



Outline of Financial Results for the Nine Months Ended December 31, 2015

February 12, 2016



- I am Susumu Miyamoto of Japan Post Insurance.
- Thank you for joining us today in Japan Post Insurance's teleconference for "Financial Results for the Nine Months Ended December 31, 2015."
- I will first begin with a summary of the financial results in line with the presentation materials prepared for this meeting, followed by a question and answer session.
- Please look at page 1.

Summary of Financial Results

- Net income amounted to ¥72.7 billion, roughly the same level as the previous fiscal year. Compared with the full-year forecast, 86.6% has been achieved, signifying steady progress.
- Annualized premiums from new policies for individual insurance amounted to ¥363.7 billion, a 5.5% increase year on year. Annualized premiums from new policies for medical care was on a recovery track at ¥37.7 billion, or a 21.9% increase year on year.
- Number of new policies increased both in endowment insurance (a 11.0% increase year on year) and whole life insurance (a 13.8% increase year on year), as a result of launching of endowment insurance with a shortened premium period as well as increasing the age limit for whole life insurance in October 2015.
- Under the current low interest rate environment, exposures to investments in risk assets (foreign securities and domestic stocks) were increased to ¥5,301.6 billion (6.4% of total assets).
- EV increased by ¥203.2 billion from the end of the previous fiscal year to ¥3,704.5 billion, backed by an increase in sales of new policies (a 6.6% increase year on year in the value of new business).

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- The financial results can be summed up in five points.
- Firstly, net income was ¥72.7 billion, roughly the same as the previous fiscal year. This figure is 86.6% of the full-year forecast for net income, signifying steady progress.
- Secondly, annualized premiums from new policies for individual insurance was ¥363.7 billion, a 5.5% increase year on year. Annualized premiums from new policies for medical care increased by 21.9% year on year, showing recovery from the temporary decline in the previous fiscal year.
- Thirdly, the number of new policies increased by 11.0% year on year for endowment insurance, and increased by 13.8% for whole life insurance, as a result of launching endowment insurance with a shortened premium period as well as increasing the age limit for whole life insurance in October 2015.
- On to the fourth point, in view of the current low interest rate environment, we continued to invest in risk assets such as foreign securities and domestic stocks, and increased the exposure to 6.4% of total assets, while keeping a focus on ALM.
- Lastly, the fifth point, EV increased by ¥203.2 billion from the end of the previous fiscal year to ¥3,704.5 billion, backed by an increase in sales of new policies.
- Please look at page 2.

Financial Highlights

Financial Highlights

(¥bn)

	9 months ended Dec-14	9 months ended Dec-15	Year on year
Ordinary income	7,723.3	7,293.7	(5.6) %
Ordinary profit	377.4	327.7	(13.2) %
Provision for reserve for policyholder dividends	192.3	172.2	(10.4) %
Net income ¹	73.4	72.7	(0.9) %

Financial Result Forecasts

(¥bn)

Year ending Mar-16 (Full-year forecast)	Progress
9,550.0	76.4 %
350.0	93.6 %
190.0	90.7 %
84.0	86.6 %

(¥bn)

	Mar-15	Dec-15	Change
Total assets	84,915.0	82,682.8	(2.6) %
Net assets	1,975.7	1,971.4	(0.2) %
Total shareholders' equities	1,412.0	1,460.2	+3.4 %

1. Net income attributable to Japan Post Insurance

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- Next, I would like to move on to an explanation of financial highlights.
- During the nine months of the current fiscal year, ordinary income was ¥7,293.7 billion, ordinary profit was ¥327.7 billion, and net income was ¥72.7 billion. Ordinary profit was 93.6% and net income was 86.6% of the full-year financial results forecast, signifying steady progress.
- Furthermore, total assets were ¥82,682.8 billion. Net assets were ¥1,971.4 billion, of which shareholders' equity increased by 3.4%.
- Please look at page 3.

Overview of Financial Statements

Statement of Income (Consolidated)

	9 months ended Dec-14	9 months ended Dec-15	Change	(#bn)
Ordinary income	7,723.3	7,293.7	(429.6)	10,169.2
Insurance premiums and others	4,487.9	4,003.9	(484.0)	5,956.7
Investment income	1,105.4	1,035.3	(70.0)	1,460.7
Reversal of policy reserves	1,990.7	2,160.5	+169.8	2,632.8
Ordinary expenses	7,345.9	6,965.9	(379.9)	9,676.6
Insurance claims and others	6,884.6	6,495.4	(389.1)	9,059.5
Investment expenses	9.3	7.2	(2.1)	10.9
Operating expenses	380.0	391.0	+11.0	513.1
Ordinary profit	377.4	327.7	(49.7)	492.6
Extraordinary profit and loss	(78.8)	(52.6)	+26.1	(99.3)
Provision for reserve for policyholder dividends	192.3	172.2	(20.0)	200.7
Income before income taxes	106.2	102.8	(3.4)	192.5
Total income taxes	32.8	30.0	(2.7)	111.2
Net income attributable to Japan Post Insurance	73.4	72.7	(0.6)	81.3

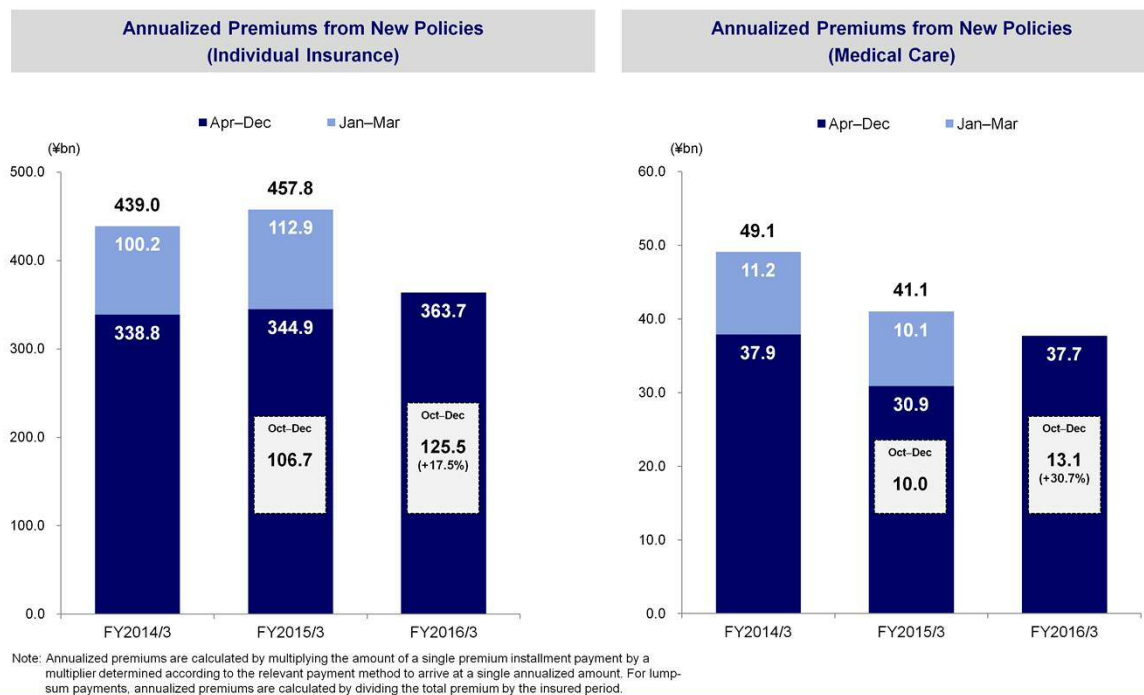
Balance Sheets (Consolidated)

	Mar-15	Dec-15	Change	(#bn)
Assets	84,915.0	82,682.8	(2,232.1)	
Cash and deposits	2,213.7	1,382.0	(831.7)	
Money held in trust	1,434.9	1,796.1	+361.2	
Securities	66,276.2	64,447.7	(1,828.4)	
Loans	9,977.3	9,429.8	(547.5)	
Fixed assets	286.8	321.7	+34.8	
Deferred tax assets	547.0	663.6	+116.5	
Liabilities	82,939.2	80,711.4	(2,227.8)	
Policy reserves	75,112.6	72,952.0	(2,160.5)	
Reserve for price fluctuations	712.1	764.0	+51.9	
Net assets	1,975.7	1,971.4	(4.3)	
Total shareholders' equities	1,412.0	1,460.2	+48.2	
Total accumulated other comprehensive income	563.6	511.1	(52.5)	

Note: Main items are presented.

- Here is written an overview of our financial statements.
- For more information, please refer to the document on financial results.
- Please look at page 4.

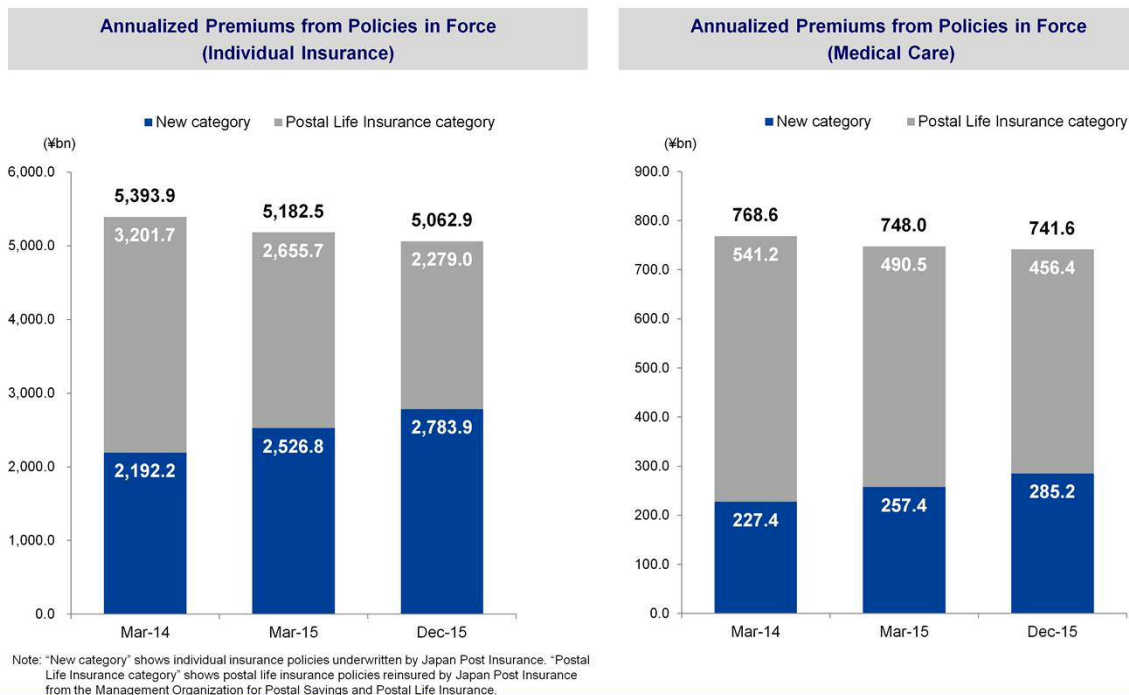
Policy Sales (1): Annualized Premiums from New Policies



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- From here, I would like to give an explanation of our policy sales.
- Page 4 shows the annualized premiums from new policies.
- Annualized premiums from new policies for individual insurance increased ¥18.7 billion year on year to ¥363.7 billion, as a result of the launch of new products in October 2015.
- As shown in the chart on the right, annualized premiums from new policies for medical care riders recovered by ¥6.7 billion to ¥37.7 billion in the current period, after the decline in the last fiscal year due to increased sales of revised educational endowment insurance.
- We will continue to sell our main products, endowment insurance and whole life insurance, which are both designated as universal service products, combined with medical care riders.
- Please look at page 5.

Policy Sales (2): Annualized Premiums from Policies in Force

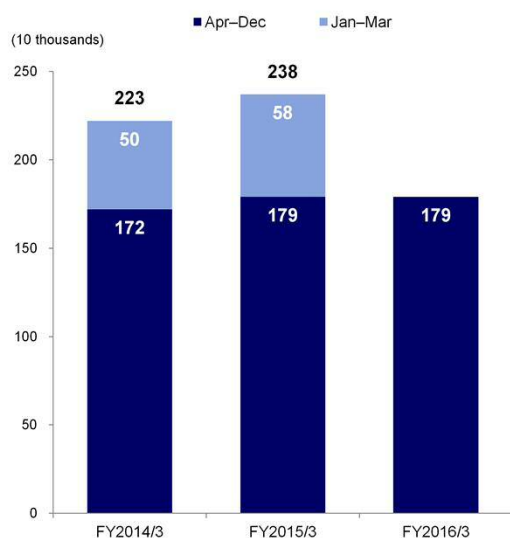


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- Annualized premiums from policies in force are shown in “Postal Life Insurance category” and “New category.”
- As shown in the chart on the left, annualized premiums from policies in force for individual insurance amounted to ¥5,062.9 billion, of which “New category” underwritten after privatization accounted for ¥2,783.9 billion.
- Furthermore, annualized premiums from policies in force for medical care riders were ¥741.6 billion, of which ¥285.2 billion was from the “New category,” an increase of ¥27.7 billion from the end of the previous fiscal year.
- Please look at page 6.

Policy Sales (3):Number of New Policies

Number of New Policies (Individual Insurance)



Breakdown of New Policies

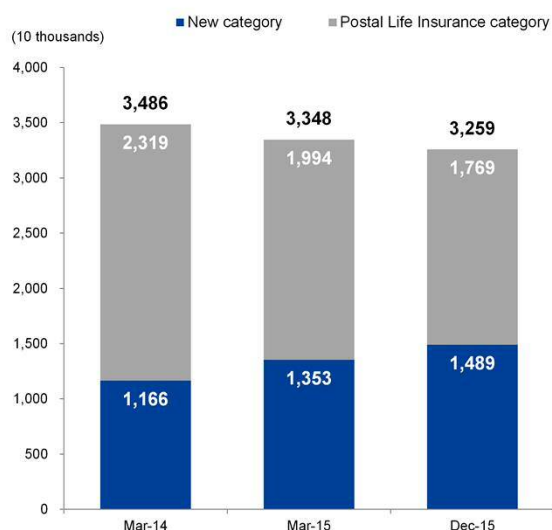
	9 months ended Dec-14		9 months ended Dec-15	
	Number of policies	Share	Number of policies	Share
Individual insurance	179	100.0 %	179	100.0 %
Endowment insurance	85	47.4 %	94	52.8 %
Whole life insurance	43	24.3 %	49	27.7 %
Educational endowment insurance	50	28.2 %	34	19.5 %
Other insurance	0	0.0 %	0	0.0 %

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- The chart on the left shows changes in the number of new policies, with a breakdown by product on the right.
- The number of new policies in the nine months of the current fiscal year was 1,790,000, maintaining the same level as in the same period of the previous fiscal year.
- Although the number of educational endowment insurance policies revised in April 2014 decreased by 150,000 year on year, the number of endowment insurance policies increased by 90,000 year on year to 940,000 due to the launch of endowment insurance with a shortened premium period, and the number of whole life insurance policies increased by 60,000 to 490,000 due to the increase of the age limit.
- Please look at page 7.

Policy Sales (4):Number of Policies in Force

Number of Policies in Force (Individual Insurance)



Breakdown of Policies in Force

	Mar-15		Dec-15	
	Number of policies	Share	Number of policies	Share
Individual insurance	3,348	100.0 %	3,259	100.0 %
Whole life insurance	1,555	46.4 %	1,465	45.0 %
Endowment insurance	1,230	36.7 %	1,238	38.0 %
Educational endowment insurance	547	16.4 %	540	16.6 %
Other insurance	15	0.5 %	14	0.5 %

Note: "New category" shows individual insurance policies underwritten by Japan Post Insurance. "Postal Life Insurance category" shows postal life insurance policies reinsured by Japan Post Insurance from the Management Organization for Postal Savings and Postal Life Insurance.

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- Changes in the number of policies in force and its breakdown are presented on this page.
- The number of policies in force, which is the total of "New category" and "Postal Life Insurance category," decreased by 890,000 from the end of the previous fiscal year to 32,590,000.
- Since privatization, the decrease of policies in force has continued, because the decrease of policies in the "Postal Life Insurance category" due to maturity has exceeded the increase of new policies. However, the pace of decrease is gradually becoming moderate.
- Please look at page 8.

Investments (1) Asset Portfolio

Asset Portfolio				
	(#bn, %)			
	Mar-15		Dec-15	
	Amount	Share	Amount	Share
Bonds	64,294.7	75.7	60,800.6	73.5
Japanese government bonds	48,086.4	56.6	45,280.8	54.8
Japanese local government bonds	9,555.8	11.3	9,343.4	11.3
Japanese corporate bonds	6,652.4	7.8	6,176.3	7.5
Risk assets	3,363.1	4.0	5,301.6	6.4
Domestic stocks ¹	996.9	1.2	1,247.5	1.5
Foreign stocks ¹	214.5	0.3	220.9	0.3
Foreign bonds etc. ^{1,2}	2,151.6	2.5	3,833.1	4.6
Loans	9,977.3	11.7	9,429.8	11.4
Others	7,279.7	8.6	7,150.7	8.6
Cash and deposits, call loans	2,659.2	3.1	2,224.0	2.7
Receivables under securities borrowing transactions	2,720.8	3.2	2,989.1	3.6
Total assets	84,915.0	100.0	82,682.8	100.0

1. Risk assets include assets invested in money held in trust.
2. Foreign bonds etc. include investment trusts classified as other securities.

Investment Yield			
	(#bn)		
	9 months ended Dec-14	9 months ended Dec-15	(Reference) Year ended Mar-15
Positive spread	43.9	67.4	66.9
Average assumed rates of return ¹	1.81 %	1.77 %	1.80 %
Investment return on core profit ²	1.88 %	1.89 %	1.89 %
Net capital gains	53.2	18.6	64.1
	Dec-14	Dec-15	Mar-15
Interest rate (10Y JGB)	0.330 %	0.270 %	0.400 %

1. Average assumed rates of return is the assumed return on general account policy reserves.
2. Investment return on core profit is the return with respect to earned policy reserves.

- I would like to move on to the results of investments.
- As shown on the left, we focus on ALM to match yen-denominated interest-bearing assets with yen-denominated interest-bearing liabilities.
- In addition, as a result of our efforts to diversify our investment assets under the current low interest rate environment, the amount and proportion of risk assets such as foreign bonds increased to ¥5.3 trillion and to 6.4% of total assets at the end of December 2015.
- On the right, the positive spread increased by ¥23.4 billion year on year to ¥67.4 billion for the nine months of the current fiscal year, because the average assumed rates of return have declined in line with termination of the policies with relatively high assumed rates of return.
- Please look at page 9.

Investments (2) Fair Value Information of Securities

Fair Value Information of Securities

(¥bn)

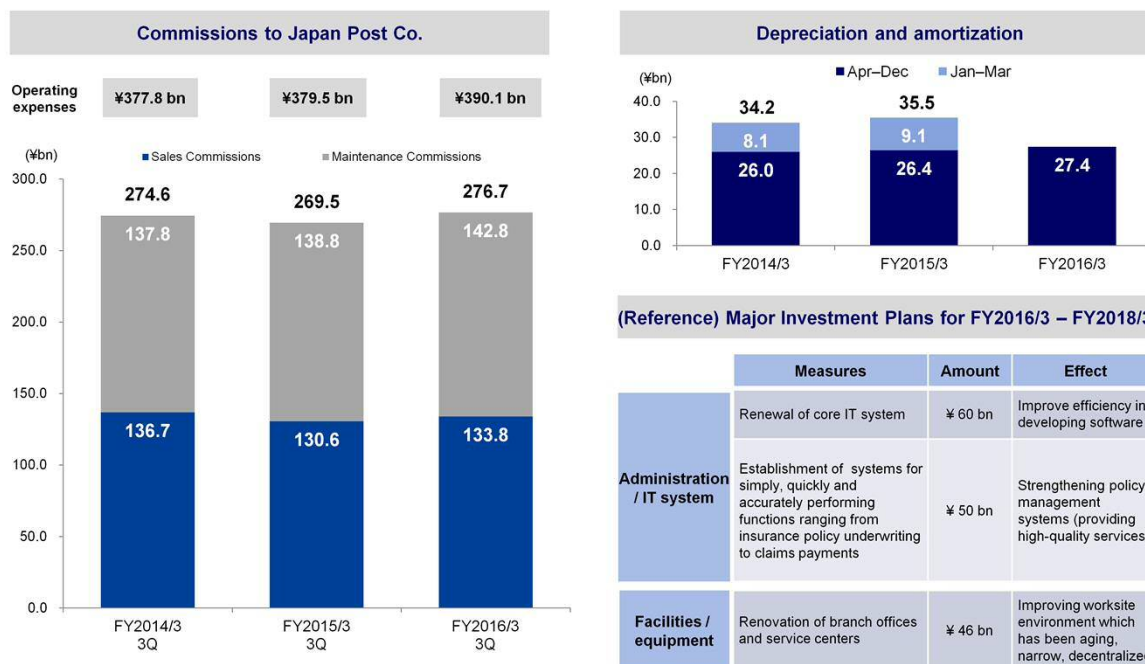
	Mar-15			Dec-15		
	Book value	Fair value	Net unrealized gains (losses)	Book value	Fair value	Net unrealized gains (losses)
Total	68,673.5	75,167.6	6,494.0	66,714.7	73,623.6	6,908.8
Held-to-maturity bonds	43,695.5	48,232.6	4,537.1	42,312.2	47,328.1	5,015.9
Policy-reserve-matching bonds	15,493.2	16,668.4	1,175.2	14,544.5	15,729.2	1,184.7
Available-for-sale securities	9,484.7	10,266.5	781.7	9,857.9	10,566.2	708.2
Securities	8,405.0	8,831.5	426.4	8,378.1	8,770.0	391.9
Bonds	5,105.3	5,203.9	98.6	3,950.5	4,041.8	91.2
Foreign stocks	20.0	20.0	-	-	-	-
Foreign bonds	1,537.7	1,863.4	325.7	3,200.8	3,499.5	298.7
Other securities	-	-	-	50.0	49.5	(0.4)
Deposits	1,741.9	1,744.0	2.0	1,176.7	1,179.0	2.3
Money held in trust	1,079.7	1,434.9	355.2	1,479.8	1,796.1	316.3
Domestic stocks	713.2	996.9	283.7	982.5	1,247.5	265.0
Foreign stocks	158.0	194.5	36.5	195.9	220.9	24.9
Foreign bonds	155.1	190.1	34.9	159.7	186.0	26.3

1. This table includes the handling of securities under the Financial Instruments and Exchange Act.
 2. Total money held in trust includes cash and deposits and others.

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- This slide shows the fair value of securities and net unrealized gains or losses.
- Net unrealized gains on held-to-maturity and policy-reserve-matching bonds increased by ¥488.2 billion in total due to the decline in long-term interest rate.
- Net unrealized gains on available-for-sale securities decreased by ¥73.4 billion due to decreased net unrealized gains on domestic and other stocks held as money held in trust, following the decline of domestic and foreign stock markets.
- In total, net unrealized gains on securities increased ¥414.7 billion from the end of the previous fiscal year to ¥6,908.8 billion.
- Please look at page 10.

Expenses (Non-Consolidated)



Source: Japan Post Group, medium-term business plan

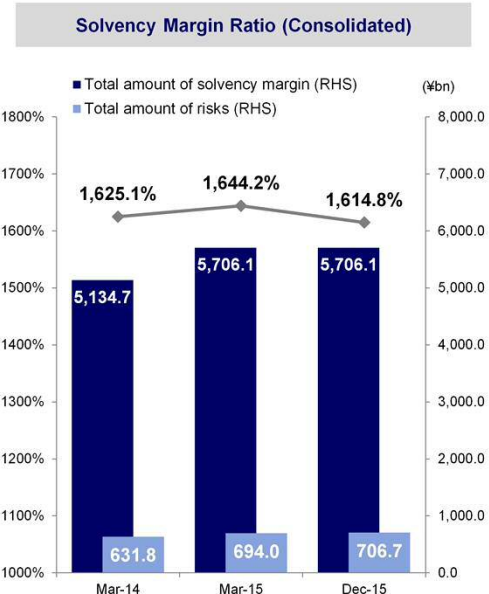
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- Expenses for the period are presented on this page.
- Operating expenses for the nine months of the current fiscal year were ¥390.1 billion on a non-consolidated basis, of which approximately 70% or ¥276.7 billion consists of commissions paid to Japan Post Co.
- Approximately half of the commissions are sales commissions corresponding to actual sales of new policies, and the remaining half are maintenance commissions paid for outsourced operations of maintenance and payment services.
- Commissions for the nine months of the current fiscal year increased by ¥7.1 billion overall to ¥276.7 billion, as a result of steady growth of new policies after privatization at post offices, and start of initiatives to have customers register bank accounts for depositing insurance payments.
- In addition, depreciation and amortization for the nine months of the current fiscal year was ¥27.4 billion, as shown in the chart on the upper right.
- Please look at page 11.

Financial Soundness

Internal Reserves			
	Mar-15	Dec-15	(¥bn)
Contingency reserve	2,498.7	2,406.7	(91.9)
Postal Life Insurance	2,182.8	2,054.7	(128.1)
New	315.8	351.9	36.1
Price fluctuations reserve	712.1	764.0	51.9
Postal Life Insurance	626.8	640.4	13.5
New	85.3	123.6	38.3
Additional policy reserve ¹	6,067.0	6,025.7	(41.2)
Postal Life Insurance	6,067.0	6,025.7	(41.2)
New	-	-	-

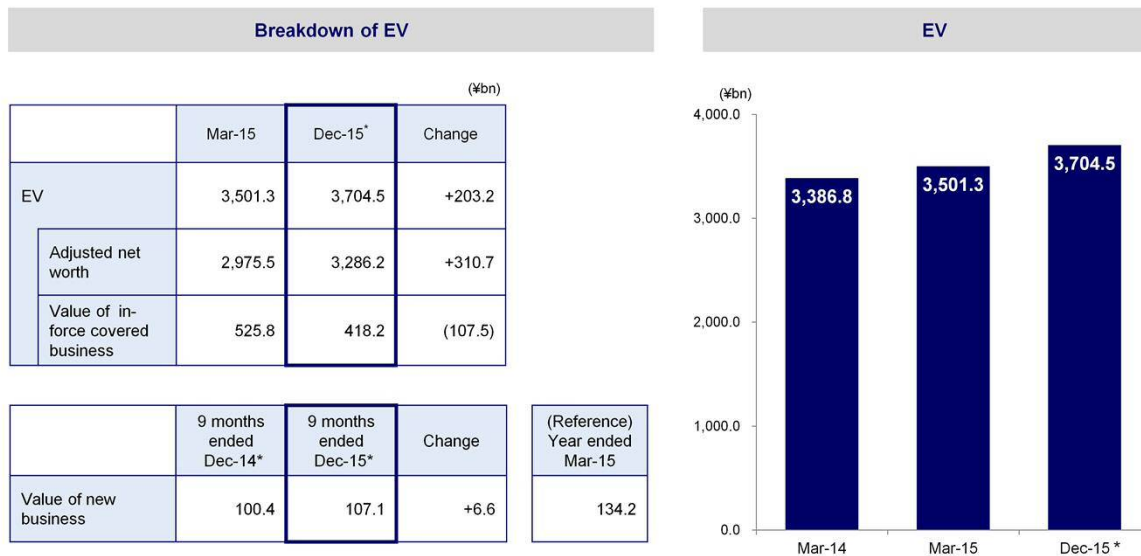
Notes: "New category" show the figures after deduction of "Postal Life Insurance category" from the total.
 1. Additional policy reserve includes the amount determined to be additionally provided over 10 years from the year ended March 31, 2011 for reinsured annuity assumed from the Management Organization for Postal Savings and Postal Life Insurance (for the nine months ended December 31, 2015, the amount of additional provision was ¥134.6 bn and the accumulated amount was ¥985.1 bn).
 2. Provision in the period includes the excess provision of ¥67.0 bn exceeding the provision requirements for contingency reserve and reserve for price fluctuations.



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- I would like to report on our financial soundness.
- In order to maintain financial soundness for the stable management in the future, as well as counter risks associated with changes in the business environment, we have accumulated contingency reserve of ¥2,406.7 billion and reserve for price fluctuations of ¥764.0 billion as of the end of the nine months of the current fiscal year.
- From the end of the previous fiscal year, the contingency reserve decreased by ¥91.9 billion, and the reserve for price fluctuations increased by ¥51.9 billion.
- Looking by category, the "Postal Life Insurance category" accounts for the majority of the accumulated balance. However, in anticipation of future expansion of risk-taking in the "New category," the provisions for the nine months of the current fiscal year are mainly for the "New category."
- Additional policy reserves accumulated mainly due to negative spreads were ¥6,025.7 billion at the end of the nine months of the current fiscal year.
- Please refer to the chart on the right for changes in the consolidated solvency margin ratio.
- Although the consolidated solvency margin ratio declined slightly to 1,614.8% from the end of the previous fiscal year mainly due to the increase of risk assets investment, a high level of soundness is maintained.
- Please look at page 12.

Embedded Value



* The above is the provisionally calculated EV using the economic assumptions as of the end of December, based on the policies in force at the end of December. (Value of new business is calculated by using the economic assumptions as of the end of September, based on the new policies written in the period from April to December). Please note that none of the aforementioned values have been verified by a third party.

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- Finally, I will now move on to an explanation on EV.
- EV at the end of the nine months of the current fiscal year was ¥3,704.5 billion, an increase of ¥203.2 billion from the end of the previous fiscal year.
- Adjusted net worth increased by ¥310.7 billion to ¥3,286.2 billion, mainly due to an increase in net unrealized gains on securities held resulting from decline in interest rate.
- The value of in-force covered business decreased by ¥107.5 billion to ¥418.2 billion mainly due to decrease in future profits resulting from decline in interest rate.
- The value of new business for the nine months of the current fiscal year was ¥107.1 billion, an increase of ¥6.6 billion year on year, because sales of endowment insurance and whole life insurance with medical care riders were recovered in spite of decline in interest rate.
- This concludes my presentation.

APPENDIX

Figures by New and Postal Life Insurance Categories (Non-Consolidated)

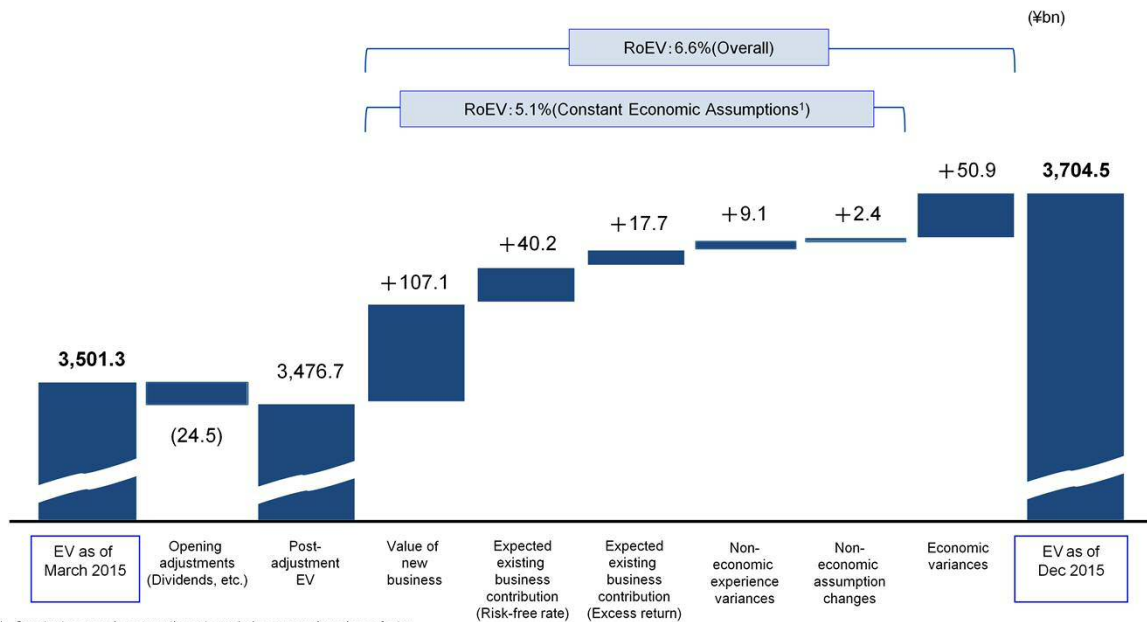
		FY2012/3	FY2013/3	FY2014/3	FY2015/3	FY2015/3 3Q	FY2016/3 3Q
Total assets	¥mn	93,688,672	90,462,364	87,088,626	84,911,946	85,012,677	82,677,021
Postal Life Insurance category		80,024,630	73,793,953	67,560,915	61,703,013	63,047,330	57,833,478
New category		13,664,042	16,668,410	19,527,711	23,208,932	21,965,346	24,843,542
Number of policies in force	(000)	39,034	36,805	34,864	33,489	33,828	32,590
Postal Life Insurance category (insurance)		31,015	26,933	23,195	19,949	20,743	17,693
New category (individual insurance)		8,018	9,871	11,668	13,539	13,085	14,896
Insurance premiums and others	¥mn	6,856,486	6,481,772	5,911,643	5,956,716	4,487,972	4,003,912
Postal Life Insurance category		3,292,716	2,685,558	2,155,398	1,697,140	1,302,044	1,016,484
New category		3,563,769	3,796,214	3,756,245	4,259,576	3,185,928	2,987,427
Ordinary profit	¥mn	531,388	529,375	463,506	493,169	377,729	328,424
Postal Life Insurance category		460,482	424,511	382,325	377,145	290,183	206,535
New category		70,906	104,864	81,181	116,024	87,546	121,889
Net income	¥mn	67,734	91,000	63,428	81,758	73,702	73,468
Postal Life Insurance category		48,429	56,816	43,689	36,969	36,486	29,925
New category		19,304	34,184	19,739	44,789	37,215	43,542
Contingency reserve (reversal) provision	¥mn	(102,240)	(100,149)	(94,807)	(90,087)	(67,695)	(91,980)
Postal Life Insurance category		(152,519)	(159,710)	(164,732)	(167,144)	(125,314)	(128,143)
New category		50,278	59,561	69,924	77,057	57,619	36,163
Price fluctuations reserves (reversal) provision	¥mn	48,541	64,656	91,360	97,934	78,725	51,921
Postal Life Insurance category		35,893	43,374	73,857	72,126	58,546	13,599
New category		12,647	21,282	17,502	25,808	20,179	38,322
Additional policy reserve (reversal) provision	¥mn	(107,885)	(92,835)	(77,134)	(68,347)	(48,606)	(41,281)
Postal Life Insurance category		(107,885)	(92,835)	(77,134)	(68,347)	(48,606)	(41,281)
New category		-	-	-	-	-	-

Note: "New category" shows the figure after deduction of "Postal Life Insurance category" from the total.

Major Financial Results (Consolidated)

	(¥bn)					
	FY2012/3	FY2013/3	FY2014/3	FY2015/3	FY2015/3 3Q	FY2016/3 3Q
Insurance premiums and others	6,856.4	6,481.7	5,911.6	5,956.7	4,487.9	4,003.9
Ordinary profit	531.2	528.9	462.7	492.6	377.4	327.7
Provision for reserve for policyholder dividends	271.9	307.4	242.1	200.7	192.3	172.2
Net income	70.0	90.6	62.8	81.3	73.4	72.7
Net assets	1,294.4	1,466.7	1,538.1	1,975.7	1,889.9	1,971.4
Total assets	93,690.8	90,463.5	87,092.8	84,915.0	85,019.2	82,682.8
Return on equity	5.6%	6.6%	4.2%	4.6%	-	-
Return on shareholders' equity	5.8%	7.1%	4.7%	5.9%	-	-
Dividend to shareholders	16.9	22.7	16.8	24.5	-	-
Payout ratio	24.2%	25.1%	26.8%	30.2%	-	-
[Reference] Core profit (Non-consolidated)	571.6	570.0	482.0	515.4	389.2	352.3

EV Movement



1. Constant economic assumption rate excludes economic variance factor.

* Please note that none of the aforementioned values have been verified by a third party.

<Disclaimer>

The financial results forecasts and other forward-looking statements herein are based on certain assumptions deemed reasonable by Japan Post Insurance at the time of this document's disclosure. Please note that actual results may differ materially from such forward-looking statements due to various factors including changes in the operating environment, interest rates or general economic conditions or other future events and circumstances.

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