured amount of the rider)

\*<sup>1</sup> The day case refers to the case where the patient enters and leaves the hospital on the same day, and whether it falls under the category of hospitalization depends on whether the basic fee for hospitalization was charged, etc.

\*<sup>2</sup> The range of insured surgeries has been expanded to include certain surgeries covered by the public health insurance system, such as the removal of tonsils requiring hospitalization.

Note: For details of the riders, such as the reasons for and limitation on payment of benefits, please refer to the respective Contract Guidelines and Clauses.





# Financial Data

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# 1. Transition of Significant Management Indicators, etc.

## Japan Post Group (Consolidated)

(Millions of yen)

	As of and for the fiscal year ended				
	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016
<b>Ordinary income</b>	16,661,440	15,849,185	15,240,126	14,258,842	14,257,541
<b>Net ordinary income</b>	1,176,860	1,225,094	1,103,603	1,115,823	966,240
<b>Net income</b>	468,907	562,753	479,071	482,682	425,972
<b>Comprehensive income (loss)</b>	973,067	1,551,771	717,123	2,212,035	(177,994)
<b>Net assets</b>	10,935,358	12,448,197	13,388,650	15,301,561	15,176,088
<b>Total assets</b>	292,126,555	292,892,975	292,246,440	295,849,794	291,947,080
<b>Consolidated capital adequacy ratio (domestic standard)</b>	57.70%	57.38%	49.23%	40.40%	27.47%
<b>Consolidated solvency margin ratio</b>	1,592.5%	1,804.8%	1,791.8%	1,621.1%	1,087.4%

Notes:

1. The consolidated capital adequacy ratio (domestic standard) is calculated in line with provisions of Article 52-25 of the Banking Act and on the basis of criteria for judging whether a bank holding company's capital adequacy ratio and that of its subsidiaries are appropriate in light of assets held (Financial Services Agency Notice No. 20, 2006). From the fiscal year ended March 31, 2014, the Japan Post Group has adopted a domestic standard based on Basel III.
2. The consolidated solvency margin ratio is calculated in accordance with Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Notification No. 23 issued by the Financial Services Agency in 2011.
3. The amount of net income attributable to Japan Post Holdings Co. is used for net income of Japan Post Group (Consolidated) for the fiscal year ended March 31, 2016.

## Japan Post Holdings Co. (Non-consolidated)

(Millions of yen)

	As of and for the fiscal year ended				
	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016
<b>Operating income</b>	287,633	265,304	272,988	251,919	309,975
<b>Net operating income</b>	133,264	121,207	146,002	147,187	231,417
<b>Net ordinary income</b>	135,773	125,666	147,837	149,298	232,919
<b>Net income</b>	151,404	145,228	155,090	131,181	94,311
<b>Net assets</b>	8,496,547	8,602,843	8,719,384	8,744,456	8,057,703
<b>Total assets</b>	9,747,186	9,711,170	9,740,129	9,107,178	8,418,459

## Japan Post Co. (Consolidated)

(Millions of yen)

	As of and for the fiscal year ended				
	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016
<b>Operating income</b>	—	—	—	—	3,627,005
<b>Net operating income</b>	—	—	—	—	32,611
<b>Net ordinary income</b>	—	—	—	—	42,336
<b>Net income</b>	—	—	—	—	47,247
<b>Net assets</b>	—	—	—	—	1,244,984
<b>Total assets</b>	—	—	—	—	5,651,387

Notes:

1. The amount of net income attributable to Japan Post Co. is used for net income of Japan Post Co. (Consolidated).
2. Because figures are listed on a consolidated basis from the fiscal year ended March 31, 2016, figures for the fiscal year ended March 31, 2015 and prior years, when non-consolidated figures were listed, are expressed with the symbol[—](same for each segment).

## [Postal and domestic logistics business segment (Consolidated)]

(Millions of yen)

	For the fiscal year ended				
	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016
Operating income	—	—	—	—	1,924,810
Net operating income	—	—	—	—	7,454

## [International logistics business segment (Consolidated)]

(Millions of yen)

	For the fiscal year ended				
	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016
Operating income	—	—	—	—	544,062
Net operating income	—	—	—	—	17,231

Note:  
The figures for international logistics business segment have been calculated based on the Australian Accounting Standards, and the amount presented in net operating income is EBIT of Toll excluding amortization of goodwill, etc.

## [Post office business segment (Consolidated)]

(Millions of yen)

	For the fiscal year ended				
	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016
Operating income	—	—	—	—	1,353,068
Net operating income	—	—	—	—	35,606

## Japan Post Bank Co. (Non-consolidated)

(Millions of yen)

	As of and for the fiscal year ended				
	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016
Ordinary income	2,234,596	2,125,888	2,076,397	2,078,179	1,968,987
Net ordinary income	576,215	593,535	565,095	569,489	481,998
Net income	334,850	373,948	354,664	369,434	325,069
Net assets	9,818,162	10,997,558	11,464,524	11,630,212	11,508,150
Total assets	195,819,898	199,840,681	202,512,882	208,179,309	207,056,039
Capital adequacy ratio (non-consolidated domestic standard)	68.39%	66.04%	56.81%	38.42%	26.38%

Note:  
Capital adequacy ratio (non-consolidated, domestic standard) is calculated based on standards stipulated by Article 14-2 of the Banking Act for the purpose of determining whether banks have sufficient equity capital given their holdings of assets and other instruments (Notification No. 19, the Financial Services Agency, 2006). Japan Post Bank Co. has applied Japanese domestic Basel III capital adequacy standards since the year ended March 2014.

## Japan Post Insurance Co. (Consolidated)

(Millions of yen)

	As of and for the fiscal year ended				
	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016
Ordinary income	—	—	—	—	9,605,743
Net ordinary income	—	—	—	—	411,504
Net income	—	—	—	—	84,897
Net assets	—	—	—	—	1,882,982
Total assets	—	—	—	—	81,545,182
Consolidated solvency margin ratio	—	—	—	—	1,570.3%

Notes:  
1. The amount of net income attributable to Japan Post Insurance Co. is used for net income of Japan Post Insurance Co. (Consolidated).  
2. The consolidated solvency margin ratio is calculated in accordance with Articles 86-2 and 88 of the Ordinance for Enforcement of the Insurance Business Act and Notification No. 23 issued by the Financial Services Agency in 2011.  
3. Because figures are listed on a consolidated basis from the fiscal year ended March 31, 2016, figures for the fiscal year ended March 31, 2015 and prior years, when non-consolidated figures were listed, are expressed with the symbol [—].

## 2. JAPAN POST GROUP COMPANIES —CONSOLIDATED FINANCIAL DATA

### CONSOLIDATED BALANCE SHEETS MARCH 31, 2016 AND 2015

(Millions of yen)

	2016 (As of March 31, 2016)	2015 (As of March 31, 2015)		2016 (As of March 31, 2016)	2015 (As of March 31, 2015)
<b>ASSETS:</b>			<b>LIABILITIES:</b>		
Cash and due from banks (Notes 3, 5 and 21)	¥ 48,258,991	¥ 36,406,491	Deposits (Notes 5 and 21)	¥ 176,090,188	¥ 175,697,196
Call loans (Note 21)	1,338,837	2,406,954	Call money (Note 21)	22,536	—
Receivables under securities borrowing transactions (Note 21)	10,931,820	11,094,941	Policy reserves and others		
Monetary claims bought (Note 21)	608,659	571,100	Reserve for outstanding claims (Note 8)	635,167	718,156
Trading account securities (Note 21)	187	104	Policy reserves (Notes 8 and 15)	72,362,503	75,112,601
Money held in trust (Notes 4 and 21)	5,205,658	4,926,581	Reserve for policyholder divi- dends (Note 10)	1,936,494	2,074,919
Securities (Notes 4, 5 and 21)	207,720,339	222,593,945	Total policy reserves and others	74,934,165	77,905,677
Loans (Notes 6 and 21)	11,520,487	12,761,331	Payables under securities lending transactions (Notes 5 and 21)	16,772,037	17,228,691
Foreign exchanges	25,328	49,332	Foreign exchanges	338	266
Other assets (Note 5)	1,547,434	1,296,577	Other liabilities (Notes 5, 11, 12 and 13)	4,464,641	5,091,074
Tangible fixed assets (Note 7)			Reserve for bonuses	103,755	93,528
Buildings	1,175,028	1,025,981	Liability for retirement benefits (Note 14)	2,281,439	2,269,094
Land	1,559,628	1,513,334	Reserve for price fluctuations (Note 15)	782,268	712,167
Construction in progress	96,393	61,211	Deferred tax liabilities (Note 16)	1,244,621	1,455,537
Other tangible fixed assets	337,419	189,769	Acceptances and guarantees (Note 5)	75,000	95,000
Total tangible fixed assets	3,168,469	2,790,296	<b>Total liabilities</b>	<b>¥ 276,770,992</b>	<b>¥ 280,548,232</b>
Intangible fixed assets			<b>NET ASSETS (Note 17):</b>		
Software	337,932	287,246	Capital stock	¥ 3,500,000	¥ 3,500,000
Goodwill (Note 26)	414,385	2	Capital surplus	4,134,853	4,503,856
Other intangible fixed assets	43,773	16,604	Retained earnings	3,525,932	3,149,937
Total intangible fixed assets	796,091	303,854	Treasury stock	(730,964)	—
Asset for retirement benefits (Note 14)	27,629	10,653	Total shareholders' equity	10,429,821	11,153,793
Deferred tax assets (Note 16)	729,307	547,743	Net unrealized gains (losses) on available-for-sale securities	3,318,181	4,389,261
Customers' liabilities for acceptances and guarantees	75,000	95,000	Net deferred gains (losses) on hedges	(373,232)	(666,430)
Reserve for possible loan losses	(7,163)	(5,113)	Foreign currency translation adjustments	(56,856)	160
			Accumulated adjustments for retirement benefits	379,835	422,048
			Total accumulated other comprehensive income	3,267,928	4,145,039
			Non-controlling interests	1,478,338	2,728
<b>Total assets</b>	<b>¥ 291,947,080</b>	<b>¥ 295,849,794</b>	<b>Total net assets</b>	<b>15,176,088</b>	<b>15,301,561</b>
			<b>Total liabilities and net assets</b>	<b>¥ 291,947,080</b>	<b>¥ 295,849,794</b>

See the accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED MARCH 31, 2016 AND 2015

(Millions of yen)

	2016 (From April 1, 2015 to March 31, 2016)	2015 (From April 1, 2014 to March 31, 2015)
<b>INCOME:</b>		
Postal business income	¥ 2,423,530	¥ 1,806,955
Banking business income	1,967,489	2,077,038
Life insurance business income	9,605,645	10,168,044
Other income (Note 18)	276,076	216,244
<b>Total income</b>	<b>14,272,742</b>	<b>14,268,281</b>
<b>EXPENSES:</b>		
Operating expenses	10,506,104	10,634,972
Personnel expenses	2,556,654	2,319,195
Depreciation and amortization	214,340	180,580
Other expenses (Note 19)	324,698	353,213
<b>Total expenses</b>	<b>13,601,798</b>	<b>13,487,962</b>
<b>Income before income taxes</b>	<b>670,943</b>	<b>780,319</b>
<b>Income taxes (Note 16):</b>		
Current	329,971	376,289
Deferred	(93,361)	(78,484)
<b>Total income taxes</b>	<b>236,610</b>	<b>297,805</b>
<b>Net income</b>	<b>434,333</b>	<b>482,514</b>
Net income (loss) attributable to non-controlling interests	8,361	(168)
<b>Net income attributable to Japan Post Holdings</b>	<b>¥ 425,972</b>	<b>¥ 482,682</b>

(yen)

	2016 (From April 1, 2015 to March 31, 2016)	2015 (From April 1, 2014 to March 31, 2015)
<b>Per share of common stock (Note 28):</b>		
Basic net income	¥ 97.26	¥ 107.26
Diluted net income	—	—

See the accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED MARCH 31, 2016 AND 2015

(Millions of yen)

	2016 (From April 1, 2015 to March 31, 2016)	2015 (From April 1, 2014 to March 31, 2015)
<b>Net Income</b>	<b>¥ 434,333</b>	<b>¥ 482,514</b>
<b>Other comprehensive income (loss) (Note 20)</b>		
Net unrealized gains (losses) on available-for-sale securities	(784,319)	1,638,786
Net deferred gains (losses) on hedges	270,142	(69,537)
Foreign currency translation adjustments	(57,200)	94
Adjustments for retirement benefits	(40,940)	160,168
Share of other comprehensive income (loss) of affiliates	(9)	9
<b>Total other comprehensive income (loss)</b>	<b>(612,328)</b>	<b>1,729,521</b>
<b>Comprehensive income (loss)</b>	<b>¥ (177,994)</b>	<b>¥ 2,212,035</b>
Total comprehensive income (loss) attributable to:		
Japan Post Holdings	¥ (196,288)	¥ 2,212,205
Non-controlling interests	18,293	(169)

See the accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS YEARS ENDED MARCH 31, 2016 AND 2015

2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
BALANCE, APRIL 1, 2015	¥ 3,500,000	¥ 4,503,856	¥ 3,149,937	¥ —	¥ 11,153,793
Changes in the fiscal year:					
Cash dividends			(50,100)		(50,100)
Net income attributable to Japan Post Holdings			425,972		425,972
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		(369,002)			(369,002)
Purchases of treasury stock				(730,964)	(730,964)
Increase due to merger between consolidated and unconsolidated subsidiaries			122		122
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	—	(369,002)	375,995	(730,964)	(723,971)
BALANCE, MARCH 31, 2016	¥ 3,500,000	¥ 4,134,853	¥ 3,525,932	¥ (730,964)	¥ 10,429,821

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income (loss)		
BALANCE, APRIL 1, 2015	¥ 4,389,261	¥ (666,430)	¥ 160	¥ 422,048	¥ 4,145,039	¥ 2,728	¥ 15,301,561
Changes in the fiscal year:							
Cash dividends							(50,100)
Net income attributable to Japan Post Holdings							425,972
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							(369,002)
Purchases of treasury stock							(730,964)
Increase due to merger between consolidated and unconsolidated subsidiaries							122
Net changes in items other than shareholders' equity in the fiscal year	(1,071,079)	293,197	(57,016)	(42,212)	(877,111)	1,475,609	598,498
Net changes in the fiscal year	(1,071,079)	293,197	(57,016)	(42,212)	(877,111)	1,475,609	(125,473)
BALANCE, MARCH 31, 2016	¥ 3,318,181	¥ (373,232)	¥ (56,856)	¥ 379,835	¥ 3,267,928	¥ 1,478,338	¥ 15,176,088

See the accompanying notes to consolidated financial statements.



2015 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
BALANCE, APRIL 1, 2014	¥ 3,500,000	¥ 4,503,856	¥ 2,967,703	¥ 10,971,559
Cumulative effects of changes in accounting policies			(256,948)	(256,948)
RESTATED BALANCE, APRIL 1, 2014	3,500,000	4,503,856	2,710,754	10,714,611
Changes in the fiscal year:				
Cash dividends			(43,500)	(43,500)
Net income attributable to Japan Post Holdings			482,682	482,682
Net changes in items other than shareholders' equity in the fiscal year				
Net changes in the fiscal year	—	—	439,182	439,182
BALANCE, MARCH 31, 2015	¥ 3,500,000	¥ 4,503,856	¥ 3,149,937	¥ 11,153,793

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
BALANCE, APRIL 1, 2014	¥ 2,750,463	¥ (596,892)	¥ 66	¥ 261,879	¥ 2,415,517	¥ 1,573	¥ 13,388,650
Cumulative effects of changes in accounting policies							(256,948)
RESTATED BALANCE, APRIL 1, 2014	2,750,463	(596,892)	66	261,879	2,415,517	1,573	13,131,701
Changes in the fiscal year:							
Cash dividends							(43,500)
Net income attributable to Japan Post Holdings							482,682
Net changes in items other than shareholders' equity in the fiscal year	1,638,797	(69,537)	94	160,168	1,729,522	1,154	1,730,677
Net changes in the fiscal year	1,638,797	(69,537)	94	160,168	1,729,522	1,154	2,169,859
BALANCE, MARCH 31, 2015	¥ 4,389,261	¥ (666,430)	¥ 160	¥ 422,048	¥ 4,145,039	¥ 2,728	¥ 15,301,561

# CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED MARCH 31, 2016 AND 2015

(Millions of yen)

	2016 (From April 1, 2015 to March 31, 2016)	2015 (From April 1, 2014 to March 31, 2015)		2016 (From April 1, 2015 to March 31, 2016)	2015 (From April 1, 2014 to March 31, 2015)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Income before income taxes	¥ 670,943	¥ 780,319	Purchases of call loans	¥ (36,244,900)	¥ (33,053,228)
Income taxes paid	(382,374)	(405,633)	Proceeds from redemption of call loans	36,330,328	32,837,825
Policyholder dividends paid	(316,246)	(349,687)	Purchases of monetary claims bought	(2,508,852)	(3,417,540)
Depreciation and amortization	214,340	180,580	Proceeds from sale and redemption of monetary claims bought	2,474,034	3,131,989
Losses on impairment of fixed assets	13,396	5,390	Net change in receivables under securities borrowing transactions	(287,734)	101,332
Amortization of goodwill	16,186	8	Net change in payables under securities lending transactions	(10,013)	(44,684)
Equity in (earnings) losses of affiliates	(1,070)	561	Purchases of securities	(29,499,406)	(29,457,673)
Gains on negative goodwill	(849)	(2,680)	Proceeds from sale of securities	10,117,962	4,069,483
Net change in reserve for outstanding claims	(82,988)	(113,534)	Proceeds from redemption of securities	32,128,938	41,071,899
Net change in policy reserves	(2,750,098)	(2,632,889)	Purchases of money held in trust	(1,250,400)	(710,000)
Provision for interest on policyholder dividends	132	1,497	Proceeds from sale of money held in trust	626,748	145,159
Provision for reserve for policyholder dividends	178,004	200,722	Payments for loans	(1,172,737)	(1,354,617)
Net change in reserve for possible loan losses	157	(579)	Proceeds from collection of loans	2,171,636	2,397,830
Net change in reserve for bonuses	6,647	(187)	Purchases of tangible fixed assets	(321,182)	(183,547)
Net change in asset and liability for retirement benefits	(4,671)	(250,106)	Proceeds from sale of tangible fixed assets	16,277	12,165
Contribution of retirement benefit trust	—	(639,944)	Purchases of intangible fixed assets	(108,021)	(97,719)
Net change in reserve for price fluctuations	70,100	97,934	Purchases of stocks of subsidiaries and affiliates	(964)	(1,768)
Interest income (accrual basis)	(1,731,217)	(1,893,273)	Purchases of stocks of subsidiaries resulting in change in scope of consolidation (Note 3)	(575,521)	—
Interest expenses (accrual basis)	374,414	356,061	Proceeds from purchases of stocks of subsidiaries resulting in change in scope of consolidation	1,210	1,420
Net (gains) losses on securities	(15,366)	(52,405)	Other, net	(275,349)	73,450
Net (gains) losses on money held in trust	(138,807)	(75,914)	<b>Net cash provided by investing activities</b>	<b>11,612,051</b>	<b>15,521,777</b>
Net (gains) losses on foreign exchanges	275,323	(520,124)	<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net (gains) losses on sales and disposal of fixed assets	1,324	1,601	Proceeds from borrowings	53,235	6,100
Net change in loans	240,481	291,104	Repayment of borrowings	(39,730)	(3,610)
Net change in deposits	392,991	405,236	Redemption of bonds	(23,483)	—
Net change in negotiable certificates of deposit	620,000	(90,000)	Purchases of treasury stock	(730,964)	—
Net change in call loans	923,288	(177,681)	Dividends paid	(50,100)	(43,500)
Net change in receivables under securities borrowing transactions	450,855	(1,161,315)	Dividends paid to non-controlling interests	(493)	(28)
Net change in call money	577,058	—	Purchases of stocks of subsidiaries that do not result in change in scope of consolidation	(39)	—
Net change in payables under securities lending transactions	(446,640)	2,902,607	Proceeds from sale of stocks of subsidiaries that do not result in change in scope of consolidation	730,964	—
Net change in foreign exchanges (assets)	24,003	(18,672)	Other, net	(1,439)	(1,062)
Net change in foreign exchanges (liabilities)	72	16	<b>Net cash used in financing activities</b>	<b>(62,051)</b>	<b>(42,101)</b>
Interest received (cash basis)	1,875,027	2,060,574	<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(2,343)</b>	<b>587</b>
Interest paid (cash basis)	(234,726)	(211,511)	<b>Net change in cash and cash equivalents</b>	<b>12,335,646</b>	<b>14,275,707</b>
Other, net	(31,704)	107,366	<b>Cash and cash equivalents at the beginning of the year</b>	<b>35,805,379</b>	<b>21,529,671</b>
<b>Total adjustments</b>	<b>117,045</b>	<b>(1,984,875)</b>	<b>Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries</b>	<b>131</b>	<b>—</b>
<b>Net cash provided by (used in) operating activities</b>	<b>¥ 787,989</b>	<b>¥ (1,204,555)</b>	<b>Cash and cash equivalents at the end of the year (Note 3)</b>	<b>¥ 48,141,158</b>	<b>¥ 35,805,379</b>

See the accompanying notes to consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2016 AND 2015

### 1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of Japan Post Holdings Co., Ltd. (the "Company"), have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations concerning preparation of consolidated financial statements, Ordinance for Enforcement of the Banking Law, Ordinance for Enforcement of Insurance Business Act and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

All Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen, except for per share information. Accordingly, the total of each account may not be equal to the combined total of individual items.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (1) Consolidation and Equity Method

##### 1) Scope of consolidation

Under Japanese GAAP, a company is required to consolidate any subsidiary when the company substantially controls the operations of the subsidiary, even if it is not majority-owned. Control is defined as the power to govern the decision-making body of an enterprise. The consolidated financial statements as of and for the years ended March 31, 2016 and 2015 include the accounts of the Company and its significant subsidiaries (collectively, the "Group").

##### A) Consolidated subsidiaries

The Company has 290 (23 in 2015) consolidated subsidiaries. Principal consolidated subsidiaries are Japan Post Co., Ltd., Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd.

During the year ended March 31, 2016, Toll Holdings Limited (hereinafter referred to as "Toll") and its subsidiaries were included in the scope of consolidation due to the acquisition of stock of toll. In addition, JP Twoway Contact Co., Ltd. and JP General Insurance Agency Co., Ltd. were included in the scope of consolidation due to the acquisition of their stock.

During the year ended March 31, 2015, Japan Post Delivery Co., Ltd. and 3 other companies were included in the scope of the consolidation due to the establishment of the company. In addition, Japan Post Office Support Co., Ltd. and 2 other companies were included in the scope of the consolidation due to the acquisition of their stock.

##### B) Non-consolidated subsidiaries

The Company has 4 (3 in 2015) non-consolidated subsidiaries, namely, Tokyo Beiyu Co., Ltd., Japan Post Maintenance Co., Ltd., Nippan Co., Ltd. and Universal Technics Co., Ltd. for the year ended March 31, 2016 and Tokyo Beiyu Co., Ltd., Japan Post Maintenance Co., Ltd., and Daito Setsubi Kogyo Co., Ltd. for the year ended March 31, 2015, respectively.

These companies are excluded from the scope of consolidation because their assets, net income (loss), retained earnings, accumulated other comprehensive income and others are immaterial.

##### 2) Application of the equity method

##### A) Non-consolidated subsidiaries accounted for by the equity method

There were no non-consolidated subsidiaries accounted for by the equity method for all periods presented.

##### B) Affiliates accounted for by the equity method

The Company has 24 (5 in 2015) affiliates accounted for by the equity method, namely, JA Foods-Oita Co., Ltd., Ringbell Co., Ltd., Saison Asset Management Co., Ltd., SDP Center Co., Ltd., ATM Japan Business Service, Ltd., JP Asset Management Co., Ltd. and Toll's affiliates for the year ended March 31, 2016, JA Foods-Oita Co., Ltd., Ringbell Co., Ltd., Saison Asset Management Co., Ltd., SDP Center Co., Ltd. and ATM Japan Business Service, Ltd. for the year ended March 31, 2015, respectively.

During the year ended March 31, 2016, JP Asset Management Co., Ltd. became an affiliate accounted for by the equity method due to the establishment of that company, and Toll's affiliates became affiliates accounted for by the equity method due to the acquisition of stock of toll.

During the year ended March 31, 2015, Ringbell Co., Ltd., and Saison Asset Management Co., Ltd. became affiliates accounted for by the equity method due to the acquisition of their stock.

##### C) Non-consolidated subsidiaries that are not accounted for by the equity method

The Company has 4 (3 in 2015) non-consolidated subsidiaries that are not accounted for by the equity method, namely, Tokyo Beiyu Co., Ltd., Japan Post Maintenance Co., Ltd., Nippan Co., Ltd. and Universal Technics Co., Ltd. for the year ended March 31, 2016, and Tokyo Beiyu Co., Ltd., Japan Post Maintenance Co., Ltd. and Daito Setsubi Kogyo Co., Ltd. for the year ended March 31, 2015, respectively.

These companies are excluded from the scope of the equity method because their net income (loss), retained earnings, accumulated other comprehensive income and others are immaterial, and the exclusion of these companies from the scope of companies accounted for by the equity method does not hinder a reasonable understanding of the Group's financial position and results of operations.

##### D) Affiliates that are not accounted for by the equity method

There were no affiliates not accounted for by the equity method for all periods presented.

##### 3) Fiscal year-end dates of consolidated subsidiaries

##### A) The fiscal year-end dates of consolidated subsidiaries are as follows:

Years ended March 31	2016	2015
June 30	13 companies	—
December 31	26 companies	1 company
January 31	1 company	—
March 31	250 companies	22 companies

##### B) 25 subsidiaries with a fiscal year-end date of December 31 and subsidiaries with a fiscal year-end date of June 30 and January 31 are consolidated using the preliminary financial statements. The other subsidiary with a fiscal year-end date of December 31 is consolidated using the financial statements as of and for the year ended December 31.

Appropriate adjustments were made for material transactions during the period between their fiscal year-end dates, etc. and the consolidated fiscal year-end date.

##### (2) Trading Account Securities

Trading account securities are carried at fair value.

##### (3) Securities

Held-to-maturity bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving average method. Amortization is calculated using the straight-line method.

In accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry" (Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 21), policy-reserve-matching bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

Investments in non-consolidated subsidiaries and affiliates that are not accounted for by the equity method are carried at cost and the cost of these securities sold is calculated using the moving-average method.

Available-for-sale securities are carried at their fiscal year-end market price, of which average market prices during the final month of the fiscal year is used to value stocks and stock mutual funds. Cost of securities sold is calculated using the moving-average method. Available-for-sale securities with no available market prices are carried at cost using the moving-average method or amortized cost (the straight-line method) as it is extremely difficult to determine fair value for these securities. Net unrealized gains (losses) on available-for-sale securities (including net unrealized gains (losses) arising from fluctuations in foreign exchange, but excluding cases where the fair value hedge accounting method is applied to hedge exposure to the risks of foreign exchange fluctuations), net of income taxes, are included in net assets.

Securities included in money held in trust are carried using the same method used for securities mentioned above. Net unrealized gains (losses) on money held in trust classified as other than trading and held-to-maturity, net of income taxes, are included in net assets.

##### (4) Derivative Transactions

All derivative transactions are valued at fair value.

(5) Hedge Accounting

1) Hedge accounting for interest rate risks

The Company and its consolidated subsidiaries apply deferred hedge accounting to account for transactions they enter into to hedge interest rate risks on financial assets and liabilities.

The Company and its consolidated subsidiaries design its hedges such that the nature of the hedged items and hedging instruments are highly correlated to ensure that the hedges are highly effective. This design is consistent with the requirements for the exceptional treatment, under which eligible interest rate swap contracts are accounted for on an accrual basis. In addition, the Company and its consolidated subsidiaries apply the exceptional treatment for certain interest swap contracts that meet the criteria for the exceptional accrual method for interest rate swaps.

2) Hedge accounting for foreign exchange risks

The Company and its consolidated subsidiaries apply deferred hedge accounting, fair value hedges, or the accounting method translating foreign currency receivables at forward rates to reduce its exposure to foreign exchange rates for the net unrealized gains (losses) on available-for-sale securities.

In order to hedge risks arising from volatility of exchange rates for securities denominated in foreign currencies, the Company and its subsidiaries apply portfolio hedges, on the conditions that the hedged foreign securities are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged foreign securities denominated in the same foreign currencies.

For individual hedges, the Company designs its hedges such that the nature of the hedged items and hedging instruments are highly correlated to ensure that the hedges are highly effective.

(6) Depreciation

1) Tangible fixed assets (excluding leased assets)

Depreciation of tangible fixed assets is computed using the straight-line method.

Useful lives of principal assets are as follows:

Buildings: 2-50 years

Others: 2-75 years

2) Intangible fixed assets (excluding leased assets)

Amortization of intangible fixed assets is computed using the straight-line method. The capitalized development costs of software intended for internal use are amortized over the expected useful lives (mainly 5 years) determined by the Company and its consolidated subsidiaries, and trademark rights are amortized over a period determined in accordance with their cause of occurrence (mainly 20 years).

3) Leased assets

Leased assets under finance lease arrangements that transfer the ownership of leased property to the lessee are depreciated using the same method applied to company-owned tangible assets. These leased assets are mainly buildings included in tangible fixed assets.

Leased assets under finance lease arrangements that do not transfer the ownership of leased property to the lessee are depreciated to the residual value of zero or guaranteed value using the straight-line method over the lease term. These leased assets are mainly personal properties included in tangible fixed assets and software included in intangible fixed assets.

(7) Amortization of Goodwill

Goodwill is amortized for a period up to 20 years. Goodwill deemed immaterial, however, is expensed as incurred.

(8) Reserve for Possible Loan Losses

1) For reserve for possible loan losses of the Company and its consolidated subsidiaries other than Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd., allowance is provided for general accounts receivable using a rate determined based on past bad debt experience. In addition, a reserve is provided for specific loans such as loans to bankrupt or effectively/substantially bankrupt borrowers at the estimated amount considered uncollectible based on review of the respective nature of loans.

2) Reserve for possible loan losses of Japan Post Bank Co., Ltd. is provided for in accordance with the write-off and provision standards as described below:

In accordance with "Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions" JICPA, Special Committee for Audits of Banks, etc., Report No. 4), loans to normal borrowers and borrowers with collectability risks are classified into certain groups, and an allowance is provided for each group based on the estimated rate of loan losses.

For loans to borrowers with collectability risks, an allowance is

provided for based on an amount net of amounts expected to be collected through disposal of collateral or through execution of guarantees, and the amount considered to be necessary based on a solvency assessment. For loans to bankrupt or substantially bankrupt borrowers, an allowance is provided for based on an amount net of amounts expected to be collected through disposal of collateral or through execution of guarantees.

All loans are assessed initially by the marketing and other departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the marketing and other departments, reviews these self-assessments.

3) Reserve for possible loan losses of Japan Post Insurance Co., Ltd. is provided pursuant to its standards for self-assessment of asset quality, and general allowance is provided using a rate determined by past bad debt experience. In addition, specific allowances, which are determined after reviewing individual collectability of accounts, are recorded.

All loans and claims are assessed initially by the relevant departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the relevant departments, reviews these self-assessments. The above allowances are made based on the result of this assessment.

(9) Policy Reserves

Policy reserves are reserves provided in accordance with Article 116 of the Insurance Business Act. Policy reserves are recognized based on the following methodology:

1) Reserves for contracts subject to the standard policy reserve are computed in accordance with the method prescribed by the Commissioner for Financial Services Agency (Ordinance No. 48 issued by the Ministry of Finance in 1996).

2) Reserves for the other contracts are computed based on the net level premium method.

Pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, effective from the year ended March 31, 2011, additional policy reserves are accumulated, in preparation for future performance of obligations, over a 10-year period for a portion of reinsurance contracts from the Management Organization for Postal Savings and Postal Life Insurance (hereinafter referred to as the "Management Organization"), which is an independent administrative institution. As a result, the amounts of provision for policy reserves for the years ended March 31, 2016 and 2015 were ¥179,558 million and ¥176,491 million, respectively.

The Management Organization was established in October 2007 for the purpose of supporting the privatization of Japan Post by succeeding from Japan Post postal savings such as fixed amount or term postal savings deposited by and postal life insurance contracts concluded by September 2007 to ensure that such postal savings and postal life insurance contracts are managed appropriately, and to fulfill the relevant liabilities without fail.

The Company has entered into reinsurance contracts, comprising outsourcing agreements for the administrative operation of the postal life insurance and reinsurance contracts for insurance liabilities based on former postal life insurance contracts, for postal life insurance contracts concluded by September 2007 that have been assumed by the Management Organization.

In addition, based on the master plan by the Postal Service Privatization Act, with respect to the amount equivalent to that lent to policyholders of the postal life insurance contracts and to Japanese local governments and others succeeded from Japan Post, the Company has lent loans to the Management Organization under the same loan conditions as those of the contracts between Japan Post and its counterparties.

(10) Reserve for Bonuses

A reserve for the employee bonus payments is provided based on the amount expected to be incurred at the end of the fiscal year based on the projected obligations as of the end of the fiscal year.

(11) Retirement Benefits

1) In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit to respective service period. Treatment of prior service cost and actuarial difference are accounted for as follows.

Prior service cost is amortized using the straight-line method over a fixed period (8-14 years) within the estimated average remaining service period for employees in the fiscal year in which the difference is incurred.

Actuarial difference is amortized based on a proportional amount using the straight-line method over a fixed period (8-14 years) within the estimated average remaining service period for employees



from the fiscal year following the respective fiscal year in which the difference is incurred.

Effective from April 1, 2015, the Company and its principal consolidated subsidiaries have revised their retirement programs and their lump-sum severance indemnity plans from a final salary formula to a point system. As a result, projected benefit obligation decreased and prior service cost of ¥184,859 million is recognized for the year ended March 31, 2015.

- 2) Charges for the pension program of national public service personnel associated with pension benefits for the service period until December 1958 of those personnel who had worked in postal services for the former Ministry of Communications and the former Ministry of Posts and Telecommunications and retired after January 1959 (hereinafter referred to as "share of public service pension") are recognized as part of asset for retirement benefits. The Company has established retirement benefit trusts for the above pension program.

The actuarial difference is amortized using the straight-line method over a fixed period (10 years) within the estimated average remaining payment periods for eligible personnel from the fiscal year after the difference incurred.

The prior service cost is amortized using the straight-line method over a fixed period (10 years) within the estimated average remaining payment periods of eligible personnel as incurred.

- 3) Charges for the pension program of national public service personnel associated with pension benefits for those personnel who had worked in postal services for the former Ministry of Communications and the former Ministry of Posts and Telecommunications and retired by December 1958 (hereinafter referred to as "share of another public service pension") are recognized as part of liability for retirement benefits. The Company has established retirement benefit trusts for the above mutual aid pension program.

The actuarial difference is amortized using the straight-line method over a fixed period (5 years) within the estimated average remaining payment periods for eligible personnel from the fiscal year after the difference is incurred.

At the meeting of the Board of Directors held on September 22, 2014, the Company resolved to establish retirement benefit trusts for share of public service pension and share of another public service pension for the purpose of improving financial soundness of retirement benefits. Based on the resolution, cash and due from banks of ¥639,944 million were contributed on January 29, 2015.

- (12) Translation of Assets and Liabilities Denominated in Foreign Currencies  
Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end.
- (13) Reserve for Price Fluctuations  
Reserve for price fluctuations in security investments is computed based on Article 115 of the Insurance Business Act.
- (14) Statement of Cash Flows  
Cash and cash equivalents consists of cash on hand, deposits that can be withdrawn at any time, short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value (excluding negotiable certificates of deposit held by the banking subsidiary included in "cash and due from banks") and bank overdrafts treated equally as cash equivalents in fund management (negative cash equivalents).
- (15) Consumption Taxes  
All figures are net of consumption taxes.
- (16) Consolidated Tax Payment System  
The Company and certain consolidated subsidiaries adopt the consolidated tax payment system, under which Japan Post Holdings Co., Ltd. is the parent company.
- (17) Changes in Accounting Policies  
For the Year Ended March 31, 2016

Effective from the year ended March 31, 2016, the Company has adopted Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013; hereinafter referred to as the "Business Combinations Accounting Standard"), Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013; hereinafter referred to as the "Consolidation Accounting Standard"), Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013; hereinafter referred to as the "Business Divestitures Accounting Standard"), and other pronouncements. Accordingly, the Company changed to the method where the Company records changes in the Company's ownership interest in a subsidiary in the case where the Company retains control over the subsidiary as capital surplus, and records

acquisition-related costs as expenses in the fiscal year of incurrence. With respect to business combinations to be implemented after the beginning of the year ended March 31, 2016, the Company changed to the method where revisions to the allocation of acquisition costs due to finalizing amounts from the provisional accounting treatments are reflected in the consolidated financial statements for the period in which the business combination was carried out.

The Business Combinations Accounting Standard and other pronouncements are applied transitionally as provided for in Paragraph 58-2 (4) of the Business Combinations Accounting Standard, Paragraph 44-5 (4) of the Consolidation Accounting Standard and Paragraph 57-4 (4) of the Business Divestitures Accounting Standard, and are applied prospectively from the beginning of the year ended March 31, 2016.

As a result, income before income taxes for the year ended March 31, 2016 increased by ¥367,499 million. In addition, capital surplus decreased by ¥369,002 million as of March 31, 2016.

In the consolidated statements of cash flows for the year ended March 31, 2016, cash flows associated with purchases or sale of stocks of subsidiaries that do not result in change in scope of consolidation are stated under "Cash flows from financing activities," and acquisition-related costs attributable to purchases of stocks of subsidiaries resulting in change in scope of consolidation, or cash flows concerning expenses arising from purchases or sale of stocks of subsidiaries that do not result in change in scope of consolidation are stated under "Cash flows from operating activities."

In the consolidated statements of changes in net assets for the year ended March 31, 2016, capital surplus at the end of the year decreased by ¥369,002 million.

The effects of this change on per share data are described in Note 28 "PER SHARE DATA."

For the Year Ended March 31, 2015

Effective from the year ended March 31, 2015, with respect to the application of the "Accounting Standard for Retirement Benefits" (Accounting Standard Board of Japan ("ASBJ") Statement No. 26, May 17, 2012; hereinafter referred to as the "Retirement Benefits Accounting Standard") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015; hereinafter referred to as the "Guidance on Retirement Benefits"), the Company has adopted provisions stated in the main clause of Paragraph 35 of the Retirement Benefits Accounting Standard and the main clause of Paragraph 67 of the Guidance on Retirement Benefits. Accordingly, the Company has revised the calculation methods for retirement benefit obligations and service cost and changed the method of attributing expected benefit to each fiscal year from the straight-line basis to the benefit formula basis. In addition, the method for determining the discount rate has been changed from the method using a discount rate based on the number of years which approximates the estimated average remaining service lives for employees to the method using a single-weighted average discount rate which reflects the estimated payment periods of retirement benefits and the amounts by the respective estimated payment periods.

In accordance with the transitional application provided for in Paragraph 37 of the Retirement Benefits Accounting Standard, the effects of changes of the calculation methods for retirement benefit obligations and service cost are recognized in retained earnings at the beginning of the year ended March 31, 2015.

As a result, liability for retirement benefits increased by ¥263,412 million while retained earnings decreased by ¥256,948 million at the beginning of the year ended March 31, 2015. In addition, income before income taxes for the year ended March 31, 2015 increased by ¥10,561 million.

The effects of this change on per share data are described in Note 28 "PER SHARE DATA."

- (18) New Accounting Pronouncements

Implementation Guidance on Recoverability of Deferred Tax Assets

Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016) was issued as a new accounting pronouncement.

This implementation guidance is primarily following the framework outlined in the Implementation Guidance on Recoverability of Deferred Tax Assets provided in the JICPA Audit Committee Report No. 66 "Audit Treatment for Judgment of Recoverability of Deferred Tax Assets."

The Company intends to apply this implementation guidance from the beginning of the year commencing on April 1, 2016, and is currently evaluating the effects of this application.

(19) Changes in Presentation

Consolidated Balance Sheets

"Goodwill," which was included in "other intangible fixed assets" under "intangible fixed assets" in the previous fiscal year, is separately presented from the current fiscal year due to an increase in materiality. To reflect this change in method of presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥16,607 million presented as "other intangible fixed assets" under "intangible fixed assets" in the consolidated balance sheets for the previous fiscal year has been reclassified into "goodwill" of ¥2 million and "other intangible fixed assets" of ¥16,604 million.

Consolidated Statements of Cash Flows

"Amortization of goodwill," which was included in "other, net" under "cash flows from operating activities" in the previous fiscal year, is separately presented from the current fiscal year due to an increase in materiality. To reflect this change in method of presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥107,375 million presented as "other, net" under "cash flows from operating activities" in the consolidated statements of cash flows for the previous fiscal year has been reclassified into "amortization of goodwill" of ¥8 million and "other, net" of ¥107,366 million.

3. CASH AND CASH EQUIVALENTS

(1) Reconciliation of Cash and Cash Equivalents in the Consolidated Statements of Cash Flows and Cash and Due from Banks in the Consolidated Balance Sheets

Millions of Yen

March 31	2016	2015
Cash and due from banks	¥ 48,258,991	¥ 36,406,491
Negotiable certificates of deposit of the banking subsidiary included in cash and due from banks	(85,000)	(705,000)
Negotiable certificates of deposit included in securities	400	105,160
Deposits with maturities of more than three months	(630)	(912)
Negotiable certificates of deposit with maturities of more than three months	(400)	(360)
Bank overdraft included in other liabilities	(32,202)	—
Cash and cash equivalents at the end of the year	¥ 48,141,158	¥ 35,805,379

(2) Breakdown of Assets and Liabilities of Newly Consolidated Subsidiaries as a Result of the Acquisition of Shares

With regard to the consolidation of Toll as a result of the acquisition of shares, the breakdown of the assets and liabilities of Toll at the beginning of the consolidation, and the reconciliation of the acquisition price and cash flow (net) for the acquisition are as follows.

Millions of Yen

March 31	2016
Assets	¥ 528,924
Of which: tangible fixed assets	230,075
Of which: trademark rights	30,433
Goodwill	474,454
Liabilities	390,940
Of which: bonds and borrowings	228,713
Non-controlling interests	1,759
Foreign currency translation adjustments	1,361
Acquisition price of Toll's shares	¥ 609,317
Cash and cash equivalents of Toll and its subsidiaries	36,922
Payable for acquisition price of Toll's shares	791
Cash flow (net) for the acquisition of Toll's shares	¥ 571,603

4. SECURITIES

(1) Securities

Securities as of March 31, 2016 and 2015 consisted of the following:

Millions of Yen

March 31	2016	2015
Stocks	¥ 19,233	¥ 28,336
Japanese government bonds <sup>1</sup>	126,449,341	154,868,356
Japanese local government bonds	15,262,003	15,080,974
Japanese corporate bonds	16,804,623	17,635,511
Other	49,185,137	34,980,766
Total	¥ 207,720,339	¥ 222,593,945

Notes:

1. Secured loan securities for which borrowers have the right to sell or pledge in the amount of ¥100,126 million and ¥301,181 million were included in Japanese government bonds in securities as of March 31, 2016 and 2015, respectively.

Unsecured borrowed securities and securities borrowed with cash collateral for which the Group has the right to sell or pledge amounted to ¥10,952,165 million and ¥11,078,662 million as of March 31, 2016 and 2015, respectively.

2. The above includes investments in non-consolidated subsidiaries and affiliates of ¥17,350 million, ¥2,283 million and as of March 31, 2016 and 2015, respectively.

(2) Policy-Reserve-Matching Bonds

The consolidated balance sheet amount and fair value of policy-reserve-matching bonds as of March 31, 2016 and 2015 were as follows:

Millions of Yen

March 31	2016	2015
Consolidated balance sheet amount	¥ 13,563,423	¥ 15,493,208
Fair value	15,062,160	16,668,447

The outline of the risk management policy of policy-reserve-matching bonds was as follows:

The insurance subsidiary categorizes their insurance products into the sub-groups below based on the attributes of each product in order to manage risks arising from fluctuations in interest rates of assets and liabilities, and adopts the management policy where the duration gap between policy-reserve-matching bonds and policy reserves by sub-groups are reconciled within a certain range and the duration gap is periodically checked.

- Postal life insurance contracts
- Japan Post Insurance life insurance contracts (general)
- Japan Post Insurance life insurance contracts (lump sum payment annuity)



## (3) Fair Value Information on Securities and Policy-Reserve-Matching Bonds

The amounts shown in the following tables include trading account securities, negotiable certificates of deposit included in cash and due from banks, and monetary claims bought, in addition to securities.

## 1) Held-to-maturity bonds

Millions of Yen

March 31	2016				
	Consolidated balance sheet amount	Fair value	Difference	Amount for which fair value exceeds consolidated balance sheet amount	Amount for which fair value does not exceed consolidated balance sheet amount
Japanese government bonds	¥ 79,153,202	¥ 88,000,287	¥ 8,847,084	¥ 8,847,084	¥ —
Japanese local government bonds	8,384,896	8,918,821	533,925	533,925	(0)
Japanese corporate bonds	6,574,586	6,880,539	305,953	305,954	(1)
Other	194,744	229,801	35,057	35,057	—
Total	¥ 94,307,429	¥ 104,029,450	¥ 9,722,020	¥ 9,722,022	¥ (1)

Millions of Yen

March 31	2015				
	Consolidated balance sheet amount	Fair value	Difference	Amount for which fair value exceeds consolidated balance sheet amount	Amount for which fair value does not exceed consolidated balance sheet amount
Japanese government bonds	¥ 93,418,463	¥ 99,419,865	¥ 6,001,402	¥ 6,001,402	¥ —
Japanese local government bonds	8,820,050	9,275,993	455,942	456,466	(523)
Japanese corporate bonds	7,711,889	8,004,022	292,133	292,183	(49)
Other	234,597	291,352	56,754	56,754	—
Total	¥ 110,185,001	¥ 116,991,234	¥ 6,806,232	¥ 6,806,806	¥ (573)

## 2) Policy-reserve-matching bonds

Millions of Yen

March 31	2016				
	Consolidated balance sheet amount	Fair value	Difference	Amount for which fair value exceeds consolidated balance sheet amount	Amount for which fair value does not exceed consolidated balance sheet amount
Japanese government bonds	¥ 12,913,582	¥ 14,367,701	¥ 1,454,119	¥ 1,454,119	¥ —
Japanese local government bonds	517,065	551,080	34,015	34,015	—
Japanese corporate bonds	132,776	143,378	10,602	10,602	—
Total	¥ 13,563,423	¥ 15,062,160	¥ 1,498,737	¥ 1,498,737	¥ —

Millions of Yen

March 31	2015				
	Consolidated balance sheet amount	Fair value	Difference	Amount for which fair value exceeds consolidated balance sheet amount	Amount for which fair value does not exceed consolidated balance sheet amount
Japanese government bonds	¥ 14,660,267	¥ 15,804,449	¥ 1,144,181	¥ 1,144,212	¥ (31)
Japanese local government bonds	699,889	724,154	24,264	24,444	(179)
Japanese corporate bonds	133,050	139,843	6,792	6,797	(4)
Total	¥ 15,493,208	¥ 16,668,447	¥ 1,175,238	¥ 1,175,453	¥ (214)

## 3) Available-for-sale securities

Millions of Yen

March 31	2016				
	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
Stocks	¥ 14	¥ 1	¥ 12	¥ 12	¥ —
Bonds	50,839,859	48,699,180	2,140,679	2,143,376	(2,697)
Japanese government bonds	34,382,555	32,637,216	1,745,339	1,745,429	(90)
Japanese local government bonds	6,360,042	6,232,342	127,700	128,301	(600)
Japanese short-term corporate bonds	204,995	204,995	—	—	—
Japanese corporate bonds	9,892,266	9,624,626	267,639	269,646	(2,006)
Other	50,313,751	48,184,411	2,129,339	2,600,877	(471,538)
Total	¥ 101,153,625	¥ 96,883,594	¥ 4,270,031	¥ 4,744,266	¥ (474,235)

Millions of Yen

March 31	2015				
	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
Stocks	¥ 24,177	¥ 14,553	¥ 9,623	¥ 9,623	¥ —
Bonds	62,141,229	60,403,565	1,737,664	1,743,222	(5,558)
Japanese government bonds	46,789,624	45,406,419	1,383,204	1,384,984	(1,779)
Japanese local government bonds	5,561,033	5,440,252	120,780	121,534	(753)
Japanese short-term corporate bonds	226,986	226,986	—	—	—
Japanese corporate bonds	9,563,584	9,329,906	233,678	236,703	(3,025)
Other	37,297,269	33,531,867	3,765,402	3,810,374	(44,971)
Total	¥ 99,462,677	¥ 93,949,986	¥ 5,512,690	¥ 5,563,220	¥ (50,530)

4) Held-to-maturity bonds sold for the years ended March 31, 2016 and 2015  
There were no held-to-maturity bonds sold for the years ended March 31, 2016 and 2015.

5) Policy-reserve-matching bonds sold for the years ended March 31, 2016 and 2015  
There were no policy-reserve-matching bonds sold for the year ended March 31, 2016.

Millions of Yen

Year ended March 31	2015		
	Sales	Gains	Losses
Japanese government bonds	¥ 1,717,375	¥ 56,869	¥ —
Total	¥ 1,717,375	¥ 56,869	¥ —

6) Available-for-sale securities sold for the years ended March 31, 2016 and 2015

Millions of Yen

Year ended March 31	2016		
	Sales	Gains	Losses
Stocks	¥ 25,821	¥ 11,265	¥ (1)
Bonds	8,755,351	6,365	(681)
Japanese government bonds	8,749,632	6,357	(594)
Japanese corporate bonds	5,718	8	(86)
Other	1,329,429	11,103	(12,032)
Total	¥ 10,110,602	¥ 28,734	¥ (12,714)

Millions of Yen

Year ended March 31	2015		
	Sales	Gains	Losses
Stocks	¥ 4,484	¥ 1,793	¥ —
Bonds	1,947,642	287	(5,393)
Japanese government bonds	1,945,276	287	(4,855)
Japanese corporate bonds	2,365	—	(538)
Other	411,885	6,295	(5,050)
Total	¥ 2,364,012	¥ 8,376	¥ (10,444)

(4) Money Held in Trust  
Money Held in Trust Classified as Other than Trading and Held-to-Maturity

Millions of Yen

March 31	2016				
	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
Money held in trust classified as other than trading and held-to-maturity	¥ 5,205,658	¥ 4,157,777	¥ 1,047,881	¥ 1,129,467	¥ (81,585)

Millions of Yen

March 31	2015				
	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
Money held in trust classified as other than trading and held-to-maturity	¥ 4,926,581	¥ 3,400,444	¥ 1,526,137	¥ 1,530,218	¥ (4,081)

## 5. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral as of March 31, 2016 and 2015 consisted of the following:

March 31	Millions of Yen	
	2016	2015
Assets pledged as collateral:		
Securities	¥ 34,148,969	¥ 37,335,206
Liabilities corresponding to assets pledged as collateral:		
Deposits	18,983,827	22,088,270
Payables under securities lending transactions	16,772,037	17,228,691
Other liabilities	554,522	—
Acceptances and guarantees	75,000	95,000

In addition to the above, the following assets are pledged as collateral for overdraft transactions with the Bank of Japan, exchange settlements, derivative transactions and other transactions, deposits for variation margins of future market transactions, and other purposes as of March 31, 2016 and 2015:

March 31	Millions of Yen	
	2016	2015
Assets pledged as collateral:		
Securities	¥ 4,268,434	¥ 4,907,981
Cash and due from banks	30	30
Other assets	—	129

## 6. LOANS

There were no insolvent loans, non-accrual loans, past due loans (3 months or more), and restructured loans as of March 31, 2016 and 2015.

Contracts of overdraft facilities and loan commitments are contracts with customers to lend funds up to a certain limit agreed in advance. The banking subsidiary will make the loans upon the request of an obligor to draw down funds under such loan agreements based on various terms and conditions stipulated in the relevant loan agreement. There were no unused commitments on loans as of March 31, 2016 and 2015.

The amounts of unused commitments of the insurance subsidiary as of March 31, 2016 and 2015 were as follows:

March 31	Millions of Yen	
	2016	2015
Amount of unused commitments	¥ —	¥ 1,250

## 7. TANGIBLE FIXED ASSETS

## (1) Accumulated Depreciation

Accumulated depreciation as of March 31, 2016 and 2015 were as follows:

March 31	Millions of Yen	
	2016	2015
Accumulated depreciation	¥ 1,150,768	¥ 957,443

## (2) Deferred Gains on Tangible Fixed Assets Not Recognized for Tax Purposes

Deferred gains on tangible fixed assets not recognized for tax purposes as of March 31, 2016 and 2015 were as follows:

March 31	Millions of Yen	
	2016	2015
Deferred gains on tangible fixed assets not recognized for tax purposes	¥ 62,919	¥ 62,252
Of which, recognized during the fiscal year	666	6,119

## (3) Real Estate for Rent

The Company and certain consolidated subsidiaries own land and commercial buildings for rental purposes in Tokyo and other areas.

Years ended March 31	Millions of Yen	
	2016	2015
Net rental income <sup>1</sup>	¥ 5,354	¥ 3,178
Net gains on sales <sup>2</sup>	422	3,811
Losses on impairment <sup>3</sup>	7,194	3,747
Other gains <sup>2</sup>	28	—
Other losses <sup>3</sup>	1,184	156

Notes:

1. Majority of rental income is recorded under other income, and majority of rental expenses are recorded under depreciation and amortization for the years ended March 31, 2016 and 2015.

2. Net gains on sales and other gains are recorded under other income.

3. Losses on impairment and other losses are recorded under other expenses.

The consolidated balance sheet amount, net change during the year and fair value of real estate for rental purposes were as follows:

Years ended March 31	Millions of Yen	
	2016	2015
Consolidated balance sheet amount		
Balance at the beginning of the year	¥ 412,043	¥ 398,234
Net change during the year	71,908	13,808
Balance at the end of the year	¥ 483,951	¥ 412,043
Fair value at the end of the year	¥ 535,773	¥ 409,655

Notes:

1. The consolidated balance sheet amount represents acquisition costs less accumulated depreciation and accumulated losses on impairment.  
2. The fair value is calculated primarily based on the real estate appraisal standard.  
3. Real estate under construction is not included in the above table since it is extremely difficult to determine its fair value. The consolidated balance sheet amounts as of March 31, 2016 and 2015 were ¥28,062 million and ¥70,683 million, respectively.

## 8. REINSURANCE

Reserve for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Regulations were ¥314 million and ¥285 million as of March 31, 2016 and 2015, respectively.

Policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations were ¥558 million and ¥314 million as of March 31, 2016 and 2015, respectively.

## 9. OBLIGATIONS TO THE LIFE INSURANCE POLICYHOLDERS PROTECTION CORPORATION OF JAPAN

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amounts of ¥26,866 million and ¥22,829 million as of March 31, 2016 and 2015, respectively, pursuant to Article 259 of the Insurance Business Act. These obligations are recognized as operating expenses when they are made.

## 10. RESERVE FOR POLICYHOLDER DIVIDENDS

Changes in reserve for policyholder dividends for the years ended March 31, 2016 and 2015 were as follows:

Years ended March 31	Millions of Yen	
	2016	2015
Balance at the beginning of the year	¥ 2,074,919	¥ 2,222,759
Policyholder dividends paid	(316,246)	(349,687)
Interest accrual	132	1,497
Reduction due to the acquisition of additional annuity	(315)	(372)
Provision for reserve for policyholder dividends	178,004	200,722
Balance at the end of the year	¥ 1,936,494	¥ 2,074,919

# 11. BORROWINGS AND LEASE OBLIGATIONS

Borrowings and lease obligations as of March 31, 2016 and 2015 were as follows:

March 31	Millions of Yen		Average interest rate	Due
	2016	2015	2016	2016
Borrowings	¥ 160,595	¥ 3,415	1.10%	April 2016 - September 2019
Lease obligations	21,699	4,212	—	April 2016 - March 2040

Notes:

- The interest rates above are calculated using the weighted-average method based on the interest rate and balance at the fiscal year-end date.
- The average interest rate of lease obligations is not presented above because interest included in the total amount of lease payments is allocated to each period using the straight-line method in certain consolidated subsidiaries.
- Borrowings and lease obligations are included in other liabilities in the accompanying consolidated balance sheets.

The repayment schedule on borrowings as of March 31, 2016 was as follows:

March 31	Millions of Yen
Within 1 year	¥ 56,886
Due after 1 year through 2 years	10,962
Due after 2 years through 3 years	66,225
Due after 3 years through 4 years	26,521
Due after 4 years through 5 years	—
Thereafter	—
Total	¥ 160,595

The repayment schedule on lease obligations as of March 31, 2016 was as follows:

March 31	Millions of Yen
Within 1 year	¥ 1,372
Due after 1 year through 2 years	1,322
Due after 2 years through 3 years	1,233
Due after 3 years through 4 years	1,109
Due after 4 years through 5 years	947
Thereafter	15,714
Total	¥ 21,699

# 12. BONDS

Bonds as of March 31, 2016 were as follows:

Issuer	Description	Issue
Toll Holdings Limited	Straight bonds	December 2010 - December 2013
Toll Holdings Limited	Straight bonds	December 4, 2013
Toll Holdings Limited	Straight bonds	December 4, 2013
Millions of Yen	Interest rate	Due
¥ 18,590 (158,000 thousands of U.S. Dollars)	3.65% - 4.37%	December 2017 - December 2023
12,498 (149,592 thousands of Singapore Dollars)	2.51% - 3.29%	December 4, 2020
5,710 (387,660 thousands of Hong Kong Dollars)	4.46%	December 4, 2023
Total		¥ 36,798

Notes:

- The amounts of foreign currency-denominated bonds are shown in original currencies in parentheses.
- Bonds are included in other liabilities in the accompanying consolidated balance sheets.
- No collateral was provided for the above bonds.

The redemption schedule on bonds as of March 31, 2016 was as follows:

March 31	Millions of Yen
Within 1 year	¥ —
Due after 1 year through 2 years	7,413
Due after 2 years through 3 years	—
Due after 3 years through 4 years	—
Due after 4 years through 5 years	20,625
Thereafter	8,759
Total	¥ 36,798

There were no bonds as of March 31, 2015.

# 13. ASSET RETIREMENT OBLIGATIONS

## (1) Outline of Asset Retirement Obligations

The Group recorded asset retirement obligations with respect to asbestos removal costs during demolition of the Company's and subsidiaries' buildings, and restoration costs based on the real estate contracts of their business locations, company-owned housing and others.

The Group's network, comprised mainly of post offices, is required under the Postal Services Privatization Act to be maintained without fail from the perspective of public services provision. Therefore, restoration costs based on the real estate contracts related to facilities essential to the said network maintenance are recorded as asset retirement obligations only when their settlements are clearly expected due to reasons such as planned contract termination.

## (2) Calculation Method of Asset Retirement Obligations

The Group calculated the asset retirement obligations by estimating the period of service between 1 and 40 years and applying discount rates ranging from 0.0% to 2.3%.

## (3) Changes in Asset Retirement Obligations

Millions of Yen		
Years ended March 31	2016	2015
Balance at the beginning of the year	¥ 10,608	¥ 9,895
Obligations incurred due to acquisition of tangible fixed assets	100	—
Obligations increased by acquisition of consolidated subsidiaries	3,121	—
Time progress adjustments	38	45
Obligations settled	(1,645)	(485)
Other	2,993	1,152
Balance at the end of the year	¥ 15,216	¥ 10,608

# 14. RETIREMENT BENEFITS

## (1) Outline of Retirement Benefits

The Company and major consolidated subsidiaries have lump-sum severance indemnity plans as a defined benefit plan. Certain consolidated subsidiaries adopt the simplified method in calculating their retirement benefit obligations. Under the simplified method, the amount to be required for voluntary termination at the fiscal year-end is recorded as projected benefit obligations. The charges concerning share of public service pension and share of another public service pension (as defined in Note 2(11)) are included in the Company's retirement benefit obligations.

The Company has established retirement benefit trusts for the share of public service pension and share of another public service pension.

Certain consolidated subsidiaries have defined contribution pension plans. In addition, the amount required to be contributed to the retirement pension benefit plans by the Company and certain consolidated subsidiaries based on the "Act for Partial Amendment of National Government Officials' Retirement Allowance Act, etc. for the Purposes of Reviewing Benefit Levels of the Retirement Benefits for National Government Officials" (Act No. 96 of 2012), which was introduced from October 2015 as a new type of pension subsequent to the abolition of the specified occupation portion of the mutual aid pension program, was ¥6,354 million for the year ended March 31, 2016.

## (2) Defined Benefit Plans

## 1) Changes in retirement benefit obligations

Millions of Yen

Years ended March 31	2016	2015
Balance at the beginning of the year	¥ 2,896,921	¥ 2,895,530
Cumulative effects of changes in accounting policies	—	263,412
Restated balance at the beginning of the year	2,896,921	3,158,943
Service cost	122,445	127,742
Interest cost	17,716	19,243
Actuarial differences	10,980	(10,552)
Benefits paid	(201,660)	(213,843)
Prior service cost	—	(184,859)
Other	425	247
Balance at the end of the year	¥ 2,846,829	¥ 2,896,921

Note: Prior service cost incurred as a result of the change in lump-sum severance indemnity plans to a point system as of April 1, 2015.

## 2) Changes in plan assets

Millions of Yen

Years ended March 31	2016	2015
Balance at the beginning of the year	¥ 638,481	¥ 10,702
Expected return on plan assets	1,460	449
Actuarial differences	14,802	(336)
Contributions paid by the employer	381	640,910
Benefits paid	(62,105)	(13,244)
Balance at the end of the year	¥ 593,019	¥ 638,481

Note: The Company contributed ¥639,944 million from cash and due from banks on January 29, 2015 and has established retirement benefit trusts.

## 3) Balance of retirement benefit obligations, plan assets and liability (asset) for retirement benefits

Millions of Yen

March 31	2016	2015
Funded retirement benefit obligations	¥ 565,590	¥ 628,054
Share of public service pension	555,236	616,162
Share of another public service pension	1,010	1,257
Corporate pension plan	9,343	10,634
Plan assets	(593,019)	(638,481)
Share of public service pension	(582,474)	(626,576)
Share of another public service pension	(810)	(1,030)
Corporate pension plan	(9,734)	(10,874)
	(27,429)	(10,426)
Unfunded retirement benefit obligations	2,281,239	2,268,867
Lump-sum severance indemnity	2,281,239	2,268,867
Net liability (asset) for retirement benefits	¥ 2,253,810	¥ 2,258,440
Liability for retirement benefits	¥ 2,281,439	¥ 2,269,094
Asset for retirement benefits	(27,629)	(10,653)
Net liability (asset) for retirement benefits	¥ 2,253,810	¥ 2,258,440

## 4) Retirement benefit costs

Millions of Yen

Years ended March 31	2016	2015
Service cost	¥ 122,445	¥ 127,742
Interest cost	17,716	19,243
Expected return on plan assets	(1,460)	(449)
Amortization of actuarial differences	(19,176)	(17,192)
Amortization of prior service cost	(26,678)	(13,309)
Other	358	335
Total	¥ 93,205	¥ 116,370

## 5) Adjustments for retirement benefits (before tax effect)

Millions of Yen

Years ended March 31	2016	2015
Prior service cost	¥ (26,678)	¥ 171,549
Actuarial differences	(15,355)	(6,976)
Total	¥ (42,034)	¥ 164,572

## 6) Accumulated adjustments for retirement benefits (before tax effect)

Millions of Yen

March 31	2016	2015
Unrecognized prior service cost	¥ 253,870	¥ 282,212
Unrecognized actuarial differences	131,727	147,808
Total	¥ 385,597	¥ 430,021

## 7) Plan assets

March 31	2016	2015
Bonds	91%	71%
Stocks	0	0
Loans	0	28
Other	9	0
Total	100%	100%

Note: Total plan assets as of March 31, 2016 and 2015 are both comprised 98% of retirement benefit trusts, which were set up for share of public service pension and share of another public service pension.

Current and target asset allocations, historical and expected returns on various categories of plan assets have been taken into consideration in determining the long-term expected rate of return.

## 8) Actuarial assumptions

The principal actuarial assumptions used for the years ended March 31, 2016 and 2015 were as follows:

Years ended March 31	2016	2015
Discount rate	0.2% - 0.7%	0.2% - 0.7%
Long-term expected rate of return on plan assets	0.1% - 2.0%	0.1% - 2.0%

## (3) Defined Contribution Plans

The amounts required to be contributed to the defined contribution plans by certain consolidated subsidiaries were ¥10,118 million and ¥59 million for the years ended March 31, 2016 and 2015, respectively.

## 15. RESERVES RELATED TO REINSURANCE CONTRACTS

Policy reserves, excluding contingency reserve, related to reinsurance contracts with Management Organization for Postal Savings and Postal Life Insurance, are provided at amounts calculated based on the statement of calculation procedures for the insurance subsidiary's insurance premiums and policy reserves. The amounts calculated based on the foregoing procedures are not less than the amounts calculated based on the statement of calculation procedures for the postal life insurance policy reserves in accordance with the Act on Management Organization for Postal Savings and Postal Life Insurance (Act No. 101 of 2005). In addition, contingency reserve and reserve for price fluctuation are provided for the category of insurance.

The policy reserves, excluding contingency reserve, contingency reserve and reserve for price fluctuations provided for the category of reinsurance as of March 31, 2016 and 2015 were as follows:

Millions of Yen

March 31	2016	2015
Policy reserves (excluding contingency reserve)	¥ 46,712,164	¥ 52,156,724
Contingency reserve	2,011,685	2,182,885
Reserve for price fluctuations	635,806	626,849

# 16. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities as of March 31, 2016 and 2015 were as follows:

	Millions of Yen	
March 31	2016	2015
Deferred tax assets:		
Liability for retirement benefits	¥ 864,142	¥ 933,407
Policy reserves	640,360	559,683
Reserve for outstanding claims	45,603	49,850
Reserve for bonuses	31,940	30,856
Reserve for price fluctuations	157,340	134,860
Deferred losses on hedges	185,840	317,483
Tax losses carried forward	243,725	50,061
Other	142,736	96,748
Subtotal	2,311,690	2,172,952
Valuation allowance	(1,124,680)	(998,131)
Total deferred tax assets	1,187,010	1,174,820
Deferred tax liabilities:		
Unrealized gains on available-for-sale securities	(1,652,076)	(2,058,998)
Unrealized gains on assets and liabilities of subsidiaries	(20,249)	—
Other	(29,998)	(23,616)
Total deferred tax liabilities	(1,702,323)	(2,082,614)
Net deferred tax assets (liabilities)	¥ (515,313)	¥ (907,793)

Note: "Tax losses carried forward," which was included in "other" under "deferred tax assets" in the previous fiscal year, is separately presented from the current year due to an increase in materiality. To reflect this change in method of presentation, the notes for the previous year have been reclassified. As a result, ¥146,810 million presented as "other" under "deferred tax assets" in the notes for the previous year has been reclassified into "tax losses carried forward" of ¥50,061 million and "other" of ¥96,748 million.

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes, which, in aggregate, would result in a statutory tax rate of approximately 33.1% for the year ended March 31, 2016, and 35.6% for the year ended March 31, 2015.

Reconciliation of the effective income tax rate reflected in the accompanying consolidated statements of income to the statutory tax rate for the years ended March 31, 2016 and 2015 was as follows:

Years ended March 31	2016	2015
Statutory tax rate	33.1%	35.6%
Permanent non-taxable differences (e.g. non-taxable dividend income)	(0.4)	(0.8)
Changes in valuation allowance	23.9	(3.3)
Reduction in net deferred tax assets and liabilities resulting from tax rate changes	4.3	7.5
Adjustment of book value of stocks of subsidiaries for consolidated tax	(24.4)	—
Other	(1.2)	(0.8)
Effective income tax rate	35.3%	38.2%

During the year ended March 31, 2016, the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 15 of 2016) and Act for Partial Amendment of the Local Tax Act, etc. (Act No. 13 of 2016) were enacted by the Diet on March 29, 2016 and, as a result, income tax rate, etc. were reduced effective from the year beginning on or after April 1, 2016. In accordance with this, the effective statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities has been changed from the previous 32.3%, to 30.9% for the temporary differences likely to be eliminated in the consolidated fiscal year beginning on April 1, 2016 and the consolidated fiscal year beginning on April 1, 2017, and to 30.6% for the temporary differences likely to be eliminated in the consolidated fiscal year beginning on April 1, 2018 and onwards.

As a result, deferred tax assets and liabilities decreased by ¥21,165 million and ¥64,004 million, respectively. In addition, net unrealized gains (losses) on available-for-sale securities increased by ¥81,582 million and

net deferred gains (losses) on hedges decreased by ¥9,901 million, and deferred income taxes increased by ¥29,138 million.

During the year ended March 31, 2015, the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 9 of 2015) and Act for Partial Amendment of the Local Tax Act, etc. (Act No. 2 of 2015) were promulgated on March 31, 2015 and, as a result, income tax rate, etc. was reduced effective from the year beginning on or after April 1, 2015.

As a result, deferred tax assets and liabilities decreased by ¥36,609 million and ¥146,543 million, respectively. In addition, net unrealized gains (losses) on available-for-sale securities increased by ¥199,825 million and net deferred gains (losses) on hedges decreased by ¥32,199 million, and deferred income taxes increased by ¥58,418 million.



## 17. NET ASSETS

## (1) Type and Number of Shares Issued

Year ended March 31, 2016	Thousands of shares			
	April 1, 2015	Increase	Decrease	March 31, 2016
Shares issued:				
Common stock	150,000	4,350,000	—	4,500,000

Note: An increase of 4,350,000 thousand shares of common stock is due to the 30-for-1 common stock split effective August 1, 2015.

Year ended March 31, 2015	Thousands of shares			
	April 1, 2014	Increase	Decrease	March 31, 2015
Shares issued:				
Common stock	150,000	—	—	150,000

## (2) Type and Number of Treasury Stock

Year ended March 31, 2016	Thousands of shares			
	April 1, 2015	Increase	Decrease	March 31, 2016
Treasury stock:				
Common stock	—	383,306	—	383,306

Note: An increase of 383,306 thousand shares of treasury stock is due to the purchases of treasury stock based on the resolution of the Board of Directors' meeting held on October 19, 2015.

There was no treasury stock for the year ended March 31, 2015.

## (3) Information on Dividends

Dividends from retained earnings require approval from the Minister of Internal Affairs and Communications pursuant to the provisions of Article 11 of the Act on Japan Post Holdings Co., Ltd.

## 1) Dividends paid

Dividend paid for the year ended March 31, 2016

Resolution	Class of shares	Total amount (Millions of Yen)	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 15, 2015	Common stock	¥ 50,100	¥ 334.00	March 31, 2015	June 26, 2015

Dividend paid for the year ended March 31, 2015

Resolution	Class of shares	Total amount (Millions of Yen)	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 21, 2014	Common stock	¥ 43,500	¥ 290.00	March 31, 2014	June 25, 2014

## 2) Dividends whose effective date falls after the end of the fiscal year

Dividends whose effective date falls after the end of the year ended March 31, 2016

Resolution	Class of shares	Total amount (Millions of Yen)	Source of dividends	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 13, 2016	Common stock	¥ 102,917	Retained earnings	¥ 25.00	March 31, 2016	June 24, 2016

## 18. OTHER INCOME

Other income for the years ended March 31, 2016 and 2015 consisted of the following:

Years ended March 31	Millions of Yen	
	2016	2015
Gains on sales of fixed assets	¥ 5,529	¥ 4,316
Gains on negative goodwill	849	2,680
Compensation for transfer	2,675	474
Compensation income	215	369
Settlement received	2,825	—
Gains on transfer of business	2,315	—
Reversal of accounts payable	—	1,567
Other	261,664	206,836
Total	¥ 276,076	¥ 216,244

# 19. OTHER EXPENSES

Other expenses for the years ended March 31, 2016 and 2015 consisted of the following:

Millions of Yen

Years ended March 31	2016	2015
Losses on sales and disposal of fixed assets	¥ 7,044	¥ 6,061
Losses on impairment of fixed assets	13,396	5,390
Provision for reserve for price fluctuations	70,100	97,934
Post office refurbishment expenses <sup>1</sup>	36,066	22,071
Provision for reserve for policyholder dividends <sup>2</sup>	178,004	200,722
Other	20,085	21,031
Total	¥ 324,698	¥ 353,213

Notes:

1. In order to prevent further deterioration of facilities and other assets, the Group has invested in construction work and prioritized spending on assets exceeding their economical useful lives.
2. Provision for reserve for policyholder dividends, which is provided for Management Organization for Postal Savings and Postal Life Insurance based on gains or losses and others arising in the category of reinsurance due to the reinsurance contracts with Management Organization for Postal Savings and Postal Life Insurance, was ¥170,458 million and ¥190,363 million for the years ended March 31, 2016 and 2015, respectively.

# 20. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2016 and 2015 were as follows:

Millions of Yen

Years ended March 31	2016	2015
Net unrealized gains (losses) on available-for-sale securities:		
Amount arising during the fiscal year	¥ (752,968)	¥ 2,431,516
Reclassification adjustments	(341,195)	(236,039)
Before tax effect adjustments	(1,094,163)	2,195,476
Tax effect	309,843	(556,689)
Net unrealized gains (losses) on available-for-sale securities	(784,319)	1,638,786
Net deferred gains (losses) on hedges:		
Amount arising during the fiscal year	(9,979)	(369,756)
Reclassification adjustments	379,860	321,616
Adjustments of assets' acquisition costs	7,498	(5,985)
Before tax effect adjustments	377,379	(54,125)
Tax effect	(107,237)	(15,411)
Net deferred gains (losses) on hedges	270,142	(69,537)
Foreign currency translation adjustments:		
Amount arising during the fiscal year	(57,200)	94
Adjustments for retirement benefits:		
Amount arising during the fiscal year	3,821	195,074
Reclassification adjustments	(45,855)	(30,501)
Before tax effect adjustments	(42,034)	164,572
Tax effect	1,093	(4,404)
Adjustments for retirement benefits	(40,940)	160,168
Share of other comprehensive income (loss) of affiliates:		
Amount arising during the fiscal year	(9)	9
Total other comprehensive income (loss)	¥ (612,328)	¥ 1,729,521

## 21. FINANCIAL INSTRUMENTS

### (1) Policy for Handling Financial Instruments

The Group is required to manage financial assets and liabilities owned by Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. in order to avoid volatility due to future interest rate risk and foreign exchange risk, since these assets and liabilities are generally subject to changes in value due to fluctuations in interest.

For this purpose, both companies endeavor to properly manage income and risk by using an asset liability management (ALM) framework, under which the companies enter into derivative transactions such as interest rate swaps and foreign exchange futures.

Derivative transactions are identified as a key hedging method against interest rate risk and foreign exchange risk to our investment assets, and these are not used for speculative purposes.

In addition, from the viewpoint of increasing profitability, both companies also work to invest in risk assets within an acceptable range while at the same time strengthening their risk management structure.

### (2) Features and Risks of Financial Instruments

In the Group, financial assets owned by Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. consist mainly of securities such as domestic and overseas securities, in particular Japanese government bonds, loans, stock investments through money held in trust and others. Such financial assets are exposed to risks including the credit risk of their issuing bodies, interest rate risk and market price fluctuation risk.

From an ALM viewpoint, interest rate swaps are used as a means of hedging future price volatility risk and interest rate risk of securities, loans, fixed term deposits and others in interest rate-related transactions. For currency-related transactions, currency swaps and foreign exchange contracts are used as a means of hedging foreign exchange risk in connection with the translation of foreign currency-denominated assets held by Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. and related yen translation amounts of redemption of principal and interest.

In hedging risk using derivative transactions, the Group applies hedge accounting for transactions meeting certain prescribed requirements in order to limit impacts on financial accounting.

### (3) Risk Management Framework for Financial Instruments

The Group has a basic policy for group risk management whereby basic principles regarding risk management as well as basic matters for which compliance is mandatory for risk management including risk categories to be managed by Group companies are prescribed, and risk management is carried out on a group basis.

The current status of Group company risk management is periodically reported to the management meeting in which the Group's risk management policies and risk management systems are discussed.

For risks such as market risk, credit risk and other types of risk, each company identifies risks that can be quantified and then uses value at risk (VaR), a measure of the maximum expected loss that could occur due to events with a certain probability, and other methods to measure these risks. The Company manages risk by confirming that the amount of risk measured at each of these two companies is suitable in relation to each company's equity capital.

#### 1) Credit risk management

Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. use the VaR method to quantify credit risk exposure, in accordance with the respective rules of the companies on credit risk management. Moreover, to control credit concentration risk, the companies provide credit limits and other criteria for individual companies and corporate groups and supervise these limits during each fiscal year.

#### 2) Management of market risk

##### A) Banking subsidiary

The banking subsidiary invests in domestic and foreign bonds and stocks and others based on the policy of ALM as a banking operation, and these are affected by fluctuations in interest rates, foreign exchange, stock price and others. Therefore the banking subsidiary quantitatively measures market risk using VaR, which is a statistical method, based on its market risk management regulations, and monitors and manages risk by setting limits for market risk and loss so that market risk is within an appropriate amount of capital allocation, as determined by taking into account corporate financial strength such as equity capital.

The major financial instruments affected by fluctuations in risk variables (interest rates, foreign exchange and stock prices) related to major market risks are call loans, monetary claims bought, money held in trust, securities, loans, deposits and derivative transactions.

The banking subsidiary uses the historical simulation method (holding period — 240 business days (equivalent to 1 year); one-sided confidence interval — 99%; and observation period — 1,200 business days (equivalent to 5 years)). An internal model is used for measurement for liabilities. The amount of the market risk (estimated loss) as a whole was ¥1,790,459 million and ¥1,866,712 million as of March 31, 2016 and 2015, respectively. The VaR calculates the market risk quantity at a fixed probability calculated statistically based on past market fluctuations, and accordingly, it may not be able to capture the risk under certain abnormal market fluctuations. In order to provide for such risk, sensitivity testing is implemented using various scenarios.

Matters related to the design and operation of market risk management systems, and implementation of market risk management are reported and discussed regularly at the risk management committee, ALM committee, and management meeting.

In addition, taking into account features of assets with mainly market operation (Japanese government bonds) and liabilities with mainly fixed amount of postal savings, and recognizing the importance of interest rate risk sufficiently, the banking subsidiary implements interest rate risk management using a multifaceted approach, whereby profit or loss simulations are carried out based on various scenarios using ALM, and risks are managed.

The policy of ALM is discussed and determined at the management meeting, and the status of the implementation is reported to the ALM committee and management meeting.

With respect to derivative transactions, the banking subsidiary has created separate departments for the execution of transactions, assessment of hedge effectiveness, and administration, and has established an internal checks and balances function, in accordance with its derivative transaction regulations.

##### B) Insurance subsidiary

The insurance subsidiary categorizes market risk into interest rate risk and market price fluctuation risk in managing market risk. The insurance subsidiary manages interest rate risk by promoting cash flow matching of interest-bearing assets and liabilities denominated in yen and other measures. For market price fluctuation risk, risk of foreign bonds, stocks and others is managed by setting a reference value (market price fluctuation risk is categorized by aggregating credit risk and real estate investment risk) so that each risk quantity does not exceed it.

The risk control supervisory department measures the quantity of market risk, credit risk and real estate investment risk using VaR, and reports to the risk management committee regularly.

##### 3) Management of liquidity risk related to fund raising activities

The banking subsidiary and insurance subsidiary manage liquidity risk related to fund raising activities through the establishment of indexes of fund raising, etc. in accordance with their respective rules.

##### (4) Additional Notes Concerning the Fair Value of Financial Instruments

The fair value of a financial instrument includes prices based on market quotations as well as rationally calculated prices. In calculating prices, certain premises and assumptions are adopted, and the use of different assumptions may lead to changes in pricing.

(5) Fair Values of Financial Instruments

Amounts carried on the consolidated balance sheets, fair values and the difference between them as of March 31, 2016 and 2015 are as follows. Privately held shares and others for which fair values are extremely difficult to determine are not included in the table below.

Millions of Yen

March 31	2016		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and due from banks	¥ 48,258,991	¥ 48,258,991	¥ —
2) Call loans	1,338,837	1,338,837	—
3) Receivables under securities borrowing transactions	10,931,820	10,931,820	—
4) Monetary claims bought	608,659	608,659	—
5) Trading account securities			
Trading securities	187	187	—
6) Money held in trust	5,205,658	5,205,658	—
7) Securities			
Held-to-maturity bonds	94,307,429	104,001,352	9,693,922
Policy-reserve-matching bonds	13,563,423	15,062,160	1,498,737
Available-for-sale securities	99,829,966	99,829,966	—
8) Loans	11,520,487		
Reserve for possible loan losses <sup>1</sup>	(183)		
	11,520,303	12,463,004	942,701
Total assets	¥ 285,565,277	¥ 297,700,638	¥ 12,135,360
1) Deposits	176,090,188	176,544,347	454,159
2) Call money	22,536	22,536	—
3) Payables under securities lending transactions	16,772,037	16,772,037	—
Total liabilities	¥ 192,884,761	¥ 193,338,920	¥ 454,159
Derivative transactions <sup>2</sup>			
Hedge accounting not applied	¥ (45)	¥ (45)	¥ —
Hedge accounting applied	(611,032)	(611,032)	—
Total derivative transactions	¥ (611,078)	¥ (611,078)	¥ —

Millions of Yen

March 31	2015		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and due from banks	¥ 36,406,491	¥ 36,406,491	¥ —
2) Call loans	2,406,954	2,406,954	—
3) Receivables under securities borrowing transactions	11,094,941	11,094,941	—
4) Monetary claims bought	571,100	571,100	—
5) Trading account securities			
Trading securities	104	104	—
6) Money held in trust	4,926,581	4,926,581	—
7) Securities			
Held-to-maturity bonds	110,185,001	116,943,661	6,758,660
Policy-reserve-matching bonds	15,493,208	16,668,447	1,175,238
Available-for-sale securities	96,891,576	96,891,576	—
8) Loans	12,761,331		
Reserve for possible loan losses <sup>1</sup>	(200)		
	12,761,130	13,767,761	1,006,630
Total assets	¥ 290,737,091	¥ 299,677,620	¥ 8,940,529
1) Deposits	175,697,196	176,219,929	522,733
2) Call money	—	—	—
3) Payables under securities lending transactions	17,228,691	17,228,691	—
Total liabilities	¥ 192,925,887	¥ 193,448,620	¥ 522,733
Derivative transactions <sup>2</sup>			
Hedge accounting not applied	¥ 500	¥ 500	¥ —
Hedge accounting applied	(961,309)	(961,309)	—
Total derivative transactions	¥ (960,809)	¥ (960,809)	¥ —

Notes:

1. General reserve for possible loan losses corresponding to loans has been deducted.

2. Derivative transactions recorded in Other assets/Other liabilities are expressed as lump sums. Net receivables and payables arising from derivative transactions are stated at net values, and if the values are negative, they are indicated in parentheses. Additionally, those subject to exceptional treatment for interest rate swaps and the allocation method for forward exchange contracts which requires recognized foreign currency assets or liabilities to be translated using the corresponding foreign exchange contract rates are jointly disclosed with hedged loans and securities. Therefore, their fair values are included in the relevant loans and securities.

Calculation method for fair values of financial instruments is as follows:

#### Assets

- 1) Cash and due from banks  
For funds due from banks with no maturity date, fair value approximates book value, which is therefore used as fair value. For funds due from banks with a maturity date where the contract period is short (within a year), fair value approximates book value, which is therefore used as fair value.
- 2) Call loans and 3) Receivables under securities borrowing transactions  
These are settled within a short-term (one year), and their fair value approximates book value, which is therefore used as fair value.
- 4) Monetary claims bought  
Pricing offered by the broker and other third parties serves as fair value.
- 5) Trading account securities  
The purchase price of the Bank of Japan serves as fair value.
- 6) Money held in trust  
The fair value of securities invested in money held in trust, which is solely entrusted for security trading purposes, is based on the price quoted by the exchange for shares and on the price quoted by the exchange, price of over-the-counter transactions, or prices rationally calculated mutatis mutandis on the basis of market quotations for bonds.  
Notes to money held in trust are provided in Note 4 (4) "Money Held in Trust" in accordance with the purpose of the holdings.
- 7) Securities  
The fair value of securities are based on the price quoted by the exchange, price of over-the-counter transactions, or prices rationally calculated mutatis mutandis on the basis of market quotations.  
Notes on securities by categories based on holding purposes are presented in Note 4 "SECURITIES."
- 8) Loans  
For loans with variable interest rates, which follow market interest rates only over the short-term, fair value approximates book value unless the obligor's credit standing does not significantly differ after the transaction. In such cases, book value serves as fair value. For loans with fixed interest rates, fair value is based on a net discounted present value of future cash flows.  
For loans where amounts are limited to the values of corresponding collateral and which have no fixed date of repayments, book values are used as fair values, because their fair value approximates book value considering the loan terms and conditions.

#### Liabilities

- 1) Deposits  
For demand deposits, the payment amount (book value) if demanded on the consolidated balance sheet date is deemed to be the fair value of such demand deposits. For fixed-term deposits, fair value is based on the net discounted present value of future cash flows, following a division into certain periods. The interest rate applicable to new savings is used as the discount rate.
- 2) Call money and 3) Payables under securities lending transactions  
These are settled within a short-term (one year), and their fair value approximates book value, which is therefore used as fair value.

#### Derivatives

Derivatives consist of interest rate-related transactions (interest rate swaps) and currency-related transactions (exchange contracts and currency swaps, etc.). Fair value is based on the price quoted by the exchange or values obtained from net present value calculations.

The consolidated balance sheet amounts of financial instruments for which fair values are deemed extremely difficult to determine are as shown below; they are not included in "Assets 7) Securities" under information concerning fair values of financial instruments.

Millions of Yen

March 31	2016	2015
Unlisted stocks	¥ 19,520	¥ 24,158
Total	¥ 19,520	¥ 24,158

Note: The above instruments are not included in the scope of fair value disclosures because there are no available market prices and it is extremely difficult to determine their fair values.

Redemption schedule of monetary claims and securities with maturities were as follows:

Millions of Yen

March 31	2016					
	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Due from banks	¥ 47,285,776	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans	1,338,837	—	—	—	—	—
Receivables under securities borrowing transactions	10,931,820	—	—	—	—	—
Monetary claims bought	400,231	59,492	58,419	13,967	4,127	67,636
Securities	25,658,034	39,460,763	31,782,170	31,463,838	17,582,874	32,207,084
Held-to-maturity bonds	16,869,781	19,516,035	9,832,998	17,851,271	5,440,581	24,218,660
Japanese government bonds	14,544,540	14,895,575	7,139,400	15,435,000	3,751,100	22,816,000
Japanese local government bonds	964,355	1,878,440	1,830,429	1,639,609	1,098,602	967,710
Japanese corporate bonds	1,329,052	2,709,542	732,736	776,662	590,879	434,950
Other	31,833	32,478	130,433	—	—	—
Policy-reserve-matching bonds	1,425,492	3,447,125	1,595,580	1,832,354	1,477,381	3,696,200
Japanese government bonds	1,417,700	3,377,900	1,496,900	1,664,200	1,273,200	3,598,100
Japanese local government bonds	7,792	50,394	79,500	122,873	183,464	70,300
Japanese corporate bonds	—	18,831	19,180	45,281	20,717	27,800
Available-for-sale securities with maturities	7,362,760	16,497,601	20,353,592	11,780,213	10,664,911	4,292,224
Japanese government bonds	3,302,183	5,773,061	8,608,120	7,337,310	5,732,365	1,779,800
Japanese local government bonds	389,779	1,574,274	2,384,226	911,776	864,509	29,510
Japanese short-term corporate bonds	205,000	—	—	—	—	—
Japanese corporate bonds	808,226	2,912,353	2,695,895	723,023	737,313	1,712,340
Other	2,657,571	6,237,910	6,665,349	2,808,102	3,330,723	770,573
Loans	2,210,499	2,368,547	2,069,594	1,586,822	1,659,332	1,622,590
Total	¥ 87,825,199	¥ 41,888,802	¥ 33,910,184	¥ 33,064,629	¥ 19,246,334	¥ 33,897,311

Millions of Yen

March 31	2015					
	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Due from banks	¥ 35,387,648	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans	2,406,954	—	—	—	—	—
Receivables under securities borrowing transactions	11,094,941	—	—	—	—	—
Monetary claims bought	419,007	24,768	47,139	15,113	5,224	56,624
Securities	31,116,002	54,167,918	33,030,767	25,554,115	29,957,931	31,390,906
Held-to-maturity bonds	17,313,507	27,145,011	14,840,900	12,022,926	14,488,099	23,854,900
Japanese government bonds	15,595,800	22,606,740	11,170,045	9,369,700	11,637,400	22,527,900
Japanese local government bonds	477,285	1,797,792	1,762,530	2,060,555	1,788,557	926,550
Japanese corporate bonds	1,200,568	2,676,167	1,875,892	494,671	1,062,142	400,450
Other	39,853	64,311	32,433	98,000	—	—
Policy-reserve-matching bonds	1,911,429	4,288,547	1,762,786	1,444,146	2,168,753	3,809,900
Japanese government bonds	1,729,360	4,262,100	1,653,400	1,355,800	1,845,000	3,711,700
Japanese local government bonds	182,069	26,447	86,149	64,313	267,014	70,400
Japanese corporate bonds	—	—	23,237	24,033	56,739	27,800
Available-for-sale securities with maturities	11,891,065	22,734,359	16,427,080	12,087,041	13,301,078	3,726,106
Japanese government bonds	7,032,518	13,963,878	5,829,696	7,068,912	9,492,924	1,887,000
Japanese local government bonds	777,112	1,042,155	1,787,231	1,232,179	510,673	31,608
Japanese short-term corporate bonds	227,000	—	—	—	—	—
Japanese corporate bonds	1,257,525	2,063,884	2,767,354	1,031,755	566,700	1,604,945
Other	2,596,909	5,664,441	6,042,797	2,754,194	2,730,780	202,553
Loans	2,384,422	2,538,616	2,204,470	1,698,606	1,950,641	1,980,256
Total	¥ 82,808,976	¥ 56,731,303	¥ 35,282,376	¥ 27,267,835	¥ 31,913,797	¥ 33,427,788



Redemption schedule of deposits, call money and payables under securities lending transactions were as follows:

Millions of Yen

March 31	2016					
	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits <sup>1</sup>	¥ 80,020,236	¥ 30,948,556	¥ 20,184,082	¥ 18,310,254	¥ 26,627,057	¥ —
Call money	22,536	—	—	—	—	—
Payables under securities lending transactions	16,772,037	—	—	—	—	—
Total	¥ 96,814,809	¥ 30,948,556	¥ 20,184,082	¥ 18,310,254	¥ 26,627,057	¥ —

Millions of Yen

March 31	2015					
	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits <sup>1</sup>	¥ 72,843,879	¥ 25,572,162	¥ 20,968,406	¥ 28,693,665	¥ 27,619,083	¥ —
Call money	—	—	—	—	—	—
Payables under securities lending transactions	17,228,691	—	—	—	—	—
Total	¥ 90,072,570	¥ 25,572,162	¥ 20,968,406	¥ 28,693,665	¥ 27,619,083	¥ —

Note:

1. Demand deposits are included in "Within 1 year."

## 22. DERIVATIVE TRANSACTIONS

### (1) Derivative Transactions to Which the Hedge Accounting Method Is Not Applied

The following tables set forth the contract amount or the amount equivalent to the principal, fair value, and valuation gains (losses) at the end of the fiscal year by transaction type, and calculation method of fair value with respect to derivative transactions to which the hedge accounting method is not applied. Contract amount does not indicate the market risk related to derivative transactions.

#### Currency-Related Derivatives

Millions of Yen

March 31	2016			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Forward foreign exchange:				
Bought	¥ 120,712	¥ —	¥ (45)	¥ (45)
Total			¥ (45)	¥ (45)

Millions of Yen

March 31	2015			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Forward foreign exchange:				
Sold	¥ 7,230	¥ —	¥ (16)	¥ (16)
Bought	120,403	—	516	516
Total			¥ 500	¥ 500

Notes:

1. The above transactions are valued at fair value and the related valuation gains (losses) are accounted for in the consolidated statements of income.

2. Fair value is calculated using discounted present value or other methods.

### (2) Derivative Transactions to Which the Hedge Accounting Method Is Applied

The following tables set forth the contract amount or the amount equivalent to the principal and fair value at the end of the fiscal year by transaction type and hedge accounting method, and calculation method of fair value with respect to derivative transactions to which the hedge accounting method is applied. Contract amount does not indicate the market risk related to derivative transactions.

#### 1) Interest rate-related derivatives

Millions of Yen

March 31	Type of derivative	Major hedged item	2016		
			Contract amount	Contract amount due after 1 year	Fair value
Deferral hedge method	Interest rate swaps:	Securities Loans			
	Receivable fixed rate / Payable floating rate		¥ 13,750	¥ 13,750	¥ 197
	Receivable floating rate / Payable fixed rate		4,032,491	4,010,326	(417,946)
Exceptional treatment for interest rate swaps	Interest rate swaps:	Loans			
	Receivable fixed rate / Payable floating rate		65,500	46,050	— <sup>3</sup>
Total					¥ (417,748)

Millions of Yen

March 31	Type of derivative	Major hedged item	2015		
Hedge accounting method			Contract amount	Contract amount due after 1 year	Fair value
Deferral hedge method	Interest rate swaps: Receivable fixed rate / Payable floating rate	Securities Loans	¥ 13,750	¥ 13,750	¥ 32
	Receivable floating rate / Payable fixed rate		2,940,067	2,940,067	(295,168)
Exceptional treatment for interest rate swaps	Interest rate swaps:  Receivable fixed rate / Payable floating rate	Loans	88,200	65,500	— <sup>3</sup>
Total					¥ (295,135)

Notes:

1. In principle, these derivatives are accounted for using deferred hedge accounting.
2. Fair value of over-the-counter transactions is calculated using discounted present value, option pricing models and other methods.
3. Interest rate swap amounts measured by the exceptional treatment for interest rate swaps are disclosed with the loans that are subject to the hedge. Therefore such fair value is included in the fair value of the relevant loans in Note 21 "FINANCIAL INSTRUMENTS."

## 2) Currency-related derivatives

Millions of Yen

March 31	Type of derivative	Major hedged item	2016		
Hedge accounting method			Contract amount	Contract amount due after 1 year	Fair value
Deferral hedge method	Currency swaps	Securities	¥ 3,651,466	¥ 2,989,550	¥ (200,332)
	Forward foreign exchange	Foreign currency- denominated transactions	80,993	58,775	(28,005)
	Cross currency interest rate swaps		17,164	17,164	1,709
Allocation method	Currency swaps	Securities	59,220	59,220	— <sup>3</sup>
	Forward foreign exchange		39,121	5,863	
Recognition of gain or loss on the hedged item	Forward foreign exchange	Securities	4,380,014	—	33,344
Total					¥ (193,283)

Millions of Yen

March 31	Type of derivative	Major hedged item	2015		
Hedge accounting method			Contract amount	Contract amount due after 1 year	Fair value
Deferral hedge method	Currency swaps	Securities	¥ 2,913,732	¥ 2,118,969	(676,266)
	Forward foreign exchange	Foreign currency- denominated transactions	340,621	80,937	(50,157)
	Currency options		413,350	—	6,130
Allocation method	Currency swaps	Securities	59,220	59,220	— <sup>3</sup>
	Forward foreign exchange		82,388	39,121	
Recognition of gain or loss on the hedged item	Forward foreign exchange	Securities	1,916,428	—	54,120
Total					¥ (666,173)

Notes:

1. In principle, these derivatives are accounted for using deferred hedge accounting.
2. Fair value is calculated using discounted present value and other methods.
3. Forward foreign exchange amounts measured by the allocation method are disclosed with the available-for-sale securities that are subject to the hedge. Therefore such fair value is included in the fair value of the relevant available-for-sale securities in Note 21 "FINANCIAL INSTRUMENTS."

## 23. CONTRACTS

Future payments under system service contracts, which are compound contracts combining hardware, software, communication services, and maintenance, as of March 31, 2016 and 2015 were as follows:

Millions of Yen

March 31	2016	2015
Due within 1 year	¥ 2,173	¥ 3,928
Due after 1 year	139	3,439

## 24. LEASE TRANSACTIONS

### Operating Leases

#### (1) As lessee

Future lease payments under non-cancelable operating leases as of March 31, 2016 and 2015 were as follows:

Millions of Yen

March 31	2016	2015
Due within 1 year	¥ 27,517	¥ 846
Due after 1 year	114,572	860
Total	¥ 142,089	¥ 1,706

## (2) As lessor

Future lease receivables under non-cancelable operating leases as of March 31, 2016 and 2015 were as follows:

Millions of Yen		
March 31	2016	2015
Due within 1 year	¥ 16,548	¥ 12,239
Due after 1 year	56,225	47,499
Total	¥ 72,773	¥ 59,739

## 25. CONTINGENT LIABILITIES

In the event that the Company's consolidated subsidiary cancels all or part of its lease contracts for post offices, the lessors shall be entitled to seek compensation for the cancellation. The amounts of compensation are calculated based on the amounts of uncollectible investment. The possible amounts of compensation as of March 31, 2016 and 2015 were ¥95,561 million and ¥104,372 million, respectively.

Compensation shall not be made in full in the case where the offices are used for purposes other than originally intended, regardless of whether the contracts were cancelled on the side of the Company's subsidiaries.

## 26. BUSINESS COMBINATIONS

## (1) Business Combination by Acquisition

On May 28, 2015 (business combination date), Japan Post Co., Ltd., a consolidated subsidiary of the Company, acquired in exchange of cash 100% of the shares issued of Toll Holdings Limited, which is an Australian leading logistics company engaged in forwarding business, 3PL business, and express business, among others.

Japan Post Co., Ltd. is aiming to grow as a general logistics company which undertakes global logistics business, comprised mainly of business development in the fast-growing Asian market, as well as strengthening domestic business. Through the share acquisition of Toll Holdings Limited, Japan Post Co., Ltd. aims to enhance its global business development while firmly establishing its position in the Asian market in the future.

Pursuant to the business combination, the business results of Toll Holdings Limited are included in the consolidated statements of income of the Company during the period from July 1, 2015 to March 31, 2016 for the year ended March 31, 2016.

The acquisition cost of Toll Holdings Limited was ¥609,317 million, and the advisory fees, etc. for the business combination was ¥1,646 million.

The business combination resulted in goodwill of ¥474,454 million since the acquisition cost exceeded the net amount of acquired assets and assumed liabilities. The goodwill recognized is amortized over a period of 20 years using the straight-line method.

The primary items of acquired assets and assumed liabilities on the date of the business combination consisted of total assets of ¥528,924 million (of which, tangible fixed assets of ¥230,075 million and trademark rights of ¥30,433 million), and total liabilities of ¥390,940 million (of which, bonds and borrowings of ¥228,713 million.)

In addition, the estimated effect on the consolidated statements of income for the year ended March 31, 2016 assuming the business combination was completed on the beginning date of the consolidated fiscal year was income of ¥199,324 million and net income attributable to Japan Post Holdings of ¥(15,647) million. The aforementioned amounts were calculated by reflecting the amount of business results recorded by Toll Holdings Limited and its subsidiaries during April 1, 2015 to June 30, 2015, that includes temporary business reorganization expenses (¥10,260 million), etc., which arose as a result of the acquisition of their shares by the Company and the amount of amortization of goodwill (¥5,841 million), etc. during the comparable period. The aforementioned amounts have not been audited.

## (2) Transactions under common control

Sale of a portion of equity interests in subsidiaries

On November 4, 2015, the Company sold in exchange of cash a portion of its equity interests in Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. which are consolidated subsidiaries (hereinafter referred to as "two financial companies").

Japan Post Bank Co., Ltd. is engaged in the banking business and Japan Post Insurance Co., Ltd. is engaged in the life insurance business.

The Company sold approximately 11% of outstanding shares it held in the two financial companies (with regard to Japan Post Bank Co., Ltd., treasury stock is excluded). As a result, the Company holds approximately 74% (ratio of voting rights accounts for approximately 89% when treasury stock is excluded) and 89% of outstanding shares of Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. respectively, as of March 31, 2016.

In accordance with the Postal Service Privatization Act, the Company is required to dispose its entire equity interests in the two financial companies as early as possible, upon consideration of the condition of business of both companies, impact on fulfilling its obligation to secure universal services and other factors. In compliance with the above effects, the Company plans to start by selling its equity interests in the two financial companies in stages to the extent that its holding ratio is lowered to around 50%.

In addition, in accordance with "Business Combinations Accounting Standard," etc., the transaction is processed as a transaction with non-controlling shareholders of transactions under common control.

The changes in equity of the Company due to transactions with non-controlling shareholders resulted in a decrease in capital surplus of ¥351,922 million for Japan Post Bank Co., Ltd. and a decrease in capital surplus of ¥17,754 million for Japan Post Insurance Co., Ltd.

## 27. SEGMENT INFORMATION

## (1) Outline of Reportable Segments

The Group's reportable segments are categorized based on certain criteria for which discrete financial information is available and reviewed regularly by the management in order to make decisions about resources to be allocated to the segment and assess its performance.

The Group assesses business performance primarily by assessing the performance of each individual consolidated subsidiary and as such recognizes each consolidated subsidiary as an identifiable business segment unit except for Japan Post Co., Ltd. which is classified into postal and domestic logistics business segment and post office business segment. The Group determines its reportable segments by aggregating business segment units with similar economic characteristics, market selling products and services, customer type and other factors.

The Group's reportable segments are (1) postal and domestic logistics business and (2) post office business operated mainly by Japan Post Co., Ltd., (3) international logistics business operated mainly by Toll, (4) banking business operated mainly by Japan Post Bank Co., Ltd., and (5) life insurance business operated mainly by Japan Post Insurance Co., Ltd.

In connection with acquisition of the shares of Toll, the Company renamed postal and logistics business segment as the "postal and domestic logistics business segment" and established the new reportable segment of "international logistics business segment" from the year ended March 31, 2016. Segment information for the year ended March 31, 2015 has been rearranged in accordance with the revised classification method.

## (2) Method of Calculating Income, Profit and Loss, and Assets and Other Items by Reportable Segment

Accounting policies applied to the reportable segments are the same as those described in Note 2 "SIGNIFICANT ACCOUNTING POLICIES." Intersegment income is determined based on market prices or total cost.

## (3) Selected Financial Information on Reportable Segment

Millions of Yen

Year ended March 31	2016							
	Reportable segment						Other	Total
	Postal and domestic logistics	International logistics	Post office	Banking	Life insurance	Total		
Income:								
Income from third parties	¥ 1,894,635	¥ 544,491	¥ 182,785	¥ 1,967,489	¥ 9,605,645	¥ 14,195,048	¥ 58,321	¥ 14,253,369
Intersegment income	57,061	—	1,188,453	1,497	98	1,247,110	304,247	1,551,358
Total	¥ 1,951,696	¥ 544,491	¥ 1,371,239	¥ 1,968,987	¥ 9,605,743	¥ 15,442,158	¥ 362,569	¥ 15,804,727
Segment profit	¥ 23,724	¥ 13,796	¥ 40,561	¥ 481,974	¥ 411,504	¥ 971,561	¥ 233,511	¥ 1,205,073
Segment assets	1,959,853	883,830	2,811,319	207,056,112	81,545,182	294,256,298	8,472,605	302,728,904
Other items:								
Depreciation and amortization	66,409	20,904	37,293	36,666	36,700	197,973	16,491	214,465
Amortization of goodwill	—	16,060	—	—	—	16,060	126	16,186
Interest and dividend income	615	429	559	1,731,217	1,308,679	3,041,500	538	3,042,039
Interest expenses	666	3,864	8	374,928	4,370	383,838	0	383,838
Equity in earnings (losses) of affiliates	—	969	125	(23)	—	1,070	—	1,070
Gains on sales of fixed assets	96	3,258	441	—	341	4,138	1,391	5,529
Gains on negative goodwill	—	—	849	—	—	849	—	849
Losses on sales and disposal of fixed assets	2,314	98	1,647	1,103	1,747	6,911	147	7,059
Losses on impairment of fixed assets	237	—	3,330	5	—	3,573	9,827	13,401
Provision for reserve for price fluctuations	—	—	—	—	70,100	70,100	—	70,100
Post office refurbishment expenses	—	—	—	—	—	—	36,066	36,066
Provision for reserve for policyholder dividends	—	—	—	—	178,004	178,004	—	178,004
Income taxes	2,314	1,728	2,914	155,819	77,096	239,873	(3,263)	236,610
Investments in affiliates accounted for by the equity method	—	—	1,332	1,457	—	2,790	—	2,790
Increase in tangible fixed assets and intangible fixed assets	169,983	24,925	78,715	36,609	82,136	392,369	45,471	437,841

Year ended March 31	2015							
	Reportable segment						Other	Total
	Postal and domestic logistics	International logistics	Post office	Banking	Life insurance	Total		
Income:								
Income from third parties	¥ 1,816,551	¥ —	¥ 139,979	¥ 2,077,038	¥ 10,168,044	¥ 14,201,613	¥ 57,228	¥ 14,258,842
Intersegment income	54,752	—	1,162,106	1,260	1,197	1,219,317	243,148	1,462,465
Total	¥ 1,871,304	¥ —	¥ 1,302,086	¥ 2,078,298	¥ 10,169,241	¥ 15,420,930	¥ 300,376	¥ 15,721,307
Segment profit	¥ 1,820	¥ —	¥ 22,832	¥ 569,609	¥ 492,625	¥ 1,086,888	¥ 150,221	¥ 1,237,110
Segment assets	2,403,390	—	3,123,755	208,179,406	84,915,012	298,621,565	9,143,925	307,765,491
Other items:								
Depreciation and amortization	60,708	—	35,023	34,601	35,224	165,557	15,121	180,679
Amortization of goodwill	—	—	8	—	—	8	0	8
Interest and dividend income	1,100	—	606	1,893,273	1,365,796	3,260,776	244	3,261,020
Interest expenses	42	—	14	356,780	4,298	361,136	3	361,139
Equity in earnings (losses) of affiliates	—	—	(681)	119	—	(561)	—	(561)
Gains on sales of fixed assets	660	—	175	3,008	—	3,845	471	4,316
Gains on negative goodwill	—	—	2,680	—	—	2,680	—	2,680
Losses on sales and disposal of fixed assets	1,485	—	1,205	1,446	1,432	5,569	858	6,427
Losses on impairment of fixed assets	203	—	3,601	17	—	3,822	1,573	5,395
Provision for reserve for price fluctuations	—	—	—	—	97,934	97,934	—	97,934
Post office refurbishment expenses	—	—	—	—	—	—	22,071	22,071
Provision for reserve for policyholder dividends	—	—	—	—	200,722	200,722	—	200,722
Income taxes	(5,021)	—	5,023	201,599	111,213	312,814	(15,008)	297,805
Investments in affiliates accounted for by the equity method	—	—	1,168	1,031	—	2,200	—	2,200
Increase in tangible fixed assets and intangible fixed assets	84,628	—	62,339	61,973	107,262	316,204	33,080	349,284

## Notes:

- Income is presented instead of net sales, which is the typical method of presentation for companies in other industries.
- Other business includes the hotel business and the hospital business. Segment profit in other business includes dividend income from subsidiaries and affiliates recorded by the Company in the amount of ¥209,245 million and ¥119,517 million for the years ended March 31, 2016 and 2015, respectively.

## (4) Reconciliation of Amounts Reported on Reportable Segments and Consolidated Financial Statements

## 1) Reconciliation of amounts reported on reportable segments and on the consolidated statements of income

Millions of Yen

Years ended March 31	2016	2015
Total income of reportable segments	¥ 15,442,158	¥ 15,420,930
Income of other business	362,569	300,376
Eliminations of intersegment transactions	(1,551,358)	(1,462,465)
Adjustments	4,171	—
Gains on sales of fixed assets	5,529	4,316
Gains on negative goodwill	849	2,680
Compensation for transfer	2,675	474
Compensation income	215	369
Settlement received	2,825	—
Gains on transfer of business	2,315	—
Reversal of accounts payable	—	1,567
Other	789	31
Total income on the consolidated statements of income	¥ 14,272,742	¥ 14,268,281

## Notes:

- Income is presented instead of net sales, which is the typical method of presentation for companies in other industries.
- "Adjustments" are due to differences in the calculation methods used for income for the international logistics business segment and the consolidated statements of income, etc.

## 2) Reconciliation between total segment profit of reportable segments and income before income taxes on the consolidated statements of income

Millions of Yen		
Years ended March 31	2016	2015
Total segment profit of reportable segments	¥ 971,561	¥ 1,086,888
Segment profit in other business	233,511	150,221
Eliminations of intersegment transactions	(216,058)	(121,286)
Adjustments	(22,773)	—
Subtotal	¥ 966,240	¥ 1,115,823
Gains on sales of fixed assets	5,529	4,316
Gains on negative goodwill	849	2,680
Compensation for transfer	2,675	474
Compensation income	215	369
Settlement received	2,825	—
Gains on transfer of business	2,315	—
Reversal of accounts payable	—	1,567
Losses on sales and disposal of fixed assets	(7,044)	(6,061)
Losses on impairment of fixed assets	(13,396)	(5,390)
Provision for reserve for price fluctuations	(70,100)	(97,934)
Post office refurbishment expenses	(36,066)	(22,071)
Provision for reserve for policyholder dividends	(178,004)	(200,722)
Other	(5,095)	(12,730)
Income before income taxes on the consolidated statements of income	¥ 670,943	¥ 780,319

Note: "Adjustments" are due to amortization of goodwill of ¥(17,110) million, etc. recognized in the international logistics business segment and other items.

## 3) Reconciliation between total segment assets of reportable segments and total assets on the consolidated balance sheets

Millions of Yen		
March 31	2016	2015
Total segment assets of reportable segments	¥ 294,256,298	¥ 298,621,565
Segment assets in other business	8,472,605	9,143,925
Eliminations of intersegment transactions	(10,781,823)	(11,915,696)
Total assets on the consolidated balance sheets	¥ 291,947,080	¥ 295,849,794

## 4) Reconciliation between other items on reportable segments and the amounts of items equivalent to those items on the consolidated financial statements

Millions of Yen				
Year ended March 31	2016			
	Total of reportable segments	Other	Reconciliations	Amount on consolidated financial statements
Depreciation and amortization	¥ 197,973	¥ 16,491	¥ (125)	¥ 214,340
Amortization of goodwill	16,060	126	—	16,186
Interest and dividend income	3,041,500	538	(514)	3,041,524
Interest expenses	383,838	0	(514)	383,324
Equity in earnings (losses) of affiliates	1,070	—	—	1,070
Gains on sales of fixed assets	4,138	1,391	—	5,529
Gains on negative goodwill	849	—	—	849
Losses on sales and disposal of fixed assets	6,911	147	(14)	7,044
Losses on impairment of fixed assets	3,573	9,827	(4)	13,396
Provision for reserve for price fluctuations	70,100	—	—	70,100
Post office refurbishment expenses	—	36,066	—	36,066
Provision for reserve for policyholder dividends	178,004	—	—	178,004
Income taxes	239,873	(3,263)	—	236,610
Investments in affiliates accounted for by the equity method	2,790	—	—	2,790
Increase in tangible fixed assets and intangible fixed assets	392,369	45,471	(701)	437,139



Millions of Yen

Year ended March 31	2015			
	Total of reportable segments	Other	Reconciliations	Amount on consolidated financial statements
Depreciation and amortization	¥ 165,557	¥ 15,121	¥ (98)	¥ 180,580
Amortization of goodwill	8	0	—	8
Interest and dividend income	3,260,776	244	(719)	3,260,301
Interest expenses	361,136	3	(719)	360,420
Equity in earnings (losses) of affiliates	(561)	—	—	(561)
Gains on sales of fixed assets	3,845	471	—	4,316
Gains on negative goodwill	2,680	—	—	2,680
Losses on sales and disposal of fixed assets	5,569	858	(365)	6,061
Losses on impairment of fixed assets	3,822	1,573	(4)	5,390
Provision for reserve for price fluctuations	97,934	—	—	97,934
Post office refurbishment expenses	—	22,071	—	22,071
Provision for reserve for policyholder dividends	200,722	—	—	200,722
Income taxes	312,814	(15,008)	—	297,805
Investments in affiliates accounted for by the equity method	2,200	—	—	2,200
Increase in tangible fixed assets and intangible fixed assets	316,204	33,080	(567)	348,717

## (5) Information on Amortization and Unamortized Balance of Goodwill by Reportable Segment

Millions of Yen

Year ended March 31	2016							
	Reportable segment						Other	Total
	Postal and domestic logistics	International logistics	Post office	Banking	Life insurance	Total		
Amortization of goodwill	¥ —	¥ 16,060	¥ —	¥ —	¥ —	¥ 16,060	¥ 126	¥ 16,186
Unamortized balance of goodwill	—	411,164	—	—	—	411,164	3,221	414,385

The amount of amortization of goodwill for the year ended March 31, 2015 is described in (3) Selected Financial Information on Reportable Segment of Note 27 "SEGMENT INFORMATION." There was no material unamortized balance of goodwill as of March 31, 2015.

## (6) Information on Gains on Negative Goodwill by Reportable Segment

The post office business segment recorded gains on negative goodwill of ¥849 million for the year ended March 31, 2016 due to the acquisition of the stock of JP General Insurance Agency Co., Ltd.

The post office business segment recorded gains on negative goodwill of ¥2,680 million for the year ended March 31, 2015 due to the acquisition of the stock of Japan Post Office Support Co., Ltd. and other companies.

## (7) Supplemental Information

## 1) Information by services

This information is omitted because similar information has been presented above for the years ended March 31, 2016 and 2015.

## 2) Information by geographic region

## A) Income

This information is omitted because income to customers in Japan exceeded 90% of income in the consolidated statements of income for the years ended March 31, 2016 and 2015.

## B) Tangible fixed assets

This information is omitted because the balance of tangible fixed assets in Japan exceeded 90% of the total balance on the consolidated balance sheets for the years ended March 31, 2016 and 2015.

## 3) Information by major customer

This information is omitted because no customer accounted for 10% or more of income in the consolidated statements of income for the years ended March 31, 2016 and 2015.

## 28. PER SHARE DATA

Yen

March 31	2016	2015
Net assets per share	¥ 3,327.37	¥ 3,399.74

Yen

Years ended March 31	2016	2015
Net income per share	¥ 97.26	¥ 107.26

## Notes:

1. Diluted net income per share is not presented for the years ended March 31, 2016 and 2015 as potential common stock did not exist.

2. The Company implemented a 30:1 stock split effective August 1, 2015, and net assets per share and net income per share for the years ended March 31, 2016 and 2015 have been calculated assuming the stock split was implemented on April 1, 2014.

3. Net assets per share is calculated based on the following:

Millions of Yen		
March 31	2016	2015
Net assets	¥ 15,176,088	¥ 15,301,561
Amount deducted from net assets:		
Non-controlling interests	1,478,338	2,728
Net assets attributable to common stock at the fiscal year-end	¥ 13,697,749	¥ 15,298,833

Thousands of shares		
March 31	2016	2015
Number of common stock at the fiscal year-end used for the calculation of net assets per share	4,116,694	4,500,000

4. Net income per share is calculated based on the following:

Millions of Yen		
Years ended March 31	2016	2015
Net income attributable to Japan Post Holdings	¥ 425,972	¥ 482,682
Amount not attributable to common stockholders	—	—
Net income attributable to common stock	¥ 425,972	¥ 482,682

Thousands of shares		
Years ended March 31	2016	2015
Average number of common stock outstanding during the year	4,379,562	4,500,000

Effective from the year ended March 31, 2016, with respect to the application of the Business Combinations Accounting Standard and other pronouncements, the Company has made transitional provisions in accordance with these accounting standards.

As a result, net income per share increased by ¥83.91 for the year ended March 31, 2016. The effect on net assets per share as of March 31, 2016 is immaterial.

Effective from the year ended March 31, 2015, with respect to the application of the Retirement Benefits Accounting Standard and Guidance on Retirement Benefits, the Company has adopted provisions stated in main clause of Paragraph 35 of the Retirement Benefits Accounting Standard and the main clause Paragraph 67 of the Guidance on Retirement Benefits, and has made transitional provisions in accordance with Paragraph 37 of the Retirement Benefits Accounting Standard.

As a result, net assets per share decreased by ¥57.10 at the beginning of the year ended March 31, 2015 while net income per share increased by ¥2.32 for the year ended March 31, 2015.

## 29. SUBSEQUENT EVENTS

None.



## Independent Auditor's Report

To the Board of Directors of JAPAN POST HOLDINGS Co., Ltd.:

We have audited the accompanying consolidated financial statements of JAPAN POST HOLDINGS Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2016 and 2015, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of JAPAN POST HOLDINGS Co., Ltd. and its consolidated subsidiaries as at March 31, 2016 and 2015, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

*KPMG AZSA LLC*

June 23, 2016  
Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

## Capital Adequacy

### Matters for Disclosure Concerning Composition of Capital

Capital structure

Consolidated capital adequacy ratio (domestic standard)

(Millions of yen)

Item	2016 (As of March 31, 2016)	Amounts excluded under transitional arrangements	2015 (As of March 31, 2015)	Amounts excluded under transitional arrangements
Core Capital: Instruments and reserves				
Directly issued qualifying common stock or preferred stock mandatorily converted into common stock capital plus related capital surplus and retained earnings	¥ 9,899,641		¥ 10,692,093	
of which: capital and capital surplus	7,652,655		8,003,856	
of which: retained earnings	3,091,178		2,738,337	
of which: treasury stock (deduction)	730,964		—	
of which: cash dividends to be paid (deduction)	113,228		50,100	
of which: other than those above	—		—	
Accumulated other comprehensive income (amount allowed to be included in Core Capital)	93,265		83,442	
of which: foreign currency translation adjustments	(56,856)		160	
of which: remeasurements of defined benefit plans	150,121		83,282	
Subscription rights to common stock and preferred stock with a compulsory conversion clause	—		—	
Adjusted non controlling interests (amount allowed to be included in Core Capital)	137,529		—	
Reserves included in Core Capital: Instruments and reserves	386		418	
of which: general reserve for possible loan losses	386		418	
of which: eligible provisions to expected losses	—		—	
Eligible noncumulative perpetual preferred stock subject to transitional arrangements (amount allowed to be included in Core Capital)	—		—	
Eligible capital instruments subject to transitional arrangements (amount allowed to be included in Core Capital)	—		—	
Capital instruments issued through the measures for capital enhancement by public institutions (amount allowed to be included in Core Capital)	—		—	
45% of land revaluation differences (amount allowed to be included in Core Capital)	—		—	
Non controlling interests included in Core Capital subject to transitional arrangements	802,458		2,455	
Core Capital: instruments and reserves (A)	10,933,281		10,778,410	
Core Capital: regulatory adjustments				
Total intangible fixed assets (excluding those relating to mortgage servicing rights)	468,990	81,906	20,088	80,344
of which: goodwill (including those equivalent)	414,385	—	2	—
of which: other intangible fixed assets other than mortgage servicing rights	54,604	81,906	20,086	80,344
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	1,413	2,119	—	—
Shortfall of eligible provisions to expected losses	—	—	—	—
Securitization gain on sale	—	—	—	—
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—	—	—
Defined-benefit pension fund net assets	7,667	11,500	1,439	5,759
Investments in own shares (excluding those reported in the Net Assets section)	45	68	—	—
Reciprocal cross-holdings in common equity	—	—	—	—
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (hereinafter referred to as "Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	—	—	—	—

(Millions of yen)

Item	2016 (As of March 31, 2016)	Amounts excluded under transitional ar- rangements	2015 (As of March 31, 2015)	Amounts excluded under transitional ar- rangements
Amount exceeding the 10% threshold on specified items	—	—	—	—
of which: significant investments in the common stock of Other Financial Institutions	—	—	—	—
of which: mortgage servicing rights	—	—	—	—
of which: deferred tax assets arising from temporary differences	—	—	—	—
Amount exceeding the 15% threshold on specified items	—	—	—	—
of which: significant investments in the common stock of Other Financial Institutions	—	—	—	—
of which: mortgage servicing rights	—	—	—	—
of which: deferred tax assets arising from temporary differences	—	—	—	—
Core Capital: regulatory adjustments (B)	478,116		21,528	
Total core capital				
Total core capital ((A) - (B)) (C)	10,455,164		10,756,881	
Risk weighted assets				
Total credit risk-weighted assets	33,958,181		22,963,929	
of which: total amount included in risk-weighted assets subject to transitional ar- rangements	(87,041)		(216,386)	
of which: intangible fixed assets other than goodwill and mortgage servicing rights	81,906		80,344	
of which: deferred tax assets	2,119		—	
of which: Defined-benefit pension fund net assets	11,500		5,759	
of which: significant investments in the capital instruments (excluding common stock) of Other Financial Institutions	(182,637)		(302,490)	
of which: other than those above	68		—	
Market risk equivalent divided by 8%	—		—	
Operational risk equivalent divided by 8%	4,100,795		3,661,278	
Credit risk-weighted assets adjustments	—		—	
Operational risk equivalent adjustments	—		—	
Total amount of risk-weighted assets (D)	38,058,976		26,625,208	
Capital adequacy ratio (consolidated)				
Capital adequacy ratio (consolidated) ((C)/(D))	27.47%		40.40%	

Note 1: The consolidated capital adequacy ratio (domestic standard) is calculated in line with provisions of Article 52-25 of the Banking Act and on the basis of criteria for judging whether a bank holding company's capital adequacy ratio and that of its subsidiaries are appropriate in light of assets held (Financial Services Agency Notice No. 20, 2006, hereinafter referred to as Holding Company Capital Adequacy Ratio Notice). The data is calculated on a consolidated basis and according to the domestic standard.

Note 2: In accordance with Article 15, Paragraph 2 of the Holding Company Capital Adequacy Ratio Notice, Japan Post Insurance Co., Ltd. is not included in the scope of consolidation.

## Qualitative Disclosure

### 1. Scope of consolidation

- (1) Differences and the causes of the relevant differences between companies belonging to the Japan Post Group that calculate the consolidated capital adequacy ratio in accordance with Article 15 of the Financial Service Agency's (FSA) Holding Company Capital Adequacy Ratio Notice and companies that are included in the scope of consolidation in accordance with Regulations for Consolidated Financial Statements

The Company calculates its consolidated capital adequacy ratio as follows. Pursuant to Article 52-25 of the Banking Act, Consolidated capital adequacy ratio is calculated its capital adequacy in accordance with the capital adequacy ratio measurement guidelines, FSA's Notice No. 20, March 27, 2006 (hereinafter referred to as Holding Company Capital Adequacy Ratio Notice), which requires the bank holding company to calculate its capital adequacy based on assessment of the assets of the bank holding company and its subsidiaries. Please refer to page 88 for the names of principal subsidiaries. In accordance with Article 15, the Group is comprised of the following 289 companies (hereafter the "Group") for the purpose of the calculation of the consolidated capital ratio. In accordance with the provisions of Article 15, Paragraph 2 of the Holding Company Capital Adequacy Ratio Notice, Japan Post Insurance Co., Ltd., an insurance subsidiary, is not included in the scope of consolidation.

However, according to the Regulations of Consolidated Financial Statements, the scope of consolidation includes 290 companies, comprising 289 consolidated subsidiaries and Japan Post Insurance Co., Ltd., a Group company.

Further details on Japan Post Insurance Co., Ltd. are presented on pages 42 through 54 and 120 through 125.

- (2) Number of consolidated subsidiaries and names and details of main business activities of principal consolidated subsidiaries within the Group  
As mentioned previously, the Group is composed of the Company and 289 companies under the Holding Company Capital Adequacy Ratio Notice.

Principal consolidated subsidiaries are Japan Post Co., Ltd. and Japan Post Bank Co., Ltd. For details of business activities of the principal consolidated subsidiaries, refer to pages 20 through 41 and 94 through 119 of this report.

- (3) Number of affiliated corporations engaged in financial businesses subject to application of Article 21 of the Holding Company Capital Adequacy Ratio Notice, names of affiliated companies engaged in the relevant financial businesses, total amounts of assets and total amounts of net assets on the balance sheets and details of principal businesses.

None

- (4) Names of companies belonging to the Group that are not included in the scope of consolidation and companies not belonging to the Group that are included in the scope of consolidation, total amounts of assets and total amounts of net assets on the balance sheets and details of principal businesses.

- 1) Companies belonging to the Group that are not included in the scope of consolidation  
None

- 2) Companies not belonging to the Group that are included in the scope of consolidation  
Japan Post Insurance Co., Ltd.

Refer to page 129 of this report for details on the total amount of assets and total amount of net assets for Japan Post Insurance Co., Ltd. and to pages 44 – 51 of this report for details about the company's main business activities.

- (5) Restrictions on transfer of funds and common stock among companies in the holding company group  
None

### 2. Overview of capital instruments (This entire amount or partial amount are referred to as capital instruments and included in basic items of core capital as calculated under Article 14 of Holding Company Capital Adequacy Ratio Notice.)

The Company raises capital through equity financing (issuance of common stock).

### 3. Overview of method for evaluating the level of capital adequacy for the Group

With regard to the current adequacy of capital, the consolidated capital adequacy ratio as of March 31, 2016 calculated in accordance with the Holding Company Capital Adequacy Ratio Notice was 27.47%. This level is substantially higher than the 4% capital adequacy ratio of the domestic standard as the Group maintains adequate management soundness and safety. When calculating the consolidated capital adequacy ratio, the standardized approach is used for credit risk and the basic indicator approach is used for operational risk. A figure for market risk is not included.

\*Japan Post Bank holds most of the assets with risk exposure concerning risk categories for companies belonging to the holding company's group with regard to Holding Company Capital Adequacy Ratio Notice. Consequently, the following section covers primarily risk management at Japan Post Bank.

As a bank holding company, Japan Post Holdings monitors the overall risk management framework at Japan Post Bank. In addition, the holding company supervises risk management for the entire Group in accordance with the Basic Policy for Group Risk Management. Please refer to "9. Japan Post Group Risk and Crisis Management" on pages 80 through 81 for more information about risk management for the Japan Post Group.

### 4. Credit risk

#### (1) Summary of risk management policy and procedures

Credit risk is the risk of incurring a loss due to a decline in the value of assets (including off-balance-sheet assets), or total loss of value due to the deteriorating financial condition of an obligor or to other factors.

Japan Post Bank uses a statistical method called value at risk (VaR) to quantify credit risk exposure. Risk is monitored and managed by establishing a credit line so that the amount of credit risk does not exceed the amount of capital allocated for credit risk, based on the Bank's equity and other resources. In addition, Japan Post Bank performs stress tests to be prepared for an increase in credit concern resulting from big recession in the economy that exceeds the range that can be statistically foreseen.

To control credit concentration risk, Japan Post Bank provides credit limits for individual companies and corporate groups and supervises these limits during each fiscal year.

To provide a system of checks and balances for credit risk management, Japan Post Bank has a Risk Management Department, positioned as a middle management unit, and a Credit Department, positioned as a credit control unit. Within the Bank's organization, these units are independent of front-office and back-office operations.

The Risk Management Department is responsible for the internal credit rating system, self-assessments of loans and other credit risk activities. The Credit Department is responsible for monitoring individual credit accounts, including the assignment of internal credit ratings, monitoring of status of borrowers and overseeing of large borrowers and screening of loans.

The Risk Management Committee, ALM Committee and Executive Committee hold discussions and reach decisions on matters concerning the establishment and operation of credit risk management programs and on credit risk management.

Moreover, Japan Post Bank conducts credit business with the fundamental principles of public welfare, financial soundness and profitability. The Bank has a "Credit Business Regulation" to underpin sound and appropriate credit business activities by all executives and employees, in which the Bank has defined in writing its basic philosophy, behavior guidelines and other items of credit business.

Reserve for possible loan losses is provided for in accordance with the write-off and provision standards from the "Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions" (Japanese Institute of Certified Public Accountants (JICPA), Special Committee for Audits of Banks, etc. Report No. 4). In



accordance with self-assessment standards for assets, all loans are categorized by marketing departments and then audited by independent credit assessment departments.

Japan Post Bank continuously monitors obligors' ability to meet the financial obligations, their financial condition and other factors affecting their credit standing in order to check obligors' credit risk in a timely and suitable manner.

(2) Portfolios where the standardized approach is applied

1) Qualified rating agencies, etc. used in making judgments on risk weights  
When making judgments on risk weight, Japan Post Bank uses the credit ratings of four rating agencies and the Organisation for Economic Co-operation and Development (OECD). The four credit rating agencies are Rating and Investment Information, Inc. (R&I); Japan Credit Rating Agency, Ltd. (JCR); Moody's Investors Service, Inc. (Moody's); and Standard & Poor's Ratings Services (S&P).

For the calculation of the consolidated capital adequacy ratio, Japan Post Holdings also uses the ratings of Fitch Ratings Limited.

2) Qualified rating agencies, etc. used in making judgments on risk weight for each category of exposure

Japan Post Bank uses the following qualified rating agencies, etc. for the following credit risk exposure categories.

When there are ratings from more than one rating agency, Japan Post Bank bases risk weighting decisions on Ministerial Notification of Capital Adequacy Ratio of the FSA's Notice No. 19, March 27, 2006 (hereinafter referred to as "Capital Adequacy Ratio Notice"). Based on this standard, the Bank uses the rating corresponding to the second-smallest risk weighting from among all ratings.

Exposure		Rating agencies
Central governments and central banks	Resident	R&I, JCR, Moody's, S&P
	Non-resident	Moody's, S&P, OECD
Non-central government public sector entities		R&I, JCR, Moody's, S&P
Foreign non-central government public sector entities		Moody's, S&P, OECD
Multilateral Development Banks		Moody's, S&P
Japan Finance Organization for Municipalities		R&I, JCR, Moody's, S&P
Japanese government agencies		R&I, JCR, Moody's, S&P
Three regional public corporations under Japanese local governments		R&I, JCR, Moody's, S&P
Financial institutions and Type I Financial Instruments Business Operators	Resident	R&I, JCR, Moody's, S&P
	Non-resident	Moody's, S&P, OECD
Corporates	Resident	R&I, JCR, Moody's, S&P
	Non-resident	Moody's, S&P
Securitization transactions		R&I, JCR, Moody's, S&P

5. Summary of risk management policy and procedures for credit risk mitigation methods

When calculating the capital adequacy ratio, Japan Post Bank applies "credit risk mitigation methods" prescribed in the Capital Adequacy Ratio Notice. These methods are used to incorporate the risk mitigation effects of collateral, guarantees and other items in the capital adequacy ratio. These methods include qualified financial collateral, the netting of loans and self-deposits, and guaranties, credit derivatives.

■ Types of qualified financial collateral

Japan Post Bank accepts cash, self-deposits and securities as qualified financial collateral.

■ Summary of policy and procedures for valuation and management of collateral

Japan Post Bank uses "the Simple Method" prescribed in the Capital Adequacy Ratio Notice for application of the qualified financial collateral.

There are internal bank procedures to permit the timely disposal or acquisition of qualified financial collateral based on contracts concerning collateral as prescribed in loan agreements, etc.

■ Summary of policy and procedures for offsetting loans and self-deposits and types and scope of applicable transactions

For the use of the netting of loans and self-deposits, as prescribed in the

special terms for netting in the bank transaction agreement, etc., the remaining amount after netting loans and self-deposits is used as the amount of exposure for calculating the capital adequacy ratio.

As of the end of March 2016, Japan Post Bank was not using the offsetting of loans and self deposits.

■ Categories and credit standing of guarantors and major credit derivative counterparties

Principal guarantors are the central governments, etc. to which lower risk weightings than the guaranteed obligations are applied.

Japan Post Bank does not handle credit derivatives that use credit risk mitigation methods.

■ Summary of policy and procedures when using legally binding mutual netting contracts for derivative transactions and transactions with repurchase agreements and categories and scope of applicable transactions

Japan Post Bank considers the results of derivatives transactions, including interest swaps and currency swaps, for which it has concluded effective netting contracts in accordance with the legal systems of each country in which it carries out transactions

■ Information concerning concentrations of credit risk and market risk associated with the use of credit risk mitigation methods

The principal credit risk mitigation methods are qualified financial collateral that use cash and self-deposits and there is no concentration of credit risk and market risk.

6. Summary of risk management policy and procedures for counterparty risk concerning derivative transactions and transactions with long term settlements

(1) Policy on collateral security and reserve calculation, impact in the event of need for provision of additional collateral due to downturn in credit standing of Japan Post Bank

As required, Japan Post Bank enters into contracts for the mitigation of credit risk in which collateral is periodically submitted or received with the derivative transaction counterparty in order to cover rebuilding and other costs. Under the provision of these contracts, a decline in the financial condition of Japan Post Bank may require the provision of additional collateral to the counterparty. However, the Bank believes that the impact would be negligible.

The policy for calculating the allowance for derivative transaction losses is the same as for ordinary balance sheet assets.

(2) Policy for credit lines and allocation of capital for risk exposure

When conducting derivative transactions, Japan Post Bank assigns obligor ratings to all counterparties and provides credit lines in accordance with the rating of each counterparty. These limits are monitored on a daily basis. In addition, to manage credit risk, the balance of credit extended is calculated using the current exposure method, which takes into account the market value of derivatives and future price volatility risk.

The allocation of capital for taking on risk for derivative transactions is almost the same as other transactions.

7. Securitization exposure

(1) Summary of risk management policy and risk characteristics

As an investor, Japan Post Bank is exposed to risks associated with securitization. Just as with investments in other securities, for purchasing, the Bank provides credit limits based on obligor ratings assigned in accordance with the Bank's own thorough examination of underlying assets, the senior/subordinate rights structure, the nature of securitization scheme and other factors. Following a purchase, the Bank monitors any decline in the quality of and changes in the composition of the underlying assets as well as other factors. Also, credit risk with securitization exposure is included in the calculation of credit risk and interest rate risk is included in the calculation of market risk. In addition, the Bank is also aware of market liquidity risk and reports on the state of these risks to the Management Meeting and other bodies.

The procedure concerning re-securitization exposure is the same as for securitization exposure.

(2) Outline of the establishment and state of operation of a system prescribed by Article 227, Paragraph 4-3 to -6 of Holding Company Capital Adequacy Ratio Notice (includes cases of application pursuant to Article 232, Paragraph 2 and Article 280-4, Paragraph 1) of Holding Company Capital Adequacy Ratio Notice.

For securitization exposure risk, Japan Post Bank operates a structure that ascertains on a timely basis information concerning comprehensive risk characteristics and performance. Specifically, the Bank periodically reviews obligor ratings. Additionally, in the event that a decline in the quality of or change in the structure of underlying assets has an impact on obligor ratings, the Bank will provisionally review the obligor ratings.

The procedures concerning re-securitization exposure are the same as for securitization exposure.

- (3) Policies when using securitization transactions as a credit risk mitigation method

Japan Post Bank does not use securitization transactions as a credit risk mitigation method.

- (4) Name of method used to calculate amount of credit risk assets for securitization exposure

Japan Post Bank uses the standardized approach prescribed in the Capital Adequacy Ratio Notice for calculating the amount of credit risk assets for securitization exposure.

- (5) Name of method used for calculating an amount equivalent to market risk of securitization exposure

Not applicable

- (6) Distinguishing types of conduits for securitization and whether the Group is exposed to risks associated with securitization from securitization transactions when using conduits for securitization in executing securitization transactions for third-party assets.

The Japan Post Group does not use conduits for securitization to execute securitization transactions involving third-party assets.

- (7) Among the Group's subsidiaries (excluding consolidated subsidiaries, etc.) and affiliate companies, names of those companies exposed to risk associated with securitization transactions carried out by the Group (including securitization transactions using conduits for securitization)

Not applicable

- (8) Accounting policy on securitized transactions

For the recognition, valuation and accounting treatment of origination and extinguishment of financial assets and liabilities associated with securitized transactions, Japan Post Bank applies ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" (January 22, 1999, Business Accounting Council).

- (9) Name of qualified rating agencies used in making judgments on risk weight for securitization exposure by category

Japan Post Bank uses the ratings of the following credit rating agencies for the calculation of credit risk assets for securitization exposure: Rating and Investment Information, Inc. (R&I); Japan Credit Rating Agency, Ltd. (JCR); Moody's Investors Service, Inc. (Moody's); and Standard & Poor's Ratings Services (S&P).

## 8. Operational risk

- (1) Summary of risk management policy and procedures

The Japan Post Group defines operational risk as the risk of incurring losses caused by inappropriate activity involving business processes, the activities of executives and employees or computer systems, or by external events.

Japan Post Bank has seven categories of operational risk: processing risk, computer system risk, information assets risk, legal risk, human resources risk, tangible assets risk and reputational risk.

Japan Post Bank identifies, assesses, controls, monitors and mitigates risk for each risk category to manage operational risk and to maintain the soundness of operations.

To manage risk, Japan Post Bank identifies risks associated with business operations and evaluates these risks based on the frequency of their occurrence and the scale of the impact on operations. The Bank provides controls in accordance with the importance of each risk, monitors these risks and takes actions as required.

In addition, Japan Post Bank prepares a list of operational risks associated with business processes, products, computer systems and other items. The Bank periodically uses a Risk & Control Self Assessment (RCSA) process to determine the effectiveness of management systems aimed at reducing exposure to these risks. Through RCSA, areas in which risk management needs to be improved and areas in which risk management needs to be reinforced are identified.

- (2) The name of method used for the calculation of an amount equivalent to operational risk

Japan Post Bank uses the "basic indicator approach" with regard to the calculation of an amount equivalent to operational risk.

9. Summary of risk management policy and procedures for investments, shares and other exposure in banking account

Japan Post Bank, which is a company engaged in the banking business that belongs to the Group as prescribed in Holding Company Capital Adequacy Ratio Notice, monitors and manages exposure to investments, stock, and other assets as owned by the bank based on the framework of market risk management and credit risk management. It does so by establishing market risk limits and loss limits so that the amount of market risk does not exceed the amount of capital allocated for market risk, based on the Bank's equity and other resources.

10. Interest rate risk in the banking account

- (1) Summary of risk management policy and procedures

Interest rate risk is the risk of incurring a loss due to interest rate fluctuations and the risk of a decline in earnings or loss resulting from interest rate fluctuations when there is an interest rate or maturity mismatch between assets and liabilities.

At Japan Post Bank, market investments (Japanese government bonds) account for the majority of assets and TEIGAKU deposits account for the majority of liabilities. The Bank has a market risk management system that reflects the characteristics and risk profile of these operations.

When measuring the volume of market risk, Japan Post Bank uses a statistical method called VaR to quantify the amount of market risk. Risk is monitored and managed by establishing market risk limits and loss limits so that the amount of market risk does not exceed the amount of capital allocated for market risk, based on the Bank's equity and other resources. In addition,

Japan Post Bank performs stress tests to be prepared for extreme market volatility that exceeds the range that can be statistically foreseen.

To provide a system of checks and balances for market risk management, Japan Post Bank has established the Risk Management Department, which is positioned as a middle office unit that is independent of front office and back office units.

The Risk Management Committee, ALM Committee and Executive Committee hold discussions and reach decisions concerning matters involving the establishment and operation of the market risk management system and the execution of market risk management.

For reaching proper decisions quickly, daily reports are submitted to senior management concerning the volume of market risk (VaR), compliance with limits for market risk exposure and loss limits for market risk and other items. In addition, Japan Post Bank analyzes risk on a regular basis by using back testing and stress testing and reports the results of these tests to the Executive Committee and other organizational units. These activities are aimed at consistently generating earnings while properly controlling market risk.

- (2) Summary of method for calculating banking account interest rate risk for internal management

Japan Post Bank adopts the historical simulation method for the internal model used to measure the volume of market risk (VaR). The Bank adopts a one-tailed confidence level of 99%, a holding period of 240 business days (one year) and an observation period of 1,200 business days (five years).

Among liquid deposits, for deposits that will not be withdrawn and will remain at the Bank over the long term (so-called core deposits), Japan Post Bank uses a model for estimating outstanding balances and allocation to settlement dates. For time deposits, the Bank performs measurements by using estimated future cash flows based on a model.

## Quantitative Disclosure

1. Among subsidiaries that are Other Financial Institutions (referred to as Other Financial Institutions as prescribed under Article 18, Paragraph 6-1 of Holding Company Capital Adequacy Ratio Notice), names of the companies with shortage in the regulatory required capital and the total amounts of the regulatory required capital shortfall.

Not applicable as of March 31, 2016 and 2015.

### 2. Capital adequacy

(1) Amount of required capital for credit risk (On-balance-sheet items)

(Millions of yen)			
Item		2016 (As of March 31, 2016)	2015 (As of March 31, 2015)
1	Cash	¥ —	¥ —
2	Japanese government and the Bank of Japan	—	—
3	Foreign central governments and central banks	21,632	13,774
4	Bank for International Settlements, etc.	—	—
5	Non-central government public sector entities	—	—
6	Foreign non-central government public sector entities	14,597	5,422
7	Multilateral Development Banks	14	15
8	Japan Finance Organization for Municipalities	2,987	2,863
9	Japanese government agencies	12,983	13,007
10	Three regional public corporations under Japanese local governments	275	213
11	Financial Institutions and Type I Financial Instruments Business Operators	166,817	127,761
12	Corporates	588,473	364,090
13	Small and medium-sized enterprises and individuals	3	4
14	Mortgage loans	—	—
15	Project finance (acquisition of real estate)	22,587	12,350
16	Past-due loans (three months or more)	120,128	31,529
17	Outstanding drafts	—	—
18	Loans guaranteed by Credit Guarantee Corporation, etc.	—	—
19	Loans guaranteed by the Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—
20	Investments in capital and others	50,495	49,491
	of which, exposure to investments	50,495	49,491
	of which, exposure to significant investments	—	—
21	Other than above	318,175	271,998
	of which, exposure to capital instruments other than those corresponding to subject common shares among capital instruments of Other Financial Institutions	83,586	48,914
	of which, exposure related to portions not included in adjustment items among specified items	101,790	111,934
	of which, other exposure	132,799	111,149
22	Securitization transactions (as originator)	—	—
	Re-securitization transactions	—	—
23	Securitization transactions (as investor and other)	3,601	3,748
	Re-securitization transactions	43	59
24	Assets (assets comprised of pooled assets such as funds, etc.) difficult to identify specifically	—	27
25	Amount of items included in risk weighted assets through transitional arrangements	3,823	3,444
26	Amount of items not included in risk weighted assets through transitional arrangements pertaining to exposure concerning capital instruments of Other Financial Institutions	(7,305)	(12,099)
Total		¥ 1,319,293	¥ 887,645

Note: Required capital is calculated using the following formula:  
Credit risk-weighted assets × 4%

(2) Amount of required capital for credit risk (Off-balance-sheet items)

(Millions of yen)			
Item		2016 (As of March 31, 2016)	2015 (As of March 31, 2015)
1	Commitment lines that can be cancelled automatically or unconditionally at any time	¥ —	¥ —
2	Commitment lines with original contracts of one year or less	—	—
3	Short-term trade contingent liabilities	—	—
4	Contingent liabilities arising from specific transactions	—	—
	(principal reimbursement trust deeds with restructuring)	—	—
5	NIF or RUF	—	—
6	Commitment lines with an original duration of one year or longer	—	—
7	Contingent liabilities arising from directly substituted credit	11,832	9,807
	(of which secured with loan guarantees)	1,801	3,463
	(of which secured with securities)	—	—
	(of which secured with drafts)	—	—
	(of which principal reimbursement trust deeds without restructuring)	—	—
	(of which secured with credit derivative protection)	8,031	4,484
8	Assets sold with repurchase agreements or assets sold with right of claim (after deductions)	—	—
	Assets sold with repurchase agreements or assets sold with right of claim (before deductions)	—	—
	Deduction	—	—
9	Futures bought, forward delivery deposits, partially subscribed equity shares, partially subscribed bonds	—	—
10	Securities lending, cash or securities collateral, or sale of securities with repurchase agreement or purchase with resale agreement	10,114	12,493
11	Derivative transactions and long-term settlements transactions	6,827	3,431
	Current exposure method	6,827	3,431
	Derivative transactions	6,823	3,431
	Foreign exchange related transactions	7,832	4,182
	Interest rate related transactions	1,112	599
	Gold related transactions	—	—
	Equity security related transactions	—	—
	Precious metal related transactions (excluding gold)	—	—
	Other commodity related transactions	—	—
	Credit derivative transactions (counterparty risk)	29	35
	Netting effect on credit equivalent amount under close-out netting agreement (deduction)	2,150	1,386
	Long-term settlements transactions	3	0
12	Outstanding transaction	23	32
13	Providing adequate liquidity related to securitization exposure and adequate servicer cash advance	—	—
14	Off-balance-sheet securitization exposure other than the above	—	—
Total		¥ 28,797	¥ 25,764

Note: Required capital is calculated using the following formula:  
Credit risk-weighted assets × 4%

## (3) Total amount of consolidated required capital

(Millions of yen)

Item	2016 (As of March 31, 2016)	2015 (As of March 31, 2015)
Total amount of consolidated required capital	¥ 1,522,359	¥ 1,065,008
Amount of required capital for credit risk	1,358,327	918,557
Assets (on-balance-sheet items)	1,319,293	887,645
Off-balance-sheet transactions, etc.	28,797	25,764
CVA risk equivalent amount	10,235	5,146
Central Counterparty risk exposure	0	—
Amount of required capital for market risk equivalent amount	—	—
Amount of required capital for operational risk equivalent amount	164,031	146,451
Basic indicator approach	164,031	146,451

Note 1: The total amount of consolidated required capital is the denominator of the consolidated capital adequacy ratio x 4%.

Note 2: The amount of required capital for credit risk is the amount of credit risk assets x 4%.

Note 3: The amount of required capital for market risk equivalent amount is not applicable since the Group, based on Article 16 of Holding Company Capital Adequacy Ratio Notice, does not include market risk equivalent amounts in the calculation formulae prescribed under Article 14 of the Notice.

Note 4: The amount of required capital for operational risk equivalent amount is operational risk equivalent amount divided by 8% x 4%.

## 3. Credit risk

## (1) Credit risk exposure by region, industry and customer

(Millions of yen)

Counterparts		2016 (As of March 31, 2016)				
		Loans and deposits	Bonds	Derivatives	Others	Total
Domestic	Sovereigns	¥ 50,464,496	¥ 93,143,723	¥ —	¥ 172,394	¥ 143,780,614
	Financial institutions	42,761,633	11,220,253	150,802	920,271	55,052,960
	Corporates	478,985	5,848,393	—	344,859	6,672,238
	Small and medium-sized enterprises and individuals	—	—	—	202	202
	Project finance (acquisition of real estate)	—	—	—	564,699	564,699
	Others	6,359,408	4,369,874	165	29,783,499	40,512,947
	Domestic total	100,064,523	114,582,245	150,967	31,785,926	246,583,662
Overseas total		72,167	—	—	345,996	418,164
Total		¥ 100,136,690	¥ 114,582,245	¥ 150,967	¥ 32,131,923	¥ 247,001,826

(Millions of yen)

Counterparts		2015 (As of March 31, 2015)				
		Loans and deposits	Bonds	Derivatives	Others	Total
Domestic	Sovereigns	¥ 37,714,526	¥ 117,375,253	¥ —	¥ 44,513	¥ 155,134,293
	Financial institutions	49,068,398	10,571,261	109,574	1,051,527	60,800,760
	Corporates	483,185	5,954,896	—	436,342	6,874,423
	Small and medium-sized enterprises and individuals	—	—	—	240	240
	Project finance (acquisition of real estate)	—	—	—	308,771	308,771
	Others	6,910,343	3,402,367	24	15,569,296	25,882,031
	Domestic total	94,176,453	137,303,778	109,598	17,410,691	249,000,522
Overseas total		900	—	—	5	905
Total		¥ 94,177,353	¥ 137,303,778	¥ 109,598	¥ 17,410,696	¥ 249,001,428

Note 1: All subsidiaries other than Japan Post Bank do not engage in loan operations, in principle, and therefore do not categorize credit by industry sector. Accordingly, a breakdown by customer is presented in the above table.

Note 2: "Domestic" and "overseas" refer to the domicile of the main branch (head office).

Note 3: "Loans and deposits" include loans and bills discounted, due from banks, call loans and off-balance-sheet assets, etc. other than derivatives.

Note 4: "Bonds" include Japanese government bonds, local government bonds, corporate bonds, etc.

Note 5: "Derivatives" include forward foreign exchange and interest rate swaps, etc.

Note 6: "Sovereigns" include central governments, central banks, local governments, etc.

Note 7: "Financial institutions" include the Multilateral Development Banks, Bank for International Settlements, etc., Japan Finance Organization for Municipalities, and Financial institutions and type I financial instruments business operators.

Note 8: "Corporates" include Foreign public-sector entities other than central governments, Japanese government agencies, three regional public corporations under Japanese local governments and corporations, etc.

Note 9: The exposure amount includes balances before the deduction of specific reserve for possible loan losses and after the application of credit risk mitigation methods.

Note 10: The intangible fixed assets and investments in own common shares that are subject to calculation of credit risk asset are not included due to transitional arrangements.

## (2) Credit risk exposure by maturity

(Millions of yen)

Remaining period	2016 (As of March 31, 2016)				
	Loans and deposits	Bonds	Derivatives	Others	Total
1 year or less	¥ 45,565,575	¥ 20,541,970	¥ 13,085	¥ 574,989	¥ 66,695,620
Over 1 year to 3 years	1,026,751	27,551,550	62,927	116	28,641,346
Over 3 years to 5 years	685,517	26,158,300	72,841	29	26,916,688
Over 5 years to 7 years	309,755	26,152,995	2,036	—	26,464,787
Over 7 years to 10 years	1,336,136	11,043,425	75	—	12,379,637
Over 10 years	451,860	3,134,003	—	—	3,585,864
No due date or perpetual	50,761,093	—	—	31,556,788	82,317,881
Total	¥ 100,136,690	¥ 114,582,245	¥ 150,967	¥ 32,131,923	¥ 247,001,826

(Millions of yen)

Remaining period	2015 (As of March 31, 2015)				
	Loans and deposits	Bonds	Derivatives	Others	Total
1 year or less	¥ 51,494,130	¥ 24,506,917	¥ 26,765	¥ 444,261	¥ 76,472,075
Over 1 year to 3 years	1,108,306	41,387,106	46,583	1,002	42,543,000
Over 3 years to 5 years	847,301	25,132,580	31,227	66	26,011,176
Over 5 years to 7 years	233,257	20,057,111	5,021	—	20,295,390
Over 7 years to 10 years	1,135,602	22,999,608	—	—	24,135,211
Over 10 years	968,117	3,220,453	—	—	4,188,571
No due date or perpetual	38,390,636	—	—	16,965,365	55,356,002
Total	¥ 94,177,353	¥ 137,303,778	¥ 109,598	¥ 17,410,696	¥ 249,001,428

Note 1: "Loans and deposits" include loans and bills discounted, due from banks, call loans and off-balance-sheet assets, etc. other than derivatives.

Note 2: "Bonds" include Japanese government bonds, local government bonds, corporate bonds, etc.

Note 3: "Derivatives" include forward foreign exchange and interest rate swaps, etc.

Note 4: The exposure amount includes balances before the deduction of specific reserve for possible loan losses and after the application of credit risk mitigation methods.

Note 5: The exposure amount does not include in intangible fixed assets and investments in own common shares that are subject to calculation of credit risk assets due to transitional arrangements.

## (3) Past-due loans for three months or more exposure by region, industry and customer

(Millions of yen)

Counterparts		2016 (As of March 31, 2016)					2015 (As of March 31, 2015)				
		Loans and deposits	Bonds	Derivatives	Others	Total	Loans and deposits	Bonds	Derivatives	Others	Total
Domestic	Sovereigns	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
	Financial institutions	—	—	—	0	0	—	—	—	—	—
	Corporates	—	—	—	6	6	—	—	—	7	7
	Small and medium-sized enterprises and individuals	—	—	—	72	72	—	—	—	84	84
	Project finance (acquisition of real estate)	—	—	—	—	—	—	—	—	—	—
	Others	—	—	—	3,252	3,252	—	—	—	2,999	2,999
	Domestic total	—	—	—	3,330	3,330	—	—	—	3,092	3,092
Overseas total		—	—	—	—	—	—	—	—	—	—
Total		¥ —	¥ —	¥ —	¥ 3,330	¥ 3,330	¥ —	¥ —	¥ —	¥ 3,092	¥ 3,092

Note 1: "Past-due loans for three months or more" means the payment of principal or interest is past due three months or more from the day following the scheduled payment date.

Note 2: "Domestic" and "overseas" refer to the domicile of the main branch (head office).

Note 3: "Loans and deposits" include loans and bills discounted, due from banks, call loans and off-balance-sheet assets, etc. other than derivatives.

Note 4: "Bonds" include Japanese government bonds, local government bonds, corporate bonds, etc.

Note 5: "Derivatives" include forward foreign exchange and interest rate swaps, etc.

Note 6: "Sovereigns" includes central governments, central banks, local governments, etc.

Note 7: "Financial institutions" include the Multilateral Development Banks, Bank for International Settlements, etc., Japan Finance Organization for Municipalities, and Financial institutions and type I financial instruments business operators.

Note 8: "Corporates" include Foreign public-sector entities other than central governments, Japanese government agencies, three regional public corporations under Japanese local governments and corporations, etc.

Note 9: Exposures of certain subsidiaries are included in "Others" (exposure) under "Others" (counterparts).

Note 10: The exposure amount includes balances before the deduction of specific reserve for possible loan losses and after the application of credit risk mitigation methods.



(4) Year-end balances and changes during the period of general reserve for possible loan losses, specific reserve for possible loan losses, and loan loss reserve for specific overseas countries.

Year-end balance (Millions of yen)			Change during the period (Millions of yen)		
	2016 (As of March 31, 2016)	2015 (As of March 31, 2015)		2016 (From April 1, 2015 to March 31, 2016)	2015 (From April 1, 2014 to March 31, 2015)
General reserve for possible loan losses	¥ 127	¥ 146	General reserve for possible loan losses	¥ (18)	¥ 4
Specific reserve for possible loan losses	—	—	Specific reserve for possible loan losses	—	—
Loan loss reserve for specific overseas countries	—	—	Loan loss reserve for specific overseas countries	—	—

Note 1: Reserve for loan losses related to loans disclosed under the Financial Revitalization Law is listed.

Note 2: General reserve for loan losses is not classified by region, industry and customer.

(5) The amount of write-off of loans by industry and customer

There were no write-offs.

(6) Amount of exposure by risk weight category

Risk weight	2016 (As of March 31, 2016)		2015 (As of March 31, 2015)	
	Rated	Not rated	Rated	Not rated
0%	¥ 149,727,801	¥ 41,687,954	¥ 162,351,236	¥ 45,212,470
2%	—	600	—	—
4%	—	—	—	—
10%	40,635	4,299,343	11,588	4,239,582
20%	21,668,847	34,469	17,392,494	26,709
35%	—	—	—	—
50%	8,793,740	3,023	6,784,315	2,953
75%	—	130	—	155
100%	11,424,767	5,465,531	6,066,956	4,779,622
150%	1,971,216	29,920	524,328	425
250%	765,392	1,088,370	420,798	1,187,688
1,250%	—	—	34	20
Others	78	—	45	—
Total	¥ 194,392,480	¥ 52,609,345	¥ 193,551,798	¥ 55,449,630

Note 1: Ratings are used for those rated by qualified rating agencies in principle.

Note 2: The exposure amount includes balances before the deduction of specific reserve for possible loan losses and after the application of credit risk mitigation methods.

Note 3: Regarding assets to which the Company applies credit risk mitigation techniques for a portion of its exposure, the Group records exposure amounts in weighted categories after the application of credit risk mitigation techniques.

Note 4: Regarding assets to which the Company applied transitional arrangements, the Company records these assets in risk weighted categories in case of that transitional arrangements are not applied.

#### 4. Credit risk mitigation methods

Exposure amount to which credit risk mitigation methods are applied

Item	2016 (As of March 31, 2016)		2015 (As of March 31, 2015)	
	Exposure amount	Composition ratio	Exposure amount	Composition ratio
Eligible financial collateral	¥ 41,378,182	90.80%	¥ 45,879,942	89.91%
Guarantees	4,192,827	9.20%	5,147,144	10.08%
Total	¥ 45,571,010	100.00%	¥ 51,027,087	100.00%

Note 1: Japan Post Bank accepts cash, self-deposits and securities as eligible financial collateral.

Note 2: Principal guarantors are central governments, etc. to which lower risk weight than the guaranteed obligations are applied.

Note 3: The exposure amount included in funds such as investment trusts are not included herein.

## 5. Derivative transactions and long-term settlements transactions

### Derivative transactions and long-term settlements transactions

(Millions of yen)

Item	2016 (As of March 31, 2016)	2015 (As of March 31, 2015)
Aggregate sum of amounts of gross reconstruction costs	¥ 165,476	¥ 75,998
Aggregate sum of gross add-on amounts	255,296	206,950
Gross credit equivalents	420,773	282,948
Foreign exchange related transactions	385,614	252,169
Interest rate related transactions	35,146	30,778
Long-term settlements transactions	12	—
Reduction in credit equivalents through netting (deduction)	269,793	173,350
Net credit equivalents	150,979	109,598
Collateral amount	44,694	15,928
Marketable securities	44,694	15,928
Net credit equivalents (after consideration of effectiveness of risks mitigated by collateral)	¥ 150,979	¥ 109,598

Note 1: Credit equivalents are calculated by the "current exposure method."

Note 2: Regarding derivative transactions and transactions with long-term settlements, only those transactions requiring the calculation of credit equivalents are included.

Note 3: Derivative transactions and transactions with long-term settlements included in funds such as investment trusts are not included herein.

Note 4: Limited to transactions on which gross reconstruction costs are not less than zero.

Note 5: Consideration is being given to the effectiveness of the amount of netting effect on credit equivalents under close-out netting agreements.

Note 6: Credit risk mitigation through collateral is considered through risk weighting, and credit equivalent amounts are not considered.

Note 7: Neither credit derivatives subject to credit equivalent amount calculations nor credit derivatives used to consider the effect of credit risk mitigation methods are available.

Note 8: The amount of netting effect on credit equivalents through netting is equal to an amount that subtracts credit equivalents prior to considerations of credit risk mitigation using collateral from the aggregate sum of amounts of gross reconstruction costs and aggregate sum of gross add-on amounts.

## 6. Securitization exposure

Securitization exposure in which the Group invests:

(1) Securitization exposure and breakdown by type of main underlying assets (excluding re-securitization exposure)

(Millions of yen)

Type of underlying assets	2016 (As of March 31, 2016)	2015 (As of March 31, 2015)
Mortgage loans	¥ 325,379	¥ 390,075
Auto loans	69,926	20,268
Leases	—	—
Accounts receivable	2,038	2,997
Corporate loans	94,575	94,677
Others	37	824
Total	¥ 491,957	¥ 508,842

Note : There are no off-balance-sheet transactions.

(2) Re-securitization exposure and breakdown by type of main underlying assets

(Millions of yen)

Type of underlying assets	2016 (As of March 31, 2016)	2015 (As of March 31, 2015)
Mortgage loans	¥ 2,743	¥ 3,726
Auto loans	—	—
Leases	—	—
Accounts receivable	—	—
Corporate loans	—	—
Others	—	—
Total	¥ 2,743	¥ 3,726

Note : There are no off-balance-sheet transactions.

(3) Balance by risk weight of securitization exposure and amount of required capital (excluding re-securitization exposure)

(Millions of yen)

Risk weight	2016 (As of March 31, 2016)		2015 (As of March 31, 2015)	
	Balance	Required capital	Balance	Required capital
Less than 20%	¥ 94,612	¥ 378	¥ 95,501	¥ 382
20%	397,345	3,178	413,341	3,306
50%	—	—	—	—
100%	—	—	—	—
350%	—	—	—	—
1,250%	—	—	—	—
Total	¥ 491,957	¥ 3,557	¥ 508,842	¥ 3,688

Note 1: There are no off-balance-sheet transactions.

Note 2: Required capital is the amount of credit risk assets × 4%.

(4) Balance by risk weight of re-securitization exposure and amount of required capital

(Millions of yen)

Risk weight	2016 (As of March 31, 2016)		2015 (As of March 31, 2015)	
	Balance	Required capital	Balance	Required capital
Less than 40%	¥ —	¥ —	¥ —	¥ —
40%	2,743	43	3,726	59
100%	—	—	—	—
225%	—	—	—	—
650%	—	—	—	—
1,250%	—	—	—	—
Total	¥ 2,743	¥ 43	¥ 3,726	¥ 59

Note 1: There are no off-balance-sheet transactions.

Note 2: There are no credit risk mitigation methods applied to re-securitization exposures.

Note 3: Required capital is the amount of credit risk assets × 4%.

## 7. Market risk

Not applicable since the Group, based on Article 16 of Holding Company Capital Adequacy Ratio Notice, does not include the amount of market risk equivalent in the calculation formulae prescribed under Article 14 of the Notice.

## 8. Equity exposure in the banking account

(1) Amount carried on the consolidated balance sheet and fair value  
(Millions of yen)

	2016 (As of March 31, 2016)		2015 (As of March 31, 2015)	
	Amount carried on the consolidated balance sheet	Fair value	Amount carried on the consolidated balance sheet	Fair value
Listed equities exposure	¥ —	¥ —	¥ —	¥ —
Investment or equities exposure not corresponding to listed equities exposure	1,463		1,031	
Total	¥ 1,463		¥ 1,031	

Note 1: Exposures for which it is deemed extremely difficult to identify fair value without market quotations are included and therefore these are not disclosed at fair value as well as the method of calculating the fair value of financial instruments.

Note 2: Exposure amount included in funds such as investment trusts are not included. The same applies to the following.

(3) Amounts of valuation gains and losses recognized on the Consolidated Balance Sheet not recognized on the Consolidated Statements of Income  
(Millions of yen)

	2016 (As of March 31, 2016)	2015 (As of March 31, 2015)
Amounts of valuation gains and losses recognized on the Consolidated Balance Sheet not recognized on the Consolidated Statements of Income	¥ —	¥ —

Note: Shares with market quotations are listed.

9. Exposures calculated by credit risk asset supervisory formulae  
Not applicable, since the standardized approach is used.

## 10. Interest rate risk in the banking account

Gains and losses related to interest rate shock or changes in economic value used for management purposes in the Group for managing interest rate risk in the banking account

	2016 (As of March 31, 2016)	2015 (As of March 31, 2015)
Losses in economic value	¥ 598.0	¥ 770.5

Note 1: Interest rate shock range uses 1st and 99th percentiles for interest rate fluctuations based on a holding period of one year and an observation period of five years.

Note 2: Of liquid deposits, for those deposits that will not be withdrawn and will remain at the Bank over the long term (so-called core deposits), the Group uses an internal model for estimating outstanding balances and allocation to settlement dates and calculates interest risk volume.

(2) Gains and Losses on sale or write-off of investment or equity exposures  
(Millions of yen)

	2016 (From April 1, 2015 to March 31, 2016)	2015 (From April 1, 2014 to March 31, 2015)
Gains/Losses	¥ —	¥ —
Gains	—	—
Losses	—	—
Write-off	—	—

Note: Gains and losses on the sale of stock are listed in the Consolidated Statements of Income.

(4) Amounts of valuation gains and losses not recognized on the Consolidated Balance Sheet and the Consolidated Statements of Income  
(Millions of yen)

	2016 (As of March 31, 2016)	2015 (As of March 31, 2015)
Amounts of valuation gains and losses not recognized on the Consolidated Balance Sheet and the Consolidated Statements of Income	¥ —	¥ —

Note: Shares with market quotations of affiliated companies are listed.

## Compensation, etc. Subject to Disclosure

### 1. Matters concerning the establishment of an organizational system for subject executives and employees of the Company (Group)

#### (1) Scope of subject executives and employees

The following describes the scope of "subject executives" and "subject employees" (collectively referred to as "subject executives and employees") who are subject to disclosure as persons having a significant impact on the operation of the banking business and state of assets as prescribed by the notification (Japan Financial Services Agency Notification No. 21 of March 29, 2012) for deciding matters determined separately by the Commissioner of the Financial Services Agency as an item concerning compensation based on provisions of the Ordinance for Enforcement of the Banking Act, Article 19-2, Paragraph 1-6.

##### 1) Scope of "subject executives"

Subject executives are the Company's directors and executive officers. Outside directors are excluded.

##### 2) Scope of "subject employees"

Among Company executives (other than subject executives) and employees as well as executives and employees of subsidiaries, those "persons receiving high amounts of compensation" and who have a significant impact on the management of business operations and the state of assets of the Company or its principal subsidiaries are deemed "subject employees" who are subject to disclosure. The executives and executive officers of Japan Post, Japan Post Bank and Japan Post Insurance (hereafter referred to as three business subsidiaries) shall be deemed "subject employees."

##### (a) Scope of "principal consolidated subsidiaries"

Principal consolidated subsidiaries are consolidated subsidiaries that have a significant impact on Group management. Specifically, the three business subsidiaries are in this category.

##### (b) Scope of "persons receiving high amounts of compensation"

"Persons receiving high amounts of compensation" are those persons receiving compensation exceeding standard amounts from the Company and its principal consolidated subsidiaries. The Company has set the Group standard amount at ¥22 million. The relevant standard amount is set based on the average basic compensation (excludes persons who assume positions or retire from positions during the term in each fiscal year) for the past three years for executives of the Company and Japan Post Bank and this serves as a common standard amount for the Group. However, because there are no large differences in compensation systems and levels for the Company's principal consolidated subsidiaries, these are also applied in common at principal consolidated subsidiaries.

##### (c) Scope of "persons having a significant impact on the management of the Group's business or the state of its assets"

"Persons having a significant impact on the management of the Group's business or the state of its assets" refers to persons who engage in regular business transactions and manage matters that have a considerably significant impact on the management of the Company, the Japan Post Group and its principal consolidated subsidiaries, or persons who would exert a significant impact on the state of assets by incurring losses from business transactions or other matters. Specifically, this refers to executives of principal consolidated subsidiaries or executive officers with authority to execute the business of business departments in accordance with resolutions by the Board of Directors.

#### (2) Determination of compensation for subject executives and employees

##### 1) Determination of compensation for subject executives

The Company has established the Compensation Committee as the body for determining the details of the compensation system and compensation for executives. The Compensation Committee determines policies for deciding details of compensation for the Company's directors and executive officers as well as details of individual compensation. In accordance with the Companies Act, the Compensation Committee is composed of a majority of outside directors. The Committee is independent of the business promotion department and has the authority to decide policies for determining compensation as well as determine individual compensation.

##### 2) Determination of compensation for subject employees

The determination of compensation for executives of principal consolidated subsidiaries who are deemed subject employees is as follows.

##### (a) Japan Post

Executive compensation is determined under a structure whereby

the total amount of executive compensation is determined at the Shareholders' meeting.

Individual allocation of directors' compensation is determined on a resolution by the Board of Directors, according to the total amount decided at the Shareholders' meeting.

Individual allocation of compensation for auditors is determined based on consultation by the auditors.

Compensation for executive officers is determined based on a resolution by the Board of Directors.

##### (b) Japan Post Bank and Japan Post Insurance

Japan Post Bank and Japan Post Insurance have respectively established a Compensation Committee as the body for determining the details of the compensation system and compensation for executives. The Compensation Committee determines policies for deciding details of compensation for each company's directors and executive officers as well as details of individual compensation. In accordance with the Companies Act, the Compensation Committee is composed of a majority of outside directors. The Committee is independent of the business promotion department and has the authority to determine policies for determining compensation as well as determine individual compensation.

#### (3) Determination of compensation for staff of the Risk Management Department and Compliance Department

Compensation for staff of the Risk Management Department and Compliance Department is determined based on salary rules and regulations. Specific amounts paid are decided by determining compensation separate from the sales promotion department by setting amounts based on employee performance evaluations, with the general manager of the relevant departments as the person making final decisions.

Assessment categories of employee performance evaluations encompass assessments of the execution of duties and attainment levels for targets for each job responsibility in the Risk Management Department and Compliance Department. These assessments reflect the level of contribution to the risk management structure and compliance readiness.

#### (4) Total amount of compensation paid to members of the Compensation Committee and number of times the Compensation Committee and other meetings convened

Company name	Name of meeting	Number of times convened (From April 2015 to March 2016)
Japan Post Holdings	Compensation Committee	6 times
Japan Post	Shareholders' meeting	1 time
	Board of Directors	7 times
	Board of Corporate Auditors	3 times
Japan Post Bank	Compensation Committee	8 times
Japan Post Insurance	Compensation Committee	3 times

Note: The total amount of compensation is not listed because this amount cannot be calculated separating only the portion corresponding to compensation for the execution of duties of the Compensation Committee.

### 2. Matters concerning evaluation of the appropriateness of the design and operation of the compensation system for subject executives and employees of the Company (Group)

#### (1) Policies concerning compensation for "subject executives"

The Company determines compensation for the Company's directors according to job responsibilities based on the scope and size of responsibilities for management and other areas. For executive officers, the Company has designed a compensation system that considers job content as an executive officer, personal evaluations and job performance. As a specific executive compensation system, compensation for executives consists of base compensation.

#### (2) Policies concerning compensation for "subject employees"

In determining compensation for Company employees, the Company determines compensation for directors and auditors according to job responsibilities based on the scope and size of responsibilities for management and in other areas. For executive officers and executives, the Company has designed a compensation system that considers job

content as an executive officer or executive, personal evaluations and job performance. As a specific compensation system, compensation consists of base compensation.

The Company determines compensation for employees based on employee evaluations to reflect the degree of attainment of targets and job behavior. As a specific compensation system for employees, compensation is determined based on salary rules and regulations.

3. Matters concerning consistency between the compensation system for subject executives and employees of the Company (Group) and risk management and the link between compensation and performance

In determining compensation for subject executives, the Compensation Committee decides on policies concerning the determination of details of compensation, after which details of compensation for each individual are determined.

In determining compensation for subject employees, compensation for directors and auditors of Japan Post is determined based on resolutions at the Shareholders' meeting, while compensation for executive officers is determined based on resolutions by the Board of Directors. Regarding executives of Japan Post Bank and Japan Post Insurance, the Compensation Committee decides on policies concerning the determination of details of compensation, after which details of compensation for each individual are determined. Compensation for employees is determined based on salary rules and regulations.

Compensation for subject executives and subject employees takes into consideration the state of employee evaluations and the appropriateness of amounts paid without excessive emphasis on performance based systems.

4. Matters concerning the types of compensation for subject executives and employees of the Company (Group), total amount paid and payment method

Total amount of compensation for subject executives and employees (From April 1, 2015 to March 31, 2016)

Classification	Number of persons	Total amount of compensation (Millions of yen)	
		Base compensation	Other
Subject executives (excluding outside executives)	37	764	0
Subject employees	24	638	0

Note 1: Compensation for subject executives is listed including compensation as executives of principal consolidated subsidiaries.

Note 2: Variable compensation (including bonuses) is not applicable.

Note 3: Stock-compensation type stock options are not applicable.

Note 4: The retirement benefits system for directors, auditors, executive officers and executives was discontinued in June 2013 and therefore retirement benefits are not applicable.

5. Other special pertinent matters for reference or other applicable matters other than those specified up to the previous item concerning the systems for compensation for subject executives and employees of the Company (Group)

At the Compensation Committee convened on December 21, 2015, Japan Post Holdings resolved to introduce a performance-based stock compensation system utilizing a trust for its Executive Officers and the Executive Officers and Directors (excluding Directors who are not in charge of business execution) of its subsidiary Japan Post Co., Ltd. (combined with Japan Post Holdings, hereinafter "the Group").

Meanwhile, at the Compensation Committee convened on April 26, 2016, Japan Post Holdings determined the details, including timing of the trust establishment, timing of the share acquisition, and the calculation methods and upper limit of the number of shares to be granted.

The System aims at further enhancing the consciousness of contributions of Executive Officers and Directors toward achieving sustainable growth and enhancing the medium-to-long-term corporate value of the Group through clarification of the linkage between share price and the compensation of Executive Officers and Directors responsible for the business execution of the Group.

## Insurance Claims and Other Payment Abilities of Insurance Holding Companies (Consolidated Solvency Margin Ratio)

(Millions of yen)

Item		2016 (As of March 31, 2016)	2015 (As of March 31, 2015)
Total amount of consolidated solvency margin	(A)	¥ 19,247,504	¥ 20,987,141
Capital stock, etc.		11,376,850	11,106,419
Reserve for price fluctuations		782,268	712,167
Contingency reserve		2,374,846	2,498,711
Catastrophe loss reserve		—	—
General reserve for possible loan losses		458	495
Net unrealized gains (losses) on available-for-sale securities, net deferred gains (losses) on hedges (before taxes) × 90% (if negative, × 100%)		3,803,168	5,802,768
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		81,516	30,289
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)		385,417	430,021
Capital raised through debt financing, Excess of continued Zillmerised reserve		442,977	406,267
Excess of continued Zillmerised reserve		442,977	406,267
Capital raised through debt financing		—	—
Amounts within "excess of continued Zillmerised reserve" and "capital raised through debt financing" not calculated into the margin		—	—
Solvency margin concerning small-amount, short-term insurers		—	—
Deductions		—	—
Others		—	—
Total amount of consolidated risk $\{[(R_1^2+R_5^2)^{1/2}+R_8+R_9]^2+(R_2+R_3+R_7)^2\}^{1/2}+R_4+R_6$	(B)	¥ 3,539,898	¥ 2,589,172
Insurance risk	R <sub>1</sub>	159,046	163,796
General insurance risk	R <sub>5</sub>	—	—
Catastrophe risk	R <sub>6</sub>	—	—
Underwriting risk of third-sector insurance	R <sub>8</sub>	78,262	88,568
Small amount and short-term insurance risk	R <sub>9</sub>	—	—
Anticipated yield risk	R <sub>2</sub>	170,717	184,450
Minimum guarantee risk	R <sub>7</sub>	—	—
Investment risk	R <sub>3</sub>	3,014,609	2,080,203
Business management risk	R <sub>4</sub>	345,743	310,500
Consolidated solvency margin ratio (A)/{(1/2) × (B)}		1,087.4%	1,621.1%

Note 1: The consolidated solvency margin ratio is calculated in accordance with Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Notification No. 23 issued by the Financial Services Agency in 2011.

Note 2: In accordance with Cabinet Office Ordinance No. 16 of 2016, the calculation is made with net deferred gains (losses) on hedges included in the total amount of the solvency margin (for fiscal 2014, listed figures were calculated with the previous standard).



# Performance Data

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# 1. Japan Post Business Performance

## I Postal and Logistics Business Performance

### 1 Consigned Volume of Mail in fiscal year ended March 31, 2016

Fiscal years ended March 31

(Unit: 1,000 items, %)

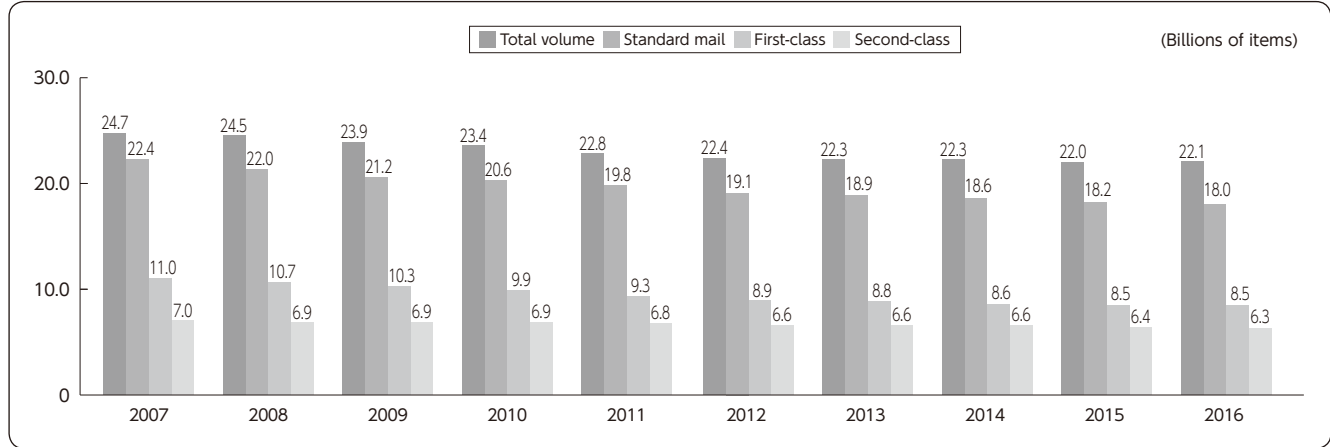
Category	2014		2015		2016	
	Volume	Year-on-year change	Volume	Year-on-year change	Volume	Year-on-year change
Total	22,324,419	(0.1)	22,035,617	(1.3)	<b>22,082,281</b>	<b>0.2</b>
Mail	18,571,775	(1.5)	18,188,628	(2.1)	<b>18,029,855</b>	<b>(0.9)</b>
Domestic	18,524,615	(1.5)	18,142,041	(2.1)	<b>17,980,998</b>	<b>(0.9)</b>
Standard mail	18,054,960	(1.6)	17,661,265	(2.2)	<b>17,426,341</b>	<b>(1.3)</b>
First-class	8,569,925	(2.6)	8,531,556	(0.4)	<b>8,463,874</b>	<b>(0.8)</b>
Second-class	6,640,507	0.5	6,398,122	(3.7)	<b>6,315,097</b>	<b>(1.3)</b>
Third-class	241,483	(4.5)	230,229	(4.7)	<b>220,464</b>	<b>(4.2)</b>
Fourth-class	21,484	(0.9)	19,931	(7.2)	<b>18,802</b>	<b>(5.7)</b>
New Year's postcards	2,532,433	(3.1)	2,431,779	(4.0)	<b>2,351,237</b>	<b>(3.3)</b>
Election mail	49,128	(15.4)	49,648	1.1	<b>56,866</b>	<b>14.5</b>
Special mail	469,655	1.5	480,777	2.4	<b>554,657</b>	<b>15.4</b>
International (dispatched)	47,160	(1.5)	46,587	(1.2)	<b>48,857</b>	<b>4.9</b>
Standard mail	34,548	(8.7)	29,503	(14.6)	<b>24,913</b>	<b>(15.6)</b>
Parcels	1,797	39.0	3,038	69.0	<b>4,758</b>	<b>56.6</b>
EMS	10,815	23.3	14,047	29.9	<b>19,187</b>	<b>36.6</b>
Parcels	3,752,644	7.7	3,846,989	2.5	<b>4,052,425</b>	<b>5.3</b>
Yu-Pack	428,437	12.1	485,044	13.2	<b>513,024</b>	<b>5.8</b>
Yu-Mail	3,324,206	7.2	3,361,944	1.1	<b>3,539,401</b>	<b>5.3</b>

Notes: 1. Sums of individual items may not match totals due to rounding.

2. The number of Yu-Pack parcels includes EXPACK parcels. EXPACK service was discontinued at the end of March 2010.

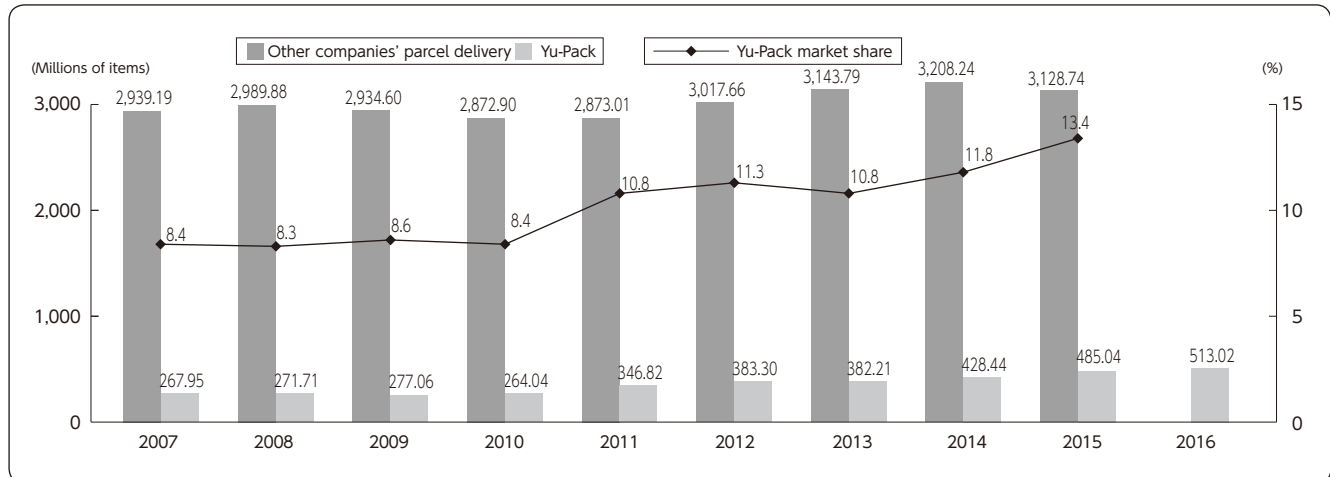
## 2 Total Consigned Volume of Mail

Fiscal years ended March 31



## 3 Yu-Pack and Other Companies' Parcel Delivery Volume and Market Share

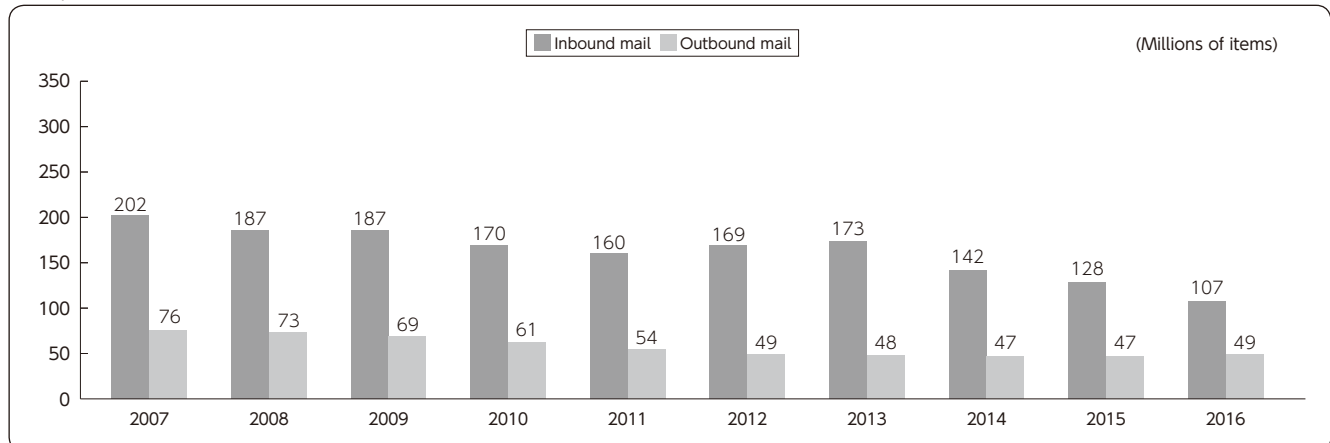
Fiscal years ended March 31



Notes: 1. For fiscal year ended March 31, 2016, other companies' parcel delivery volume has not yet been announced (as of June 30, 2016).  
2. The number of Yu-Pack parcels includes EXPACK parcels.

## 4 Volume of International Mail

Fiscal years ended March 31



## 5 Daily Mail Delivery Volume and Points

Fiscal years ended March 31

	2014	2015	2016
Daily mail delivery volume	About 62 million items	About 61 million items	About 61 million items
Daily delivery points	About 31 million points	About 31 million points	About 30 million points

## 6 Postal Service Quality Survey (Days to Arrival)

Beginning in fiscal 1999, an annual survey has been conducted to determine the percentage of mail delivered within the targeted number of days, with the results made public. The purposes of the survey are to supply accurate information concerning the quality of postal services and further improve the quality of services.

All post offices display a Service Level Table that provides information to the public regarding the times needed for mail to reach its destination. Survey results are shown as the percentage of total items sent that were delivered within the number of days prescribed in the Service Level Table.

### ■ Nationwide Achievement Rate of Average Days to Delivery

Fiscal years ended March 31

	2014	Year-on-year change	2015	Year-on-year change	2016	Year-on-year change
Nationwide average	98.6%	0.1%	98.6%	0.0%	<b>98.6%</b>	<b>0.0%</b>
For mail within the same prefecture	99.0%	0.1%	99.1%	0.1%	<b>98.8%</b>	<b>(0.3)%</b>
For mail to a neighboring prefecture	98.0%	0.0%	97.8%	(0.2%)	<b>98.2%</b>	<b>0.4%</b>
For mail to other prefectures	98.0%	0.2%	98.0%	0.0%	<b>98.6%</b>	<b>0.6%</b>

Note: The percentage of New Year's postcards accepted by December 25, 2015 and delivered on January 1, 2016 reached 99.8% as compared to the target figure of 99.5%.

## 7 Outsourced Operations

In addition to postal operations, Japan Post Co. has documentary stamp sales business activities.

### ■ Documentary Stamp Sales

Sales of documentary stamps for the Japanese national government were as follows.

Fiscal years ended March 31

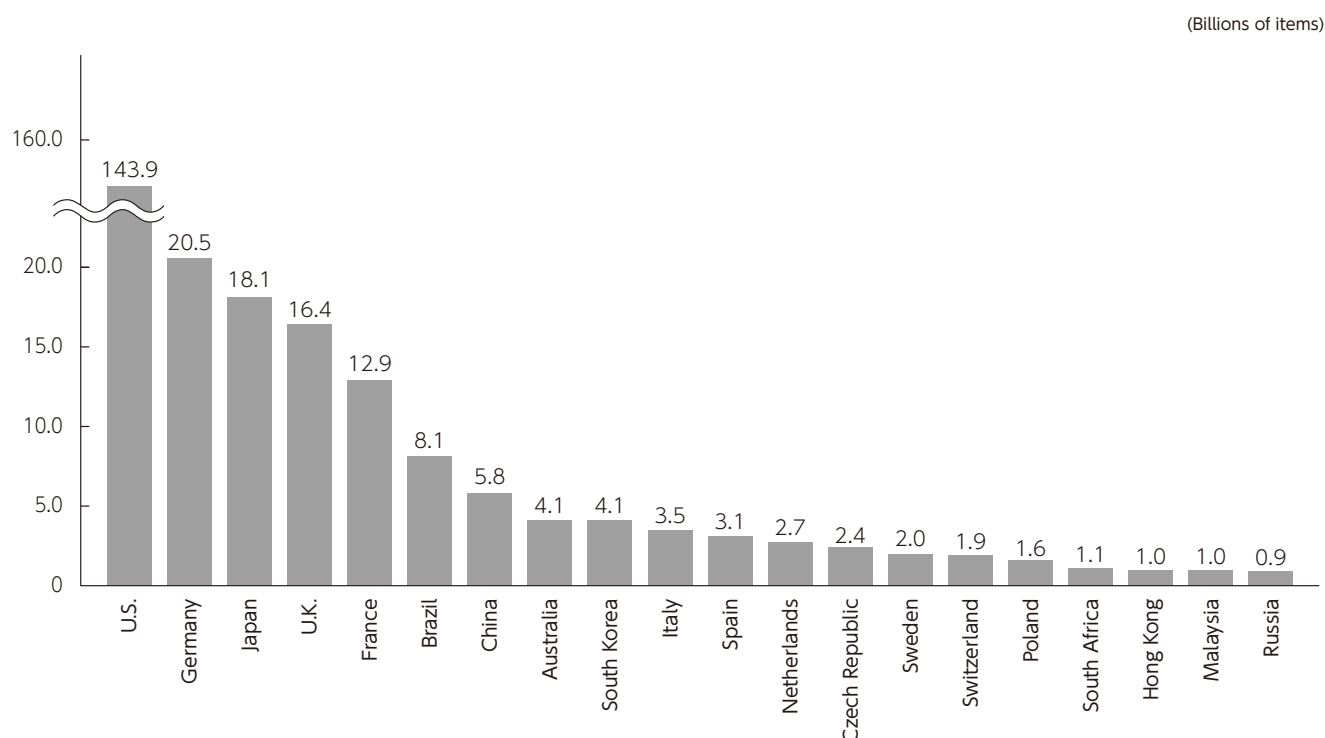
(Millions of yen)

Category	2014	2015	2016
Revenue stamps	829,309	757,658	<b>761,932</b>
Automobile weight tax documentary stamps	666,614	655,200	<b>671,497</b>
Unemployment insurance documentary stamps	480	473	<b>455</b>
Health insurance documentary stamps	3,255	3,600	<b>3,572</b>
Patent documentary stamps	91,711	90,807	<b>94,394</b>
Total	1,591,369	1,507,738	<b>1,531,850</b>

Note: Figures shown are gross sales for each category of documentary stamp. These proceeds are submitted to the Japanese national government after deduction of handling fees (including consumption and other taxes).

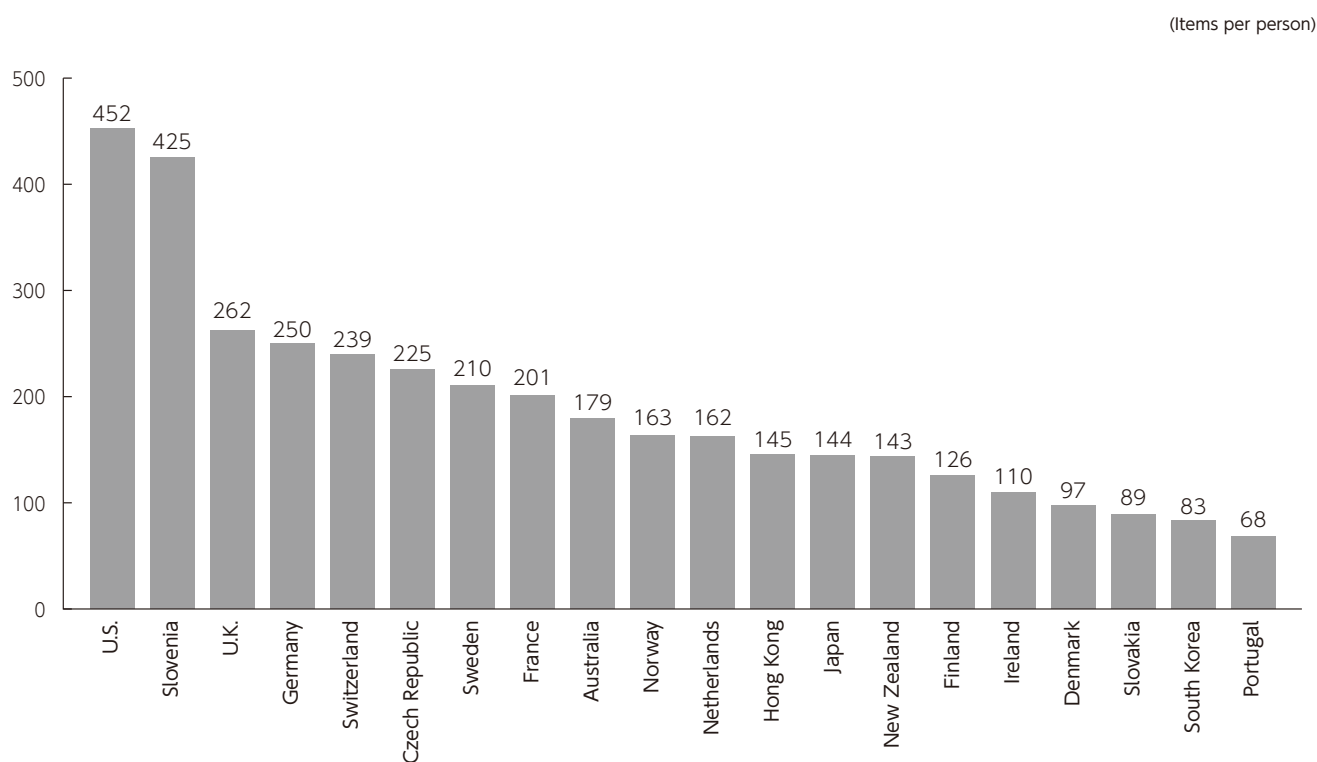
## Reference: Postal Services in Other Countries

### 1. Volume of Mail Received (Top 20 Countries in 2014)



Notes: 1. Source: Universal Postal Union Postal Statistics (2014)  
2. "Mail volume" is the total for all domestic mail items.

### 2. Annual Mail Volume Per Capita (Top 20 Countries in 2014)



Notes: 1. Source: Universal Postal Union Postal Statistics (2014)  
2. "Mail volume" is the total for all domestic mail items.

## Reference: International Comparison of Postage Rates

### ■ Comparison of Domestic Postage Rates

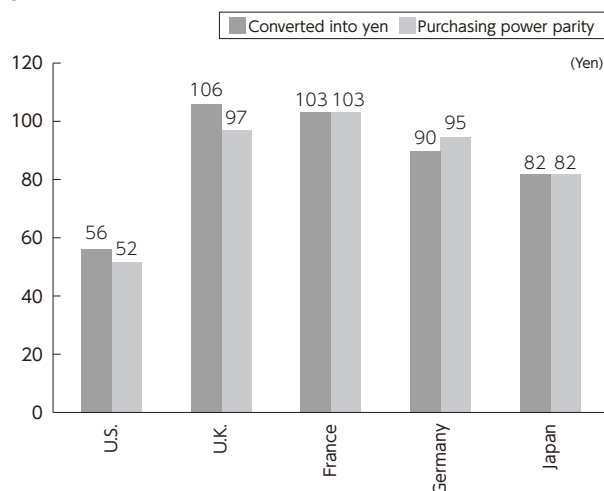
Domestic postage rates (letters and postcards) in Japan are generally lower than major European countries (U.K., France, Germany).

In the United States, postage rates for both domestic letters

and postcards are lower than in Japan. The reason is that the volumes of mail handled in the United States are approximately eight times greater than in Japan (the amount of mail sent per capita is roughly threefold higher), thereby resulting in higher delivery efficiency.

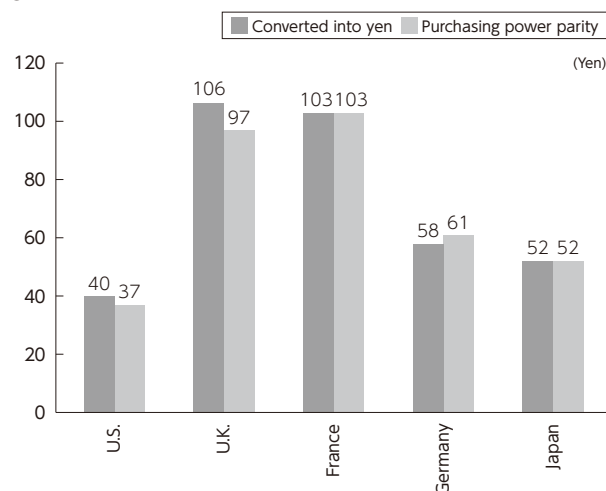
### ■ Comparison of Domestic Letter and Postcard Postage Rates in Selected Countries

#### ● Letter rate



Prepared by Japan Post Co., Ltd. from various publicly disclosed materials

#### ● Postcard rate



Prepared by Japan Post Co., Ltd. from various publicly disclosed materials

	U.S.	U.K.	France	Germany	Japan
Local currency	\$0.49	£0.64	€0.80	€0.70	¥82
Yen equivalent	¥56	¥106	¥103	¥90	¥82
Purchasing power parity	¥52	¥97	¥103	¥95	¥82

Notes: 1. Only Japanese postage rates include consumption tax.

2. Yen conversions use the exchange rate as of March 31, 2016 (Bank of Tokyo-Mitsubishi UFJ TTS rate).

3. Purchasing power parities use exchange rates that make price levels equal in Japan and the other countries. Calculations are based on Purchasing Power Parities (2015 average OECD Main Economic Indicators).

	U.S.	U.K.	France	Germany	Japan
Local currency	\$0.35	£0.64	€0.80	€0.45	¥52
Yen equivalent	¥40	¥106	¥103	¥58	¥52
Purchasing power parity	¥37	¥97	¥103	¥61	¥52

	Exchange rate	Purchasing power parity
\$1 (U.S.)	¥113.68	¥106.00
£1 (U.K.)	¥165.92	¥151.43
€1 (France)	¥129.20	¥129.27
€1 (Germany)	¥129.20	¥135.20

### ■ Comparison of International (Air) Postage Rates

The following table shows postage rates for air mail sent in both directions between Japan and four major countries. Postage rates

for mail sent from Japan are cheaper in all cases.

	Letter (25 g)		Postcard	
	Local currency	Yen equivalent	Local currency	Yen equivalent
Japan to the four other countries	—	¥110	—	¥70
U.S. to Japan	\$1.20	¥136	\$1.20	¥136
U.K. to Japan	£2.25	¥373	£1.05	¥174
France to Japan	€2.50	¥323	€1.25	¥162
Germany to Japan	€1.50	¥194	€0.90	¥116

Note: Yen conversions use the exchange rate as of March 31, 2016 (Bank of Tokyo-Mitsubishi UFJ TTS rate).

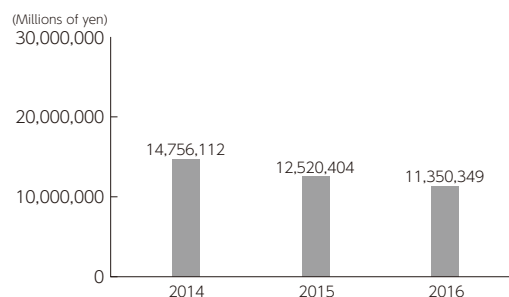


## II Post Office Business Performance

### 1 *TEIGAKU* and Time Deposits Handled

Of the *TEIGAKU* and time deposits provided by Japan Post Bank, the funds newly deposited by customers through Japan Post Co. are as follows.

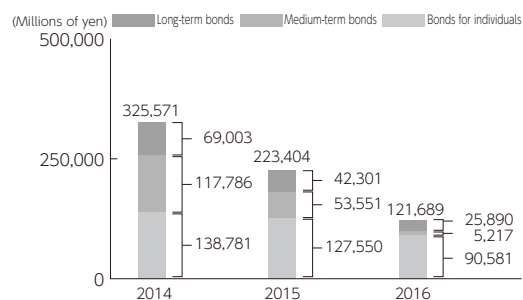
Fiscal years ended March 31



### 2 Sales of Japanese Government Bonds

Of the Japanese Government Bonds sold by Japan Post Bank, total sales handled through Japan Post Co. are as follows.

Fiscal years ended March 31

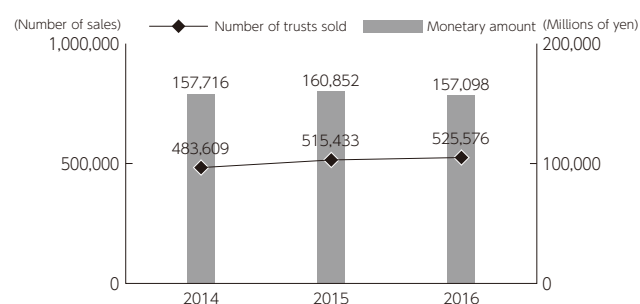


### 3 Investment Trust Sales

Of the investment trust products sold by Japan Post Bank, total sales handled through Japan Post Co. are as follows.

\* Including no-load products from fiscal year ended March 31, 2016

Fiscal years ended March 31

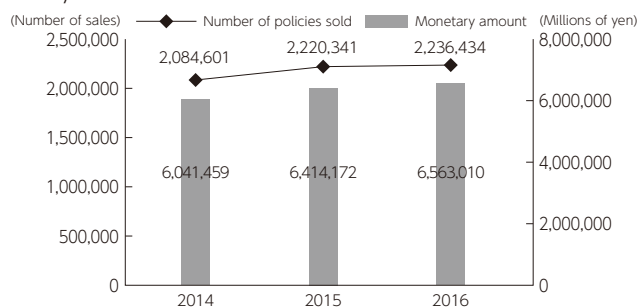


## 4 Life Insurance and Annuity Sales

Of the life insurance and annuity products sold by Japan Post Insurance, total sales of newly contracted policies handled through Japan Post Co. are as follows.

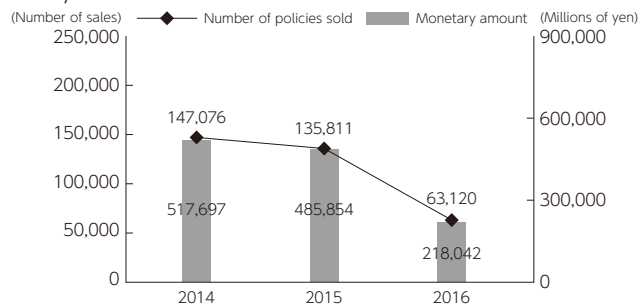
### ■ Individual Insurance

Fiscal years ended March 31



### ■ Individual Annuities

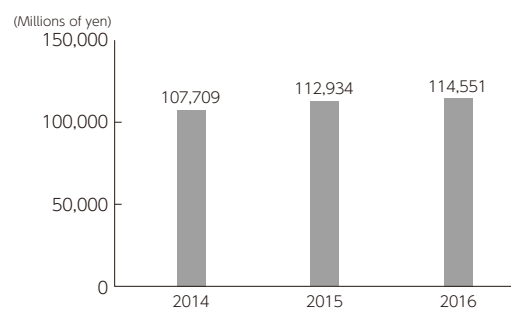
Fiscal years ended March 31



## 5 Merchandise Business

The sales of products and services sold through merchandise businesses such as catalog sales of Japan Post Co. are as follows.

Fiscal years ended March 31



## 2. Japan Post Bank Business Performance

### 1 Key Financial Indicators

Fiscal years ended March 31

(Millions of yen)

	2014	2015	2016
Ordinary income	2,076,397	2,078,179	1,968,987
Operating profit (before provision for general reserve for possible loan losses)	472,687	519,998	385,897
Net operating profit	472,687	519,998	385,897
Net ordinary income	565,095	569,489	481,998
Net income	354,664	369,434	325,069
Capital stock	3,500,000	3,500,000	3,500,000
Shares outstanding (thousands of shares)	150,000	150,000	4,500,000
Net assets	11,464,524	11,630,212	11,508,150
Total assets	202,512,882	208,179,309	207,056,039
Deposits	176,612,780	177,710,776	177,871,986
Loans	3,076,325	2,783,985	2,542,049
Securities	166,057,886	156,169,792	144,076,834
Capital adequacy ratio (non-consolidated, domestic standard) (%)	56.81	38.42	26.38
Dividend payout ratio (%)	26.50	50.00	28.83
Employees (persons)	12,963	12,889	12,905

Notes:

1. Japan Post Bank Co. implemented a 30-for-1 common stock split effective August 1, 2015.
2. The balance of deposits including accrued interest at the end of fiscal 2016 is ¥179,307,785 million (¥179,009,556 million at the end of fiscal 2015 and ¥177,734,274 million at the end of fiscal 2014).
3. The capital adequacy ratio (non-consolidated, domestic standard) is calculated based on standards stipulated by Article 14-2 of the Banking Act for the purpose of determining whether banks have sufficient equity capital given their holdings of assets and other instruments (Notification No. 19, the Financial Services Agency of Japan, 2006).
4. The dividend payout ratio is calculated by dividing the total dividend payment for the period by net income.
5. The number of employees excludes Japan Post Bank employees assigned to other companies by the Bank but includes employees assigned to the Bank by other companies. The figures do not include part-time employees.

### 2 Balances by Type of Deposit

#### 1. Balances at the End of Fiscal Period

(Millions of yen, %)

		March 31, 2014		March 31, 2015		March 31, 2016	
		Amount	%	Amount	%	Amount	%
Domestic operations	Liquid deposits	60,200,571	34.08	61,053,645	34.35	63,834,943	35.88
	Transfer deposits	10,925,669	6.18	11,747,374	6.61	13,874,601	7.80
	Ordinary deposits, etc.	48,878,529	27.67	48,912,826	27.52	49,571,866	27.86
	Savings deposits	396,371	0.22	393,443	0.22	388,475	0.21
	Fixed-term deposits	116,157,689	65.76	116,453,033	65.52	113,852,874	64.00
	Time deposits	14,781,463	8.36	13,569,920	7.63	11,441,153	6.43
	TEIGAKU deposits, etc.	101,374,092	57.39	102,881,558	57.89	102,410,683	57.57
	Other deposits	254,519	0.14	204,097	0.11	184,168	0.10
	Subtotal	176,612,780	100.00	177,710,776	100.00	177,871,986	100.00
	Negotiable certificates of deposit	—	—	—	—	—	—
International operations	Total	176,612,780	100.00	177,710,776	100.00	177,871,986	100.00
	Total	—	—	—	—	—	—
Total		176,612,780	100.00	177,710,776	100.00	177,871,986	100.00
Deposits including accrued interest		177,734,274		179,009,556		179,307,785	

Notes:

1. Liquid deposits = Transfer deposits + Ordinary deposits, etc. + Savings deposits  
Ordinary deposits, etc. = Ordinary deposits + Special deposits (equivalent to ordinary savings)
2. Fixed-term deposits = Time deposits + TEIGAKU deposits, etc. + Special deposits (Savings for housing installments equivalent + Education installment savings equivalent)  
TEIGAKU deposits, etc. = TEIGAKU deposits + Special deposits (TEIGAKU savings equivalent)
3. "Transfer deposits" correspond to "Current deposits" and "TEIGAKU deposits" to "Other deposits" in liabilities in accordance with the Ordinance for Enforcement of the Banking Act.
4. Special deposits, which represent deposits received from the Management Organization for Postal Savings and Postal Life Insurance, an independent administrative agency, correspond to postal savings that were passed on to the organization by Japan Post.
5. Special deposits (equivalent to ordinary savings) are the portion of deposits received from the Management Organization for Postal Savings and Postal Life Insurance corresponding to savings for time savings, TEIGAKU savings, installment savings, savings for housing installments, and education installment savings that had reached full term and were passed on to the organization by Japan Post.

#### 2. Average Balances

Fiscal years ended March 31

(Millions of yen, %)

		2014		2015		2016	
		Amount	%	Amount	%	Amount	%
Domestic operations	Liquid deposits	60,550,882	34.21	61,057,460	34.35	62,432,860	35.10
	Transfer deposits	10,591,337	5.98	11,365,224	6.39	12,413,131	6.97
	Ordinary deposits, etc.	49,559,468	28.00	49,296,826	27.73	49,627,508	27.90
	Savings deposits	400,075	0.22	395,409	0.22	392,220	0.22
	Fixed-term deposits	116,144,774	65.63	116,441,954	65.52	115,247,660	64.79
	Time deposits	16,818,118	9.50	14,163,314	7.96	12,339,989	6.93
	TEIGAKU deposits, etc.	99,324,145	56.12	102,276,763	57.55	102,906,340	57.85
	Other deposits	268,336	0.15	211,981	0.11	187,548	0.10
	Subtotal	176,963,992	100.00	177,711,397	100.00	177,868,069	100.00
	Negotiable certificates of deposit	—	—	—	—	—	—
International operations	Total	176,963,992	100.00	177,711,397	100.00	177,868,069	100.00
	Total	—	—	—	—	—	—
Total		176,963,992	100.00	177,711,397	100.00	177,868,069	100.00
Deposits including accrued interest		177,981,354		178,911,788		179,226,520	

### 3

## Loans by Category

### 1. Balances at the End of Fiscal Period

	(Millions of yen)		
	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Domestic operations			
Loans on notes	—	—	—
Loans on deeds	2,830,118	2,549,816	2,318,798
Overdrafts	246,206	234,169	219,951
Notes discounted	—	—	—
Subtotal	3,076,325	2,783,985	2,538,749
International operations			
Loans on notes	—	—	—
Loans on deeds	—	—	3,300
Overdrafts	—	—	—
Notes discounted	—	—	—
Subtotal	—	—	3,300
Total	3,076,325	2,783,985	2,542,049

### 2. Average Balances

	(Millions of yen)		
Fiscal years ended March 31	2014	2015	2016
Domestic operations			
Loans on notes	—	—	—
Loans on deeds	3,185,218	2,740,220	2,462,009
Overdrafts	232,891	232,114	219,899
Notes discounted	—	—	—
Subtotal	3,418,109	2,972,334	2,681,909
International operations			
Loans on notes	—	—	—
Loans on deeds	13,340	—	2,614
Overdrafts	—	—	—
Notes discounted	—	—	—
Subtotal	13,340	—	2,614
Total	3,431,450	2,972,334	2,684,524

### 4

## Balances by Type of Securities

### 1. Balances at the End of Fiscal Period

	(Millions of yen)		
	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Domestic operations			
Japanese government bonds	126,391,090	106,767,047	82,255,654
Japanese local government bonds	5,550,379	5,525,117	5,856,509
Commercial paper	333,979	226,986	204,995
Japanese corporate bonds	11,050,163	10,756,050	10,362,715
Japanese stocks	935	935	1,390
Other securities	—	—	—
Subtotal	143,326,547	123,276,136	98,681,264
International operations			
Other securities	22,731,338	32,893,656	45,395,569
Foreign bonds	14,532,618	18,817,706	19,829,503
Investment trusts	8,120,582	13,967,716	25,520,966
Foreign stocks	—	—	—
Subtotal	22,731,338	32,893,656	45,395,569
Total	166,057,886	156,169,792	144,076,834

### 2. Average Balances

	(Millions of yen)		
Fiscal years ended March 31	2014	2015	2016
Domestic operations			
Japanese government bonds	135,713,497	116,413,435	92,933,962
Japanese local government bonds	5,652,880	5,570,677	5,517,565
Commercial paper	552,167	293,887	222,965
Japanese corporate bonds	11,237,582	10,999,777	10,334,756
Japanese stocks	935	935	1,118
Other securities	29,917	—	—
Subtotal	153,186,980	133,278,712	109,010,368
International operations			
Other securities	19,197,622	26,849,989	40,072,765
Foreign bonds	12,929,369	16,653,595	19,778,504
Investment trusts	6,191,298	10,117,574	20,224,805
Foreign stocks	—	—	—
Subtotal	19,197,622	26,849,989	40,072,765
Total	172,384,603	160,128,701	149,083,133

## 5 Over-the-Counter Sales of Japanese Government Bonds

Fiscal years ended March 31

(Millions of yen)

	2014	2015	2016
Long-term bonds	73,867	45,243	28,127
Medium-term bonds	123,770	56,805	5,815
Bonds for individuals	152,288	139,475	98,331
Total	349,927	241,524	132,275

## 6 Domestic Exchanges

Fiscal years ended March 31

(Millions of yen)

	2014		2015		2016	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
Sent	21,642	17,697,182	24,252	21,769,194	26,793	23,586,237
Received	53,810	13,621,048	67,192	15,415,275	79,485	17,625,900

Note: All remittances are transferred through the Zengin Data Telecommunication System (Zengin System).

## 7 Transfer Deposits

Fiscal years ended March 31

(Millions of yen)

	2014		2015		2016	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
In-payment	1,182,252	59,028,061	1,171,772	68,295,736	1,170,468	64,521,205
Transfers	107,492	87,321,165	112,041	81,957,838	110,268	84,498,625
Out-payment	123,361	50,848,174	120,517	56,831,965	119,168	51,293,715

## 8 Ordinary Remittances and Postal Orders (TEIGAKU KOGAWASE)

Fiscal years ended March 31

(Millions of yen)

	2014		2015		2016	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
Ordinary remittances	2,023	40,309	1,607	34,492	1,224	26,028
Postal orders (TEIGAKU KOGAWASE)	16,671	9,254	16,679	9,288	15,867	8,945

## 9 Foreign Exchanges

Fiscal years ended March 31

(Millions of U.S. dollars)

2014		2015		2016	
Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
372	1,263	352	1,112	334	1,223

Note: Foreign exchanges represent the total of international remittances and purchases and sales of traveler's checks (purchases only in Fiscal years ended March 31, 2014).

## 10 Investment Trusts Sales (Contract Basis)

Fiscal years ended March 31

(Millions of yen)

	2014	2015	2016
Number of contracts (thousands)	952	1,061	1,164
Sales amount	339,685	377,000	427,085

Note: Figures have been rounded off.

(Millions of yen)

	March 31, 2014	March 31, 2015	March 31, 2016
Number of investment trust accounts (thousands)	644	665	696
Net assets	977,638	1,118,791	1,135,550

## 11 Other Businesses

Fiscal years ended March 31

### Credit Cards

(Thousands)

	2014	2015	2016
Number of cards issued	70	60	65

(Thousands)

	March 31, 2014	March 31, 2015	March 31, 2016
Outstanding	1,976	1,573	1,285

### Mortgage Loans (as intermediary)

(Millions of yen)

	2014	2015	2016
Amount of new credit extended	24,438	34,833	36,369

(Millions of yen)

	March 31, 2014	March 31, 2015	March 31, 2016
Amount of new credit extended (cumulative)	272,148	306,981	343,350

Japan Post Bank acts as the intermediary for Suruga Bank Ltd.'s mortgage loan business.

### Variable Annuities Policies

(Millions of yen)

	2014	2015	2016
Number of policies	12,214	11,987	17,220
Sales amount	69,286	66,914	92,270

(Millions of yen)

	March 31, 2014	March 31, 2015	March 31, 2016
Number of policies (cumulative)	53,569	65,556	82,776
Sales amount (cumulative)	278,537	345,452	437,722



### 3. Japan Post Insurance Business Performance (Non-consolidated)

#### 1 Sound Management Indicators

##### 1. Core Profit

Core profit is a basic periodic earnings indicator for life insurance companies. Core profit is determined by insurance-related income and expenses such as insurance premiums and others, insurance claims and others, and operating expenses, as well as investment-related income and expenses, which consist primarily of interest and dividend income.

Our core profit for the year ended March 31, 2016 was ¥464.2 billion.

**Core Profit ¥464.2 billion**

(Non-Consolidated Core Profit)

##### 2. Consolidated Solvency Margin Ratio

Life insurance companies accumulate policy reserves to provide for anticipated payment of insurance claims and others. They also cover exposure to risks that can be predicted under normal conditions within the scope of these policy reserves.

The solvency margin ratio is an indicator by which the regulatory agency determines whether or not an insurance company has the sufficient financial resources for its obligations to pay benefits in the event a normally unforeseeable risk should materialize, such as a major catastrophe or a stock market collapse.

If the ratio is less than 200%, the regulatory agency will take prompt corrective action. On the other hand, if the ratio is greater than or equal to 200%, it indicates that the insurance company has satisfied one of the standards for sound management.

Our consolidated solvency margin ratio as of March 31, 2016 was 1,570.3%, indicating a high degree of management soundness. We will continue to take the actions needed to maintain adequate financial resources to fulfill our obligations.

**Consolidated Solvency Margin Ratio 1,570.3%**

(Billions of yen)

Years ended March 31	2014	2015	2016
Core income (1)	¥ 11,240.1	¥ 10,185.7	¥ 9,653.5
Insurance premiums and others	5,911.6	5,956.7	5,413.8
Investment income (Note 1)	1,458.3	1,366.0	1,308.7
Reversal of policy reserves (Note 2)	3,736.8	2,719.2	2,805.7
Core expenses (2)	10,758.0	9,670.3	9,189.2
Insurance claims and others	10,160.8	9,059.5	8,550.4
Provision for policy reserves and others	4.6	1.4	0.1
Investment expenses (Note 1)	5.7	5.2	6.2
Operating expenses	513.0	512.4	537.0
Core profit ((1)-(2)) A	482.0	515.4	464.2
Net capital gains B	61.7	64.1	4.4
Other one-time profits C	(80.3)	(86.4)	(55.6)
Ordinary profit A+B+C	463.5	493.1	413.0

Notes: 1. Excluding the amount regarding net capital gains

2. Excluding the amount regarding other one-time profits (reversal of contingency reserve and others)

(Billions of yen)

As of March 31	2014	2015	2016
Total amount of solvency margin (A)	¥ 5,134.7	¥ 5,706.1	¥ 5,547.8
Capital stock, etc.	1,334.2	1,387.5	1,438.8
Reserve for price fluctuations	614.2	712.1	782.2
Contingency reserve	2,588.7	2,498.7	2,374.8
Catastrophe loss reserve	—	—	—
General reserve for possible loan losses	0.0	0.0	0.0
(Net unrealized gains (losses) on available-for-sale securities (before taxes) + Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)	238.9	703.5	505.3
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	(3.4)	(10.0)	(3.4)
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)	3.3	7.9	6.9
Excess of continued Zillmerised reserve	358.5	406.2	442.9
Capital raised through debt financing	—	—	—
Amounts within "excess of continued Zillmerised reserve" and "capital raised through debt financing" not calculated into the margin	—	—	—
Deductions	—	—	—
Other	—	—	—
Total amount of risk (B)	631.8	694.0	706.5
$\sqrt{(\sqrt{R_1^2 + R_5^2 + R_6^2 + R_8^2} + (R_2 + R_3 + R_7)^2) + R_4 + R_6}$			
Insurance risk $R_1$	168.4	163.7	159.0
General Insurance risk $R_5$	—	—	—
Catastrophe risk $R_6$	—	—	—
Underwriting risk of third-sector insurance $R_8$	99.9	88.5	78.2
Small amount and short-term insurance risk $R_9$	—	—	—
Anticipated yield risk $R_2$	198.1	184.4	170.7
Minimum guarantee risk $R_7$	—	—	—
Investment risk $R_3$	355.7	443.1	476.0
Business management risk $R_4$	16.4	17.5	17.6
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,625.1%	1,644.2%	1,570.3%

Note: These figures are calculated based on the provisions set forth in public notification No. 23 issued by the Financial Services Agency in 2011 and Articles 86-2 and 88 of the Ordinance for Enforcement of the Insurance Business Act.

For the above figures as of March 31, 2016, the total amount of solvency margin was partially amended in accordance with the Cabinet Office Ordinance No. 16 of 2016 (The figures as of March 31, 2014 and 2015 provided above were determined based on existing standards.).

### 3. Status of Accumulation of Internal Reserves

Life insurance companies accumulate contingency reserve and reserve for price fluctuations for the purpose of ensuring the soundness and stability of management in the future. These reserves provide protection against risks associated with changes in the operating environment of the life insurance industry. Such changes include fluctuations in prices of financial assets, the occurrence of a major catastrophe and other events.

As of March 31, 2016, we had a contingency reserve of ¥2,374.8 billion and a reserve for price fluctuations of ¥782.2 billion, a total of ¥3,157.1 billion.

In addition, as of March 31, 2016, we have additional policy reserves to cover for a negative spread and other risks amounting to ¥6,011.5 billion.

(Billions of yen)

As of March 31	2014	2015	2016
Total	¥ 3,203.0	¥ 3,210.8	<b>¥ 3,157.1</b>
Contingency reserve	2,588.7	2,498.7	<b>2,374.8</b>
Reserve for price fluctuations	614.2	712.1	<b>782.2</b>

**Total of Contingency Reserve and Reserve for Price Fluctuations ¥3,157.1 billion**

### 4. Consolidated Real Net Assets

"Consolidated real net assets" is calculated by subtracting liabilities, other than contingency reserve, reserve for price fluctuations and other liabilities with equity characteristics, from total assets measured at market value. The regulatory agency uses consolidated real net assets as an indicator of an insurance company's financial soundness at the end of a fiscal period. A negative figure might lead to an order to suspend operations or other regulatory action. (Such regulatory action is not generally taken if the amount after subtracting unrealized losses associated

with held-to-maturity securities and policy-reserve-matching bonds is positive and liquid assets have been set aside.)

As of March 31, 2016, we had ¥14,649.5 billion in consolidated real net assets, an amount deemed to be sufficient.

(Billions of yen)

As of March 31	2014	2015	2016
Real net assets	¥ 9,446.9	¥ 11,521.1	<b>¥ 14,649.5</b>

**Consolidated Real Net Assets ¥14,649.5 billion**

### 5. Net Unrealized Gains (Losses) on Securities

Net unrealized gains and losses on assets reflect the differential between market value and book value.

As of March 31, 2016, Japan Post Insurance Co. recorded a net unrealized gain on securities of ¥9,573.3 billion.

We recorded a ¥163.9 billion net unrealized gain on money held in trust and a ¥561.5 billion overall net unrealized gain on available-for-sale securities. Although net unrealized gains on available-for-sale securities are not recorded on the Statements of Income, an amount deducting the tax-effect amount is recorded on the Consolidated Balance Sheets as "Net unrealized gains (losses) on available-for-sale securities" within net assets.

(Billions of yen)

As of March 31	2014	2015	2016
	Net unrealized gains (losses) (before tax effects)		
Total	¥ 4,534.4	¥ 6,494.0	<b>¥ 9,573.3</b>
Held-to-maturity securities	3,169.7	4,537.1	<b>7,513.0</b>
Policy-reserve-matching bonds	1,099.1	1,175.2	<b>1,498.7</b>
Available-for-sale securities (before tax effects)	(Note 1) 265.5	(Note 2) 781.7	<b>(Note 3) 561.5</b>
Money held in trust	82.5	355.2	<b>163.9</b>

Notes: 1. After applying tax-effect accounting, a gain of ¥184.7 billion  
2. After applying tax-effect accounting, a gain of ¥558.0 billion  
3. After applying tax-effect accounting, a gain of ¥405.4 billion

**Net Unrealized Gains (Losses) On Securities ¥9,573.3 billion**

(Unrealized gain)

## 6. Risk-Monitored Loans

Loans with repayment conditions that are not normal are termed risk-monitored loans. None of Japan Post Insurance's loans fall into this category.

## 2 Policyholder Dividends

Insurance premiums of life insurance policies are calculated based on assumed mortality rates, assumed rates of return and projected expenses for policy administration. If there is a positive difference between the assumed and actual figures, the surplus will be returned to policyholders in the form of dividends ("policyholder dividends") in accordance with the terms of their respective policies.

For the year ended March 31, 2016, we posted a provision for reserve for policyholder dividends of ¥178.0 billion.

- For Japan Post Insurance Policies, we accounted for provision for reserve for policyholder dividends of ¥7.5 billion.
- For Postal Life Insurance Policies, we posted provision for reserve for policyholder dividends of ¥170.4 billion under the reinsurance agreement concluded with the Management Organization, based on the performance of the segment related to reinsurance. Policyholder dividends on Postal Life Insurance Policies are determined by the Management Organization.

**Provision for Reserve for Policyholder Dividends    ¥178.0 billion**

## 3 Embedded Value (EV)

Embedded value ("EV") is one of the corporate value indicators for life insurance companies.

The profit-loss structure in the life insurance business involves a loss at the time of sale and profit over a policy's duration. A loss occurs temporarily at the time of sale, caused by a considerable amount of expenses generally incurred with the sale of a policy. Future profit is generated as the policy's long duration serves to provide revenues over a long period of time, covering these initial expenses.

Under the current statutory accounting practices in Japan, gains and losses are recognized as they occur in each fiscal year. EV, on the other hand, is used to represent the present value of gains and losses that cover the entire duration. EV is the sum of the adjusted net worth (ANW), which reflects gains/losses from business activities in the past, and the value of in-force covered business (VIF), which is the present value of the expected future profits from the in-force covered business.

Since the end of the year ended March 31, 2013, Japan Post Insurance Co. has been disclosing EV calculated on the basis of the European Embedded Value Principles ("EEV Principles") as additional information supplementary to the financial data provided under the current statutory accounting practices.

The EV of Japan Post Insurance as of March 31, 2016 was ¥2,718.3 billion, a decrease of ¥782.9 billion from March 31, 2015.

(Billions of yen)

As of March 31	2015	2016
EV	¥ 3,501.3	<b>¥ 2,718.3</b>
Adjusted net worth	1,739.6	<b>1,894.3</b>
Value of in-force covered business	1,761.6	<b>824.0</b>

Years ended March 31	2015	2016
Value of new business*	¥ 134.2	<b>¥ 118.2</b>

\* Value of new business is the present value of the future profits, as at the time of sale, expected from the new business obtained during the said fiscal year.

Note: For the EV as of March 31, 2016, we have revised the allocation of unrealized gains/losses on securities and certain other assets in respect of insurance policies, such that the unrealized gains/losses are included within the VIF rather than the ANW. For consistency, the EV as of March 31, 2015 is revised to reflect equivalent allocation of unrealized gains/losses. As a result, the total EV is unchanged by the revision.

(Reference) EV based on the ultimate forward rate<sup>(Note)</sup>

the EVs measured by using the ultimate forward rate as of March 31, 2015 and March 31, 2016 was ¥3,613.7 billion and ¥3,151.0 billion, respectively and the values of new business for the fiscal year ended March 31, 2015 and the fiscal year ended March 31, 2016 was ¥154.9 billion and ¥143.5 billion, respectively.

Note: The risk-free rate is an important assumption for the valuation of life insurance liabilities. Regarding the level of interest rates at longer durations, for which sufficiently liquid markets and reliable data are not available, we take an approach utilizing an ultimate forward rate assumed to converge over a period of time to a fixed ultimate level, commonly set based on macroeconomic or other methods instead of by the previous method of setting the assumed forward rate to be constant at and beyond the last duration for which market data are available.

**Embedded Value (EV)    ¥2,718.3 billion**

(Reference) EV based on the ultimate forward rate: ¥3,151.0 billion

\*We requested a third party (actuarial firm) with actuarial expertise and knowledge to review the methodology and assumptions used to calculate the EV results and obtained a written opinion verifying the validity. For details of this third-party opinion, please refer to our website. The calculation of EV is based on many assumptions, including future outlook, which involves certain risks and uncertainties. Since actual performance may differ materially from the assumptions, we strongly recommend that users exercise caution.

## 4 Insurance Policies

During the year ended March 31, 2016, Japan Post Insurance sold 2.39 million individual insurance policies with a total policy amount of ¥7,168.4 billion. Annualized premiums of individual insurance policies amounted to ¥485.3 billion, whereas annualized premiums related to third-sector amounted to ¥49.5 billion.

As of March 31, 2016, we had 15.35 million individual insurance policies in force with a total policy amount of ¥44,406.2 billion. Annualized premiums of individual insurance policies amounted to ¥2,863.5 billion (or ¥5,031.4 billion when reinsured Postal Life Insurance Policies (Insurance) are included), whereas annualized

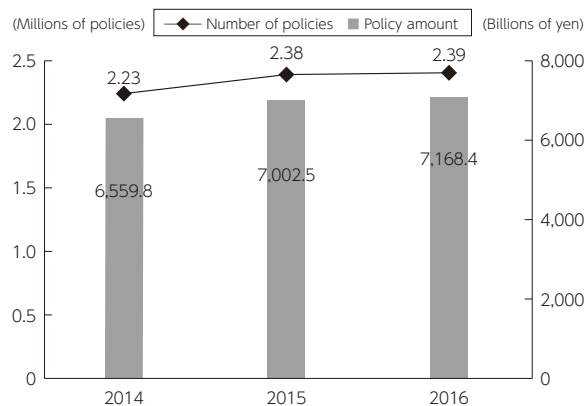
premiums related to third-sector amounted to ¥293.4 billion (or ¥738.7 billion when reinsured Postal Life Insurance Policies are included).

Regarding the Postal Life Insurance Policies received from the Management Organization in the form of reinsurance, as of March 31, 2016, policies reinsured by Japan Post Insurance amounted to 16.97 million insurance policies with an insured amount of ¥46,114.5 billion and 2.58 million annuity policies with an annuity amount of ¥932.1 billion.

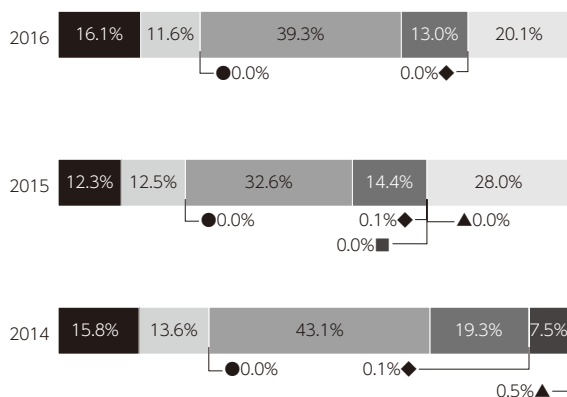
### New Policies

#### ■ Number of Policies, Policy Amount and Composition by Product (Individual Insurance)

For the years ended March 31



For the years ended March 31



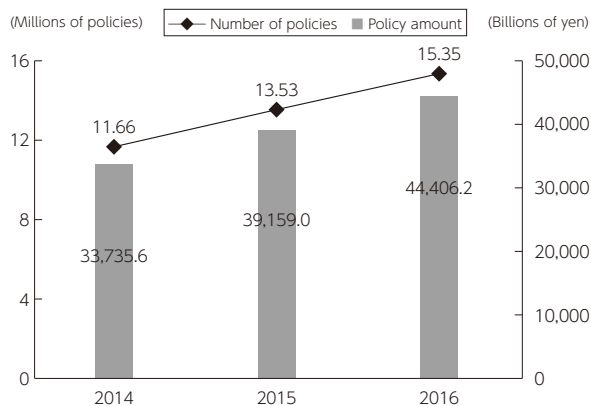
- Ordinary whole life insurance
- Special whole life insurance
- Whole life insurance with nursing care benefit
- Ordinary term insurance
- Ordinary endowment insurance
- Special endowment insurance
- ◆ Designated endowment insurance
- Educational endowment insurance
- ▲ Educational endowment insurance with scholarship annuity
- Educational endowment insurance (H24)
- ▲ Others

Note: The number of policies and policy amounts do not include the Postal Life Insurance Policies that Japan Post Insurance has received from the Management Organization in the form of reinsurance.

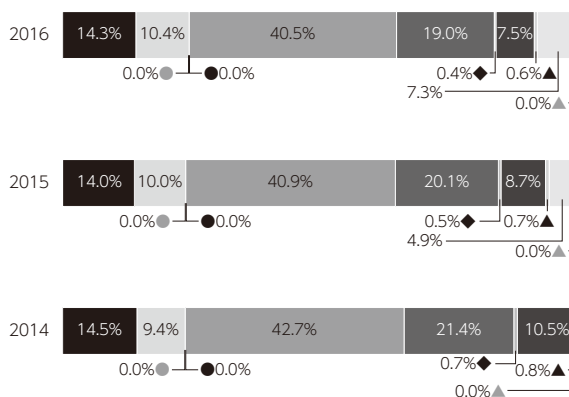
### Policies in Force

#### ■ Number of Policies, Policy Amount and Composition by Product (Individual Insurance)

As of March 31



As of March 31



## 1. Assets

As of March 31, 2016, total assets of Japan Post Insurance amounted to ¥81.5 trillion, a decrease of ¥3.3 trillion from ¥84.9 trillion at the end of the previous fiscal year.

In terms of investment, we continued to invest primarily in yen-denominated interest-bearing assets that provide stable interest income. We also invested in risk assets, such as foreign securities and stocks, while enforcing adequate risk management.

### Corporate and government bonds [Decrease]

For corporate and government bonds, Japan Post Insurance invested primarily in long-term and super-long-term bonds capturing a rise in interest rates, in view of their value as assets that secure stable income. However, as domestic interest rates shifted downward, we limited our investments.

As a result, corporate and government bonds amounted to ¥59.8 trillion, a decrease of ¥4.4 trillion from ¥64.2 trillion at the previous fiscal year-end.

### Foreign securities [Increase]

For foreign securities, in view of the trends of both domestic and foreign interest rates, with the aim of raising investment income, Japan Post Insurance increased investments with a focus on hedged foreign bonds.

As a result, foreign securities amounted to ¥3.6 trillion, an increase of ¥1.7 trillion from ¥1.9 trillion at the previous fiscal year-end.

### Money held in trust [Increase]

For money held in trust, investments were carried out with close attention paid to market trends. With the aim of raising investment income, Japan Post Insurance increased investments, centering on domestic stocks.

As a result, money held in trust amounted to ¥1.6 trillion, an increase of ¥0.2 trillion from ¥1.4 trillion at the previous fiscal year-end.

### Loans [Decrease]

For loans, Japan Post Insurance provided loans including syndicated loans, loans to local governments and policy loans. The amount of loans decreased due to the repayment of loans to the Management Organization.

As a result, loans amounted to ¥8.9 trillion, a decrease of ¥0.9 trillion from ¥9.9 trillion at the previous fiscal year-end.

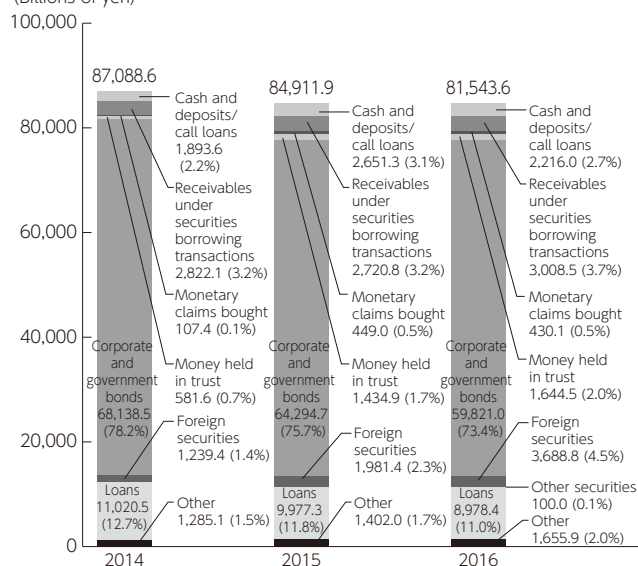
## 2. Asset Management Yield

Years ended March 31	2014	2015	2016
Yield	1.71%	1.70%	1.62%

Note: Asset management yield includes capital gains and losses, etc.

### ■ Composition of Assets (Non-Consolidated)

As of March 31  
(Billions of yen)







# Data Compilation

# Others

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# 1. Service Hours and Points of Contact for Inquiries

## 1

### Service Hours

#### 1. Japan Post (Post Offices)

##### ■ Post Office Service Hours

The table below lists typical service hours of post offices. For exact service hours of individual offices, please check the Postal Office & ATM Search page on our website (<http://map.japanpost.jp/pc/>) (Only available in Japanese).

Days of the week	Mail services	Deposit services	Insurance services
Monday through Friday	9:00 to 17:00 (Some offices remain open after 17:00)	9:00 to 16:00 (Some offices remain open after 16:00)	9:00 to 16:00 (Some offices remain open after 16:00)
Saturday	Closed (Some offices are open)	Closed	Closed
Sunday and holidays	Closed (Some offices are open)	Closed	Closed

Notes: 1. Hours of certain offices may differ from the above because of their location or other factors.

2. Offices are closed from December 31 through January 3; however, only mail services are available during this period at some offices.

##### ■ POSTAL SERVICE COUNTER

POSTAL SERVICE COUNTER is a special counter established at certain post offices for customers to pick up undelivered mail and packages during normal post office hours. It also offers a range of after-hours services, including accepting regular mail and Yu-Pack items and selling postal stamps and revenue stamps.

Please confirm the location of post offices where POSTAL SERVICE COUNTER is available and service hours via our website ([http://www.post.japanpost.jp/shiten\\_search/index.html](http://www.post.japanpost.jp/shiten_search/index.html)) (Only available in Japanese).

#### 2. Japan Post Bank

##### ■ Service Hours

Days of the week	Service hours
Monday through Friday	9:00 to 16:00 (Some offices are open until 18:00)
Weekends and national holidays	Closed

Notes: 1. Branches are closed from December 31 to January 3.

2. Service hours of some offices may differ from those listed above.

## ■ ATM Service Hours

ATM service hours are set according to location usual operating hours are shown in the table below.

For individual ATM service hours, please refer to "Branches and ATM Information" on the Japan Post Bank website

([http://www.jp-bank.japanpost.jp/kojin/access/kj\\_acs\\_index.html](http://www.jp-bank.japanpost.jp/kojin/access/kj_acs_index.html))  
(Only available in Japanese). Service hours are also indicated at each ATM.

Days of the week	Japan Post Bank branches	Post offices (Japan Post Bank agents)	Sub-branches (ATMs located at stations and supermarkets, etc.)	Sub-branches (Installed inside some FamilyMart stores)
Monday through Friday	8:00 to 21:00 (Longest service hours from 0:05 to 23:55 at some branches)	9:00 to 17:30 (Longest service hours from 0:05 to 23:55 at some post offices)	9:00 to 21:00 (Longest service hours from 0:05 to 23:55 at sub-branches)	0:05 to 23:55
Saturday	9:00 to 19:00 (Longest service hours from 0:05 to 23:55 at some branches)	9:00 to 12:30 (Longest service hours from 0:05 to 23:55 at some post offices)	9:00 to 21:00 (Longest service hours from 0:05 to 23:55 at sub-branches)	
Sunday and holidays (Including January 2 and 3)	9:00 to 19:00 (Longest service hours from 0:05 to 21:00 at some branches)	9:00 to 17:00 (Service at approx. 6,900 post offices; 0:05 to 21:00 at some post offices)	9:00 to 21:00 (Longest service hours from 0:05 to 21:00 at sub-branches)	

Notes: 1. The service hours listed above are typical ATM operating hours, but actual hours may differ depending on each ATM. Actual operating hours may also vary depending on the services handled.

2. Sub-branches do not handle coins or ordinary payments. ATMs in FamilyMart convenience stores do not handle passbooks.

## 3. Japan Post Insurance

Insurance services are available at the insurance counters of post offices.

## 2

### Points of Contact for Inquiries

#### 1. For Information and Advice Related to Japan Post Group

For inquiries please call the following phone number: 0120-23-28-86 (toll free). Follow the Interactive Voice Response (IVR) guide to be connected to the appropriate call center.

Telephone number	Select	Details of inquiries	Name	Business hours
Toll-free phone number: <b>0120-23-28-86</b> (Only available in Japanese)	[*]+[1]	General inquiries and contact regarding postal services	Japan Post Co., Ltd. Customer Service Center	Weekdays: 8:00 to 22:00 Saturdays, Sundays and holidays: 9:00 to 22:00
	[*]+[4]	Inquiries regarding counter services besides postal, deposit and insurance services		Weekdays: 9:00 to 21:00 Saturdays, Sundays and holidays: 9:00 to 17:00 (Open from 9:00 to 17:00 from December 31 to January 3)
	[*]+[2] ▶ 1	Inquiries and consultation regarding products and services of Japan Post Bank Co., Ltd.	Japan Post Bank Call Center	Weekdays: 8:30 to 21:00 Saturdays, Sundays and holidays: 9:00 to 17:00 (Open from 9:00 to 17:00 from December 31 to January 3)
	[*]+[2] ▶ 2	Contact at the time of loss and theft of such items as passbook and cards	Japan Post Bank Card Loss Center	Available 24-hours, all year round
	[*]+[3] ▶ 1	Inquiries and consultation regarding products and services of Japan Post Insurance Co., Ltd. and postal life insurance	Japan Post Insurance Call Center	Weekdays: 9:00 to 21:00 Saturdays, Sundays and holidays: 9:00 to 17:00 (Excluding January 1 to January 3)
	[*]+[3] ▶ 2	Notification of loss and theft of Japan Post cards (limited to postal life insurance policies)	Japan Post Insurance Card Loss Center	Weekdays: 8:30 to 21:00 (Excluding Saturdays, Sundays and holidays, and December 31 to January 3)

Customers using mobile phones can make inquiries and receive advice concerning postal services and post offices via the following number.

**0570-046-666**

(Communications charge must be paid by the customer.)

For those who wish to use English, please call the following number.

**0570-046-111**

(Communications charge must be paid by the customer.)

(Calls cannot be made from overseas.)

Notes: 1. Since it is not possible to confirm the identity of the person speaking on the telephone, it may not be possible to give a detailed response to a particular inquiry.  
2. In order to improve service and manage operations, effective calls to the Customer Service Center are recorded.

## 2. For Information and Advice Related to Japan Post Bank

\* Certain telephone numbers indicated below are only available in Japan.

Unless otherwise noted, telephone numbers are available toll-free using mobile and Personal Handyphone System (PHS) phones. There are certain cases where Internet Protocol (IP) phones and other equipment cannot be used.

[Contact Information for Lost or Stolen Passbooks or Cards]

### ■ Card Loss Center

Contact the following to halt transactions for lost or stolen passbooks (certificates) or cash cards.

Service hours	Telephone number
Available 24 hours all year round	<b>0120-794889</b> (Only available in Japanese) Calls from overseas: +81-45-279-6201 (Communication charges required) (Only available in Japanese)

[Contact Information for Various Types of Inquiries]

### ■ Japan Post Bank Call Center

Contact the following number for inquiries and consultation regarding products and services.

Service hours	Telephone number
Weekdays: 8:30 to 21:00	<b>0120-108420</b> (Only available in Japanese)
Weekends and national holidays: 9:00 to 17:00	

Note: Service is available from 9:00 to 17:00 during the period from December 31 to January 3.

### ■ Japan Post Bank Direct Support Desk

Inquiries regarding *Yucho* Direct can be made via the following number.

Service hours	Telephone number
Weekdays: 8:30 to 21:00	<b>0120-992-504</b> (Only available in Japanese)
Weekends and national holidays: 9:00 to 17:00	

Note: Service is available from 9:00 to 17:00 during the period from December 31 to January 3.

### ■ Investment Trust Call Center

Inquiries regarding invest trust can be made via the following number.

Service hours	Telephone number
9:00 to 18:00	<b>0800-800-4104</b> (Only available in Japanese)

Note: Excluding weekends and national holidays and the period from December 31 to January 3

### ■ Defined Contribution Pension Call Center

Material requests and inquiries regarding enrollment of defined contribution pensions (individual annuities) can be made via the following number.

Service hours	Telephone number
9:00 to 21:00	<b>0120-401034</b> (Only available in Japanese)

Note: Excluding weekends and national holidays and the period from December 31 to January 3

### ■ Japan Post Bank Transfers Inquiry Center

Inquiries regarding transfers between other financial institutions, including branch name, deposit item and account number can be made via the following number.

Service hours	Telephone number
Interactive voice response: Available 24 hours all year round	<b>0120-253811</b> (Only available in Japanese)
Operator response: Weekdays: 8:30 to 21:00 Weekends and national holidays: 9:00 to 17:00 Note: Service is available from 9:00 to 17:00 during the period from December 31 to January 3.	

### ■ Designated Dispute Resolution Institution

Japan Post Bank Co. has formed a contract with the Japanese Bankers Association as a designated dispute resolution institution under the Banking Act.

Point of contact (Japanese Bankers Association Counseling Office) is shown on the right.

Service hours	Telephone number
9:00 to 17:00	<b>0570-017109</b> Navigation dial or <b>03-5252-3772</b>

Notes: 1. Excluding weekends and national holidays and the period from December 31 to January 3  
2. For details, please visit the Japanese Bankers Association Counseling Office website (<http://www.zenginkyo.or.jp/adr/>).  
3. Except for certain cases Internet Protocol (IP) phones cannot be used for Navigation dial

## 3. For Information and Advice Related to Japan Post Insurance

### ■ Japan Post Insurance Call Center

The Japan Post Insurance Call Center handles inquiries regarding insurance products, premium rates and various types of procedure methods. Please note that in some instances immediate responses cannot be provided depending on the nature of the inquiry.

For responses following the completion of various procedures, information will be provided after the call is forwarded to the service center.

In addition, at the dedicated call center for elderly customers, operators directly answer calls from customers and respond kindly and meticulously to their inquiries.

Service hours	Telephone number
Weekdays: 9:00 to 21:00	● <b>Japan Post Insurance Call Center</b> <b>0120-552-950</b> (Only available in Japanese)
Saturday, Sunday and holidays: 9:00 to 17:00	● <b>Dedicated call center for elderly customers</b> <b>0120-744-552</b> (Only available in Japanese)

Note: Excluding the period from January 1 to January 3

## 3

### Online Inquiries

We can also handle inquiries via the Japan Post Holdings website (<http://www.japanpost.jp/faq/index03.html>).

Please click the button for the link to the relevant company depending on the details of the inquiry.

## 2. Japan Post Group Privacy Policy

### 1

#### Japan Post Group Privacy Policy

The Japan Post Group ("the Group") is dedicated to providing services that can achieve a high degree of customer satisfaction. Properly protecting and the treatment of personal information is vital to accomplishing this goal. Accordingly, the Group has established the following fundamental policy (hereinafter referred to as "the Privacy Policy") for protecting personal information.

##### (1) Compliance with laws and regulations

When handling personal information, the Group complies with all laws and regulations associated with protecting personal information, national government policies and the provisions of the Privacy Policy ("laws, regulations, etc.," hereafter).

##### (2) Purpose of using personal information

The Group specifies the purpose of using personal information and does not use this information beyond the scope necessary for achieving this purpose.

The purposes for which Group companies use personal information are listed in the privacy policies on each company's website and where applicable.

##### (3) Acquisition of personal information

The Group acquires personal information using methods that are legal and proper.

##### (4) Security measures for management of personal information

The Group uses an appropriate security management system to prevent leaks, losses or alterations of personal information. In addition, the Group properly supervises persons engaged in the business of handling personal information, outsourcing parties and others.

##### (5) Provision of personal information to third parties

Except in cases where required by laws and regulations, the Group does not supply personal information to third parties without the prior consent of each individual.

In cases where two or more Group companies share the same personal information, this sharing is performed only after providing prior notice or public announcements of items required by law.

Irrespective of the above, specific personal information shall not be provided to third parties or shared jointly except when prescribed by laws or ordinances.

##### (6) Procedures for requesting disclosure of personal data

The Group responds in a sincere manner in cases where there are requests for the notification of the purpose of use or for the disclosure, correction or termination of use of retained personal data as prescribed by laws, regulations, etc.

The disclosure request procedures for each company can be found on their respective websites and where applicable.

##### (7) Points of contact for inquiries

Requests regarding retained personal data set forth in the preceding section and inquiries and requests regarding treatment of personal information can be made to designated points of contact.

##### (8) Continuous improvements

The Group constantly reviews and improves its management and handling methods for the protection of personal information in response to advances in information technology and shifts in social demands.



The Japan Post Group began with the October 2007 privatization of Japan's postal system. Japan Post Group companies consist of Japan Post Holdings Co., Ltd., Japan Post Co., Ltd., Japan Post Bank Co., Ltd., Japan Post Insurance Co., Ltd. and several other subsidiaries and affiliated companies.

Each Japan Post Group company uses its respective specialized skills to provide high-quality services. The objective is to achieve even greater customer satisfaction.

To accomplish this goal, the Japan Post Group wishes to share customers' personal data solely to the degree required and within the scope explained below. This data is used to conduct business activities performed directly by Group companies or through outsourcing parties.

The Group asks for customers' understanding and pledges that strict information management will be used during the shared use of personal data.

#### (1) Personal data items for shared use

Shared use covers names, birth dates, addresses, telephone numbers and other contact information, family members, occupations and data concerning business transactions with the Group. However, this excludes information about materials sent or delivered by postal mail or any sensitive information.

#### (2) Scope of parties involved in shared use

Shared use is limited to the Japan Post Group. However, this applies only to companies included in the consolidated financial statements, including equity-method affiliates, of Japan Post Holdings, as prescribed by laws, regulations, etc., and is limited to the following companies:

Japan Post Holdings Co., Ltd, Japan Post Co., Ltd, Japan Post Bank Co., Ltd, Japan Post Insurance Co., Ltd.

#### (3) Purpose of use

- 1) Distribution of information about services and research and development involving services
- 2) Decisions involving the provision of services
- 3) For the proper management of Group business operations primarily for the purpose of monitoring and managing risks

#### (4) Name of party with responsibility for managing personal data

Japan Post Holdings Co., Ltd.

#### (5) Other items

- 1) Customer data from pre-privatization postal insurance policy contracts will be used for insurance sales activities only after receiving the prior consent of the applicable customers.
- 2) Prior consent of the applicable customers will be received before using data on savings transactions (private financial information) for insurance sales activities and before using data on transactions (private financial information) involving life insurance policies (including postal insurance) to sell savings products.

### 3. Japan Post Group Conflicts of Interest Management Policy

The Japan Post Group ("the Group") conducts business activities fairly based on laws, ordinances and internal regulations so that the interests of customers are not unduly impaired due to transactions that may give rise to a conflict of interest.

1. The following representative examples of companies in the Japan Post Group ("Group companies") fall within the scope of the Conflicts of Interest Management Policy

- Japan Post Bank Co., Ltd.
- Japan Post Insurance Co., Ltd.
- Japan Post Co., Ltd.

2. The Group will manage conflicts of interest for the transactions stipulated below.

(1) Transactions that may unduly impair the interests of customers among the following transactions:

- Transaction with a customer that has an interest in one of the Group companies based on an agreement
- Transaction with a party that has conflicting interests or is competing with a customer that has an interest in one of the Group companies based on an agreement
- Transaction that makes wrongful use of information gained from a customer with an interest in one of the Group companies based on an agreement

(2) Any transaction aside from the aforementioned that may unduly impair the interests of the customer due to a conflict of interest

3. The Group will select one or a combination of the following methods and other measures to manage transactions with a conflict of interest:

- (1) Separate the business unit conducting the target transaction and the business unit conducting the secondary transaction with the customer
- (2) Amend the terms and conditions or method of the target transaction or the secondary transaction with the customer
- (3) Discontinue the target transaction or the secondary transaction with the customer
- (4) Properly disclose to the customer that the target transaction may unduly impair his or her interests

4. The Group will establish a department that handles conflicts of interest independent from business departments that will specify target transactions and properly manage conflicts of interest. In addition, the Group will educate and train executives and employees so that they comply with laws, ordinances and internal regulations set down regarding the management of conflicts of interest.

5. The Group will continuously review its management stance regarding conflicts of interest and strive to make improvements.

### 4. Japan Post Group Information Security Declaration

Services provided by Japan Post Holdings Co., Ltd., Japan Post Co., Ltd., Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. as the Japan Post Group are used by a large number of customers. We believe that information about these customers must be strictly managed, and the services used by customers must be absolutely safe.

We understand that information security is essential for

customers to use our services with confidence. Our activities reflect this awareness of the importance of information security. We place priority on the following items in order to manage information about customers safely and to protect this information from leaks and alterations resulting from unauthorized access and from disruptions in services caused by accidents, natural disasters and other events.

1. Japan Post Holdings Co., Ltd., Japan Post Co., Ltd., Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. will establish information security policies and follow the policies for the purpose of conducting information security activities.
2. We will conduct a continuous information security training program for the purpose of maintaining a strong awareness among employees of the importance of information security and reinforcing that awareness.
3. We will conduct continuous inspections of information security activities and make revisions and improvements whenever needed for the purpose of maintaining and enhancing the effectiveness of information security activities.

## 5. Declaration by Top Management regarding the Elimination of Relationships with Antisocial Forces

To eliminate any relationships with antisocial forces and prevent damage to the organization, the Japan Post Group has made the following declaration in line with the Fundamental Policy for Establishment of Internal Control Systems.

### 1. Organizational response

In firm recognition of its social responsibility and to strengthen management based on compliance, the Japan Post Group, as an organization in its entirety, will ensure that any relationships with antisocial forces are eliminated.

or a criminal court, or both. The Japan Post Group will never negotiate in secrecy with antisocial forces, even if their unjustified demands are to conceal matters related to any misconduct of the Group's own activities or that of its staff.

### 2. Complete elimination of relationships, including transactions

The Japan Post Group will have no relationships whatsoever with antisocial forces, including transactions.

### 4. Cooperation with outside experts

The Japan Post Group will establish close relationships with outside experts in preparation for any unjustified demands by antisocial forces in order to ensure the safety of its staff against such demands.

### 3. Legal measures and prohibition of secret negotiations

The Japan Post Group will strongly refuse any unjustified demands by antisocial forces and will take legal measures, either via a civil court

### 5. Prohibiting financing for antisocial forces

The Japan Post Group will never engage in financing for antisocial forces.



# Guide to Websites of the Japan Post Group



<http://www.japanpost.jp/>

**日本郵政**  
HOLDINGS  
JAPAN POST HOLDINGS



<http://www.post.japanpost.jp/>

**日本郵便**  
POST  
JAPAN POST



<http://www.jp-bank.japanpost.jp/>

**ゆうちょ銀行**  
BANK  
JAPAN POST BANK



<http://www.jp-life.japanpost.jp/>

**かんぽ生命**  
INSURANCE  
JAPAN POST INSURANCE



<http://www.japanpost.jp/financial/index02.html>

## Announcement of Financial Results

### Japan Post Group Annual Report 2016 July 2016

Japan Post Holdings Co., Ltd. Corporate Planning Division,  
Public Relations Department

3-2 Kasumigaseki 1-chome, Chiyoda-ku, Tokyo  
100-8798, Japan

URL: <http://www.japanpost.jp/>

