

Kampo

**Financial Results for the Fiscal Year
Ended March 31, 2016**

May 20, 2016



JAPAN POST INSURANCE

Agenda

1

Management Strategy

- The 100th Anniversary of Postal Life Insurance Services / Highlights of the Fiscal Year Ended March 2016 / Our Actions to Deal with Negative Interest Rates / Strategic Business Alliance with Dai-ichi Life

2

Financial Results

- Financial Highlights / New Policy / Sales Promotion and Health Enhancement Services / Policies in Force / Investments / Diversification and Advancement of Asset Management / Enhancing Administrative and IT Systems / Use of IBM's Watson / EV / Financial Results Forecasts

- I am Masami Ishii, President, CEO of Kampo.
- Thank you for joining us today.
- Firstly, I will start the presentation with our management strategy. Then, Mr. Senda, Managing Executive Officer, will explain the operational update including the financial results for the fiscal year ended March 31, 2016.
- Please look at page 3.

1

Management Strategy

The 100th Anniversary of Postal Life Insurance Services

- This year marks 100th anniversary since the introduction of Postal Life Insurance Services by the Ministry of Communications. We will continue to seek for growth in our corporate value
- As we completed IPO and are in the year of 100th anniversary, we revised our management philosophy to establish guidelines for the next 100 years

100th Anniversary of Postal Life Insurance Services



Major anniversary events

- Revising management philosophy
- Special marketing campaigns (four times in an year)
- TV commercials and special website contents

日本全国へ、
100年ぶんのありがとう。

簡易生命保険が日本に生まれて、
今年で100周年を迎えます。

これまでに出会ってきた
たくさんのお客さまへの、
100年ぶんの感謝とともに。

かんぽ生命はこれからも、
全国24,000の郵便局を拠点に、
お客さま一人ひとりと歩んでいきます。

いつでもそばにいる。どこにいても変える。
すべての人生を、守り続けたい。

そんな想いを、新たにして。
「かんぽさん」は今日も、あなたの街で、
あなたの夢とともにいます。

Our New Management Philosophy

Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being

“Be a trustful partner for people, always being close at hand”

- Continue to fulfill our mission as a member of the Japan Post Group
 - Provide peace of mind through insuring customers in every part of the country
 - Remain as a company which is trusted and beloved by customers

“Endeavor to protect their well-being”

- Continue supporting people's dreams and their desire to live life to the fullest
 - Use our products and services to continue protecting the well-being of people

- This October marks the 100th anniversary of our Postal Life Insurance services. We would like to express our deep appreciation to all the stakeholders for its continuous supports.
- In our 100th anniversary year, we have announced a new management philosophy: Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being.
- In this management philosophy, we are expressing our strong commitment to support people's dreams and their desire to live life to the fullest by our products and services, while fulfilling our unchanged mission as a member of the Japan Post Group.
- Guided by this new philosophy, we will strive to be recognized as a company that is big, unique and caring in order to remain as a company which is trusted and beloved by customers in the next 100 years.
- Please turn to page 4.

Highlights of the Fiscal Year Ended March 2016

- Completed our IPO together with Japan Post Holdings and Japan Post Bank in November 2015
- To realize consistent growth in our corporate value, implemented various strategic initiatives such as strategic business alliance with Dai-ichi Life

	First half (April – September 2015)	Second half (October 2015 – March 2016)	Operating results (FY16/3)
Corporate	<p>Preparations for the IPO</p> <p>(November 2015) ▼ IPO</p> <p>(March 2016) Strategic business alliance with Dai-ichi Life ▼</p>		<p>➢ Contracted monthly insurance premiums from new policies</p> <p>JPY 51.0 billion (+109.6% from FY15/3)</p> <p>Achieve ¥50bn ahead of schedule</p>
Products/Sales	<p>(April 2015) ▼ Increased the age limit for endowment insurance from 75 to 80</p>	<p>(October 2015) ▼ Increased the age limit for whole life insurance from 65 to 85</p> <p>(March 2016) ▼ Introduced endowment insurance with shortened premium period</p> <p>Obtained approval for underwriting reinsurance ▼</p>	<p>➢ Net income</p> <p>JPY 84.8 billion (+104.4% from FY15/3)</p>
Asset management	<p>Increased exposure to risk assets</p> <p>(End of FY15/3) JPY3.3 trillion (4.0% of total assets)</p> <p>(End of FY16/3) JPY5.4 trillion (6.6% of total assets)</p>		<p>➢ Dividend</p> <p>DPS of JPY 56 (+136.9% from FY15/3)</p> <p>Dividend payout ratio of 39.6%</p>
Administrative and IT systems	<p>Updating core-IT system (aiming to complete in January 2017)</p> <p>Working to use IBM's Watson for benefit payment operations</p>		

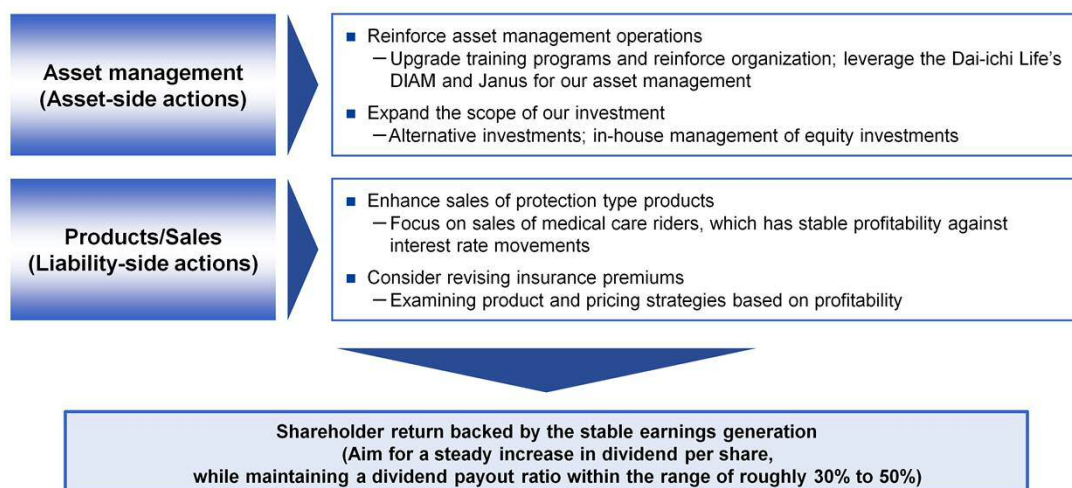
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- I will explain our performance in the year ended March 2016.
- Our company, along with Japan Post Holdings and Japan Post Bank, went public in November 2015, which we had been looking forward to for quite a while. We have entered a new phase that will open up the future, and in March of this year, Dai-ichi Life and we reached an agreement to form a strategic business alliance.
- As for our products and sales, we have achieved our sales target of the ¥50 billion range for contracted monthly insurance premiums from new policies, which was originally set out for the year ending March 31, 2017, a year ahead of schedule as a result of increasing the age limit for endowment insurance and whole life insurance, and launching endowment insurance with a shortened premium period.
- As for asset management, we strive to secure a stable investment return under the current low interest rate environment, by increasing exposures to investments in risk assets by 6.6% of total assets.
- As for administrative and IT systems, we have worked toward the update of our core IT systems in January 2017, and the adoption of IBM Watson as our benefit payment operations, as initiatives to develop simple, prompt and accurate operations from underwriting to benefit payments.
- In the face of rapidly changing economic environment over the past year, we achieved net income of ¥84.8 billion, exceeding the forecast of ¥84 billion, marking an increase of ¥3.5 billion or 4.4% year on year. As a result, dividends to shareholders increased by approximately ¥15 per share year on year to ¥56 per share.
- We believe that the fiscal year ended March 31, 2016 was a year in which we made steady progress in line with the mid-term management plan, while at the same time steadily implementing its strategic measures towards future growth.
- Please look at page 5.

Our Actions to Deal with Negative Interest Rates

- Taking appropriate actions from both assets and liabilities side to deal with environmental changes following the introduction of negative interest rate policy
- Committed to shareholder return backed by the stable earnings generation

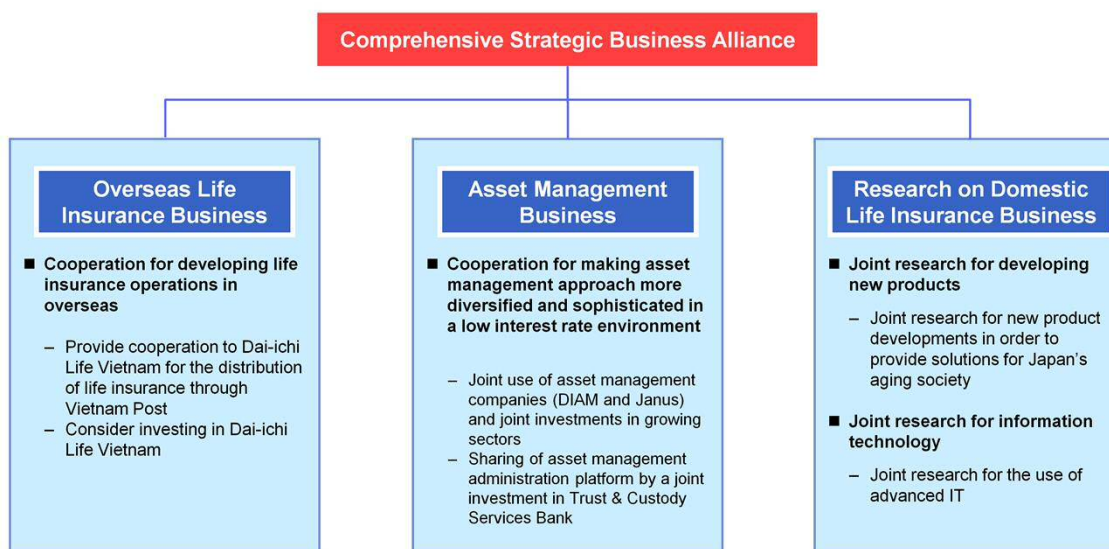


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- One of the significant changes in the recent environment surrounding life insurance companies is the emergence of needs to deal with negative interest rates.
- In a short term, BoJ's negative interest rate policy would have only a limited impact on our performance. But, in order to maintain our medium to long-term profitability, we will take necessary actions from both assets and liabilities side.
- For assets, we are making our asset management operations more diversified and advanced through reinforcing our asset management capabilities and adding new type of assets in our investment portfolio. We have no change in our plan to increase risk assets to about 10% of total assets stated in our medium-term management plan to achieve a stable investment return.
- For liabilities, we will focus on sales of medical care rider, which has stable profitability against interest rate fluctuations. In addition, we will examine and implement our product and pricing strategies including insurance premiums revise in a timely manner.
- Bearing in mind that one of the most important targets for life insurance business is to increase the number of insurance policies in the long-term period, we will continue to realize shareholder returns backed by stable profits by fulfilling customer needs.
- We view current business environment as a great chance for our structural reforms, and will be taking various actions proactively in a medium to long-term perspectives.
- Please turn to page 6.

Strategic Business Alliance with Dai-ichi Life

- Kampo and Dai-ichi Life have established a comprehensive strategic business alliance with the primary goals of leveraging its respective strengths to develop business and contribute to society
- The alliance begins with cooperation in three areas: overseas life insurance business, asset management business and joint research on domestic life insurance business



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- I will discuss our decision to enter into a basic agreement to form a strategic business alliance with Dai-ichi Life announced in March 2016.
- This alliance has three primary elements.
- The first is the overseas life insurance business. In January 2016, Dai-ichi Life's subsidiary Dai-ichi Life Vietnam signed an exclusive life insurance agency agreement with Vietnam Post. We will use our expertise in life insurance consignment sales at post offices in Japan to assist Dai-ichi Life Vietnam and consider taking a stake in this company. This is our first step toward entering into overseas business.
- The second is the asset management business. In order to diversify asset management strategy and to strengthen capabilities, we will jointly utilize funds of an asset management company affiliated with Dai-ichi Life. We also plan to make joint investments in growing sectors such as project financing. In addition, we will take a stake in TCSB to which we outsource our asset administration services.
- The third is joint research on domestic life insurance business. We will conduct research with Dai-ichi Life for the development of new products and study sales methods that can effectively utilize the powerful brands of both Kampo and Dai-ichi Life. Additionally, Kampo and Dai-ichi Life will also jointly study applications in the IT area, especially for the use of FinTech in a broad range of applications as well as using IBM's Watson for the payment of insurance benefits, which both companies already began.
- Kampo and Dai-ichi Life will cooperate and enhance the outcome of the alliance, contribute to the development of regional society, and will aim to create new values.
- This completes my presentation. Senda, our Managing Executive Officer will discuss the details of our operation next.

2

Financial Results

- I am Tetsuya Senda, Managing Executive Officer.
- I will explain our financial results for the year ended March 31, 2016 and provide an update on our business.
- Please look at page 8.

Financial Highlights (Consolidated)

- Net income was ¥84.8 billion, securing a increase in profit (a 4.4% increase year on year). Compared with the full-year financial result forecasts, 101.1% has been achieved

Financial Highlights			
	Year ended Mar-15	Year ended Mar-16	Year on year
			(¥bn)
Ordinary income	10,169.2	9,605.7	(5.5) %
Ordinary profit	492.6	411.5	(16.5) %
Provision for reserve for policyholder dividends	200.7	178.0	(11.3) %
Net income ¹	81.3	84.8	+ 4.4 %

Financial Result Forecasts	
Year ended Mar-16 (Initial forecast)	Achievement
9,550.0	100.6 %
350.0	117.6 %
190.0	93.7 %
84.0	101.1 %

	Mar-15	Mar-16	Change
			(¥bn)
Total assets	84,915.0	81,545.1	(4.0) %
Net assets	1,975.7	1,882.9	(4.7) %
Total shareholders' equities	1,412.0	1,472.4	+ 4.3 %

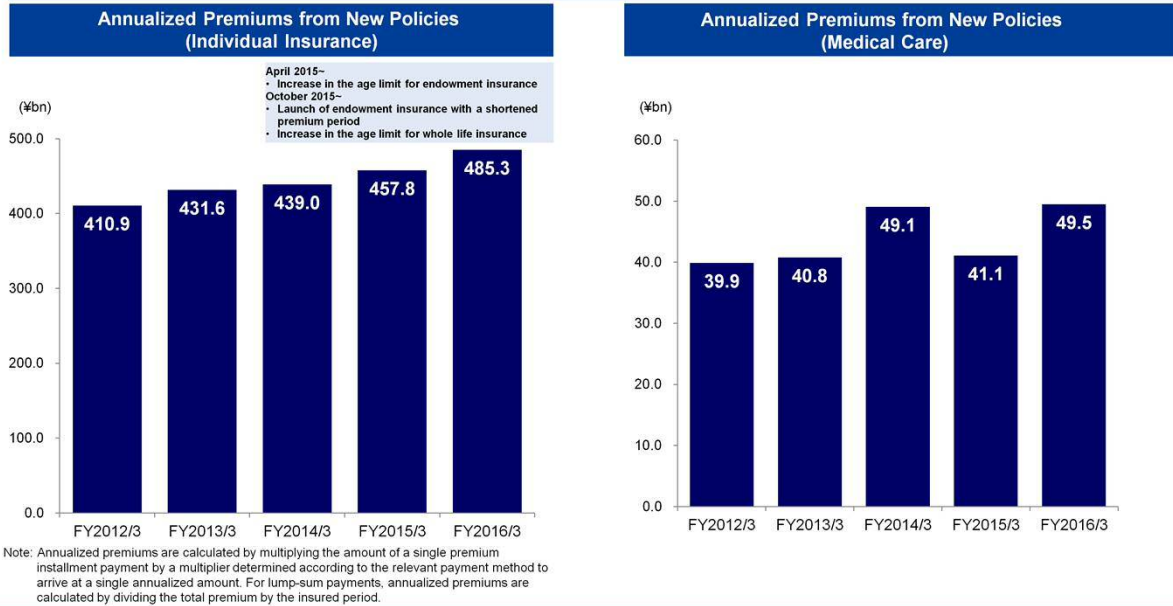
1. Net income attributable to Japan Post Insurance.

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- I would like to move on to an explanation of financial highlights on page 8.
- Ordinary profit was ¥411.5 billion, and net income was ¥84.8 billion. Net income increased by ¥3.5 billion, a 4.4% increase year on year.
- Ordinary profit was 117.6% and net income was 101.1% of the full-year financial results forecast, signifying steady achievement.
- Furthermore, total assets were ¥81.5 trillion. Net assets were ¥1.8 trillion, of which shareholders' equity increased by 4.3%.
- Please look at the next page.

Annualized Premiums from New Policies

- Annualized premiums from new policies for individual insurance amounted to ¥485.3 billion, a 6.0% increase year on year. Annualized premiums from new policies for medical care was on a recovery track at ¥49.5 billion, or a 20.6% increase year on year
- Annualized premiums from new policies for both individual insurance and medical care hit a record high since privatization



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- I would like to give an explanation of annualized premiums from new policies on page 9.
- Annualized premiums from new policies for individual insurance increased by ¥27.5 billion year on year to ¥485.3 billion, as a result of the launch of new products including endowment insurance with a shortened premium period.
- As shown in the chart on the right, annualized premiums from new policies for medical care riders recovered by ¥8.4 billion to ¥49.5 billion in the current fiscal year, surpassing the level in the year before last, after the temporary decline in the last fiscal year due to increased sales of revised educational endowment insurance.
- Annualized premiums from new policies for both individual insurance and medical care hit a record high since our privatization. We will continue to focus on selling 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 the next page.

Sales Promotions and Health Enhancement Services

- Aim to improve quality of solicitation as part of sales promotion activities, while increasing exposures to our customers (sales activities) through 100th anniversary events and other opportunities
- Contribute to local community reinvigoration by providing health enhancement services to support a healthy and longer life and solve issues related to an ageing society



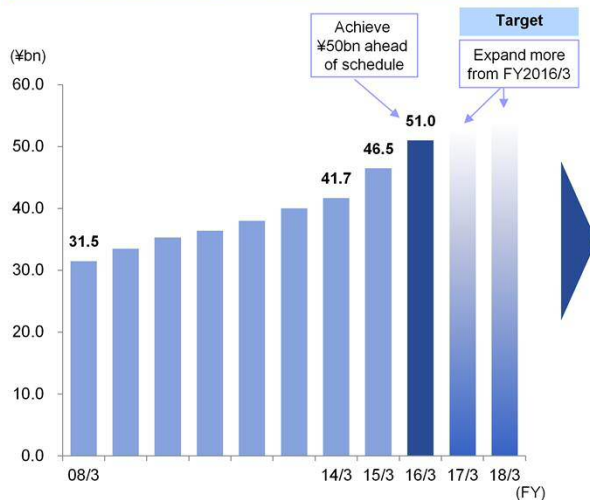
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- Page 10 explains our sales promotions and health enhancement services.
- We are proactively carrying out sales promotion activities that emphasize both quality and quantity, with a view to improving both the quality of solicitation and sales promotion.
- Through 100th anniversary events and our engagement in “Feel Secure with Kampo” activities, we ensure that we have sufficient exposure to our customers. We will also implement training program tailored for respective sales person's performance level as well as providing Japan Post Co. with supports to strengthen hiring of field sales personnel.
- With regard to the channel that we manage directly, which targets small to midsize corporate clients, we are forming ties with chambers of commerce and other partners to develop new customers.
- Further, this year, Kampo and the city of Date in Fukushima prefecture will jointly test the feasibility to commercialize Health Enhancement Services by Japan Post Co.. It is our hope to use health-related data obtained from this service to develop new insurance products in the future.
- Please turn to the next page.

Reversal and Growth of Policies in Force

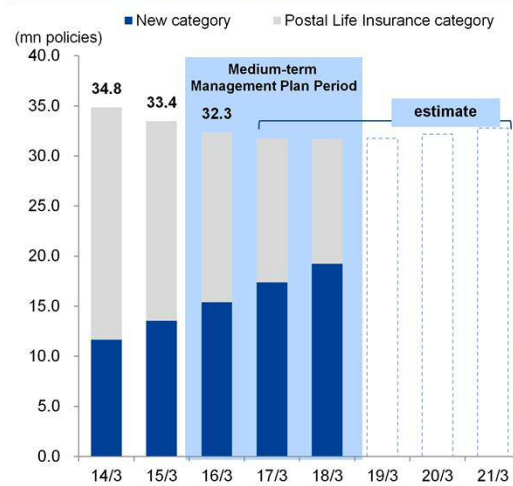
- Aim to reverse the decreasing trend of policies in force after the mid-term management plan's final year (FY2018/3) and enter into a growth phase by strengthening quality and quantity of sales force

Contracted Monthly Insurance Premiums from New Policies¹



1. Internal data used for sales promotion management.

Number of Policies in Force



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- I would like to move on to the reversal and growth of the number of policies in force on page 11.
- As you can see from the chart on the left, we have continued to produce favorable growth in contracted monthly insurance premiums from new policies since our privatization in 2007.
- Although we have achieved our sales target of the ¥50 billion range for contracted monthly insurance premiums from new policies, which was originally set out for the year ending March 31, 2017 in the mid-term management plan, a year ahead of schedule, we strive to continue the upward trend in new policy sales.
- Changes in the number of policies in force and its breakdown are presented in the chart on the right.
- Since our privatization in 2007, total number of policies in force has been decreasing. However, the decreasing trend has been slowing down gradually.
- Going forward, we continue to improve our products and sales channels, and cultivate our customer base through face to face marketing. With these initiatives, we aim to reverse the trend of decreasing policies in force after the fiscal year ending March 31, 2018, then enter into a growth phase.
- Please turn to the next page.

Asset Management

- Under the current low-interest rate environment, we continue to increase exposures to investments in risk assets (foreign securities and domestic stocks)
- Spread has been positive and stable thanks to decline in average assumed rates of return because the average assumed rates of return have declined in line with termination of the policies with relatively high cost of liabilities

Asset Portfolio					Investment Yield		
					(#bn)		
	Mar-15		Mar-16			Year ended Mar-15	Year ended Mar-16
	Amount	Share	Amount	Share			
Bonds	64,294.7	75.7	59,821.0	73.4	Positive spread	66.9	97.4
Japanese government bonds	48,086.4	56.6	44,178.6	54.2	Average assumed rates of return ¹	1.80 %	1.76 %
Japanese local government bonds	9,555.8	11.3	9,405.4	11.5	Investment return on core profit ²	1.89 %	1.90 %
Japanese corporate bonds	6,652.4	7.8	6,236.9	7.6	Net capital gains	64.1	4.4
Risk assets	3,363.1	4.0	5,401.6	6.6		Mar-15	Mar-16
Domestic stocks ¹	996.9	1.2	1,202.5	1.5	Interest rate (10Y JGB)	0.400 %	(0.050) %
Foreign stocks ¹	214.5	0.3	229.4	0.3			
Foreign bonds etc. ^{1,2}	2,151.6	2.5	3,969.7	4.9			
Loans	9,977.3	11.7	8,978.4	11.0			
Others	7,279.7	8.6	7,344.0	9.0			
Cash and deposits, call loans	2,659.2	3.1	2,222.6	2.7			
Receivables under securities borrowing transactions	2,720.8	3.2	3,008.5	3.7			
Total assets	84,915.0	100.0	81,545.1	100.0			

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

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

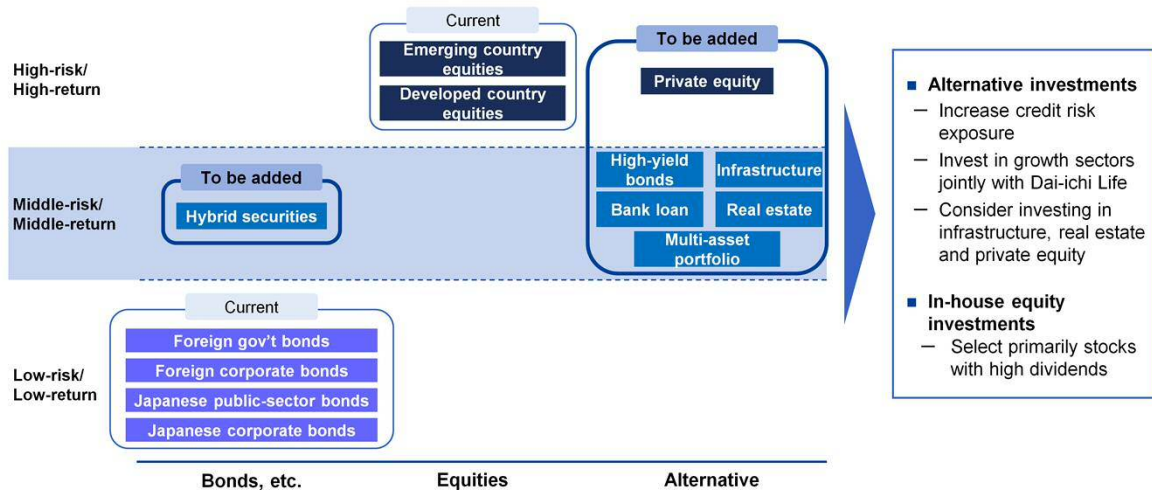
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- I would like to move on to the results of investments on page 12.
- As shown on the left, we mainly invest bonds from the standpoint of ALM to match yen-denominated interest-bearing assets with yen-denominated interest-bearing liabilities.
- As a 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 securities and domestic stocks increased to ¥5.4 trillion and to 6.6% of total assets.
- On the right, the positive spread increased by ¥30.4 billion year on year to ¥97.4 billion, because the average assumed rates of return have declined in line with termination of the policies with relatively high cost of liabilities.
- Please look at the next page.

Diversification and Advancement of Asset Management

- Expand the scope of assets we would invest, in which we would add primarily middle-risk/middle-return assets generating income gain and portfolio diversification merit with our current assets

Current Investment Universe and Future Plans



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- On page 13, I will explain diversification and advancement of our asset management.
- Currently, Kampo mainly invests in the low-risk/low-return category, such as Japanese and foreign bonds, as shown in bottom left, and partly invests in the high-risk/high-return category, which consists of equities.
- Going forward, we will add assets primarily in middle-risk/middle-return category to our investment targets. It is our expectation that alternative investments would be beneficial for us from portfolio diversification point of view, as well as its return.
- We would consider investing in assets such as infrastructure and private equity as well as credit-risk-type assets such as high yield bonds and bank loans.
- Although we have relied on external asset managers for our equity investments so far, starting from this fiscal year, we will start to manage equity investment by ourselves, aiming to invest in primarily the stocks with a relatively high dividend yield.
- Please turn to the next page.

Enhancing Administrative and IT Systems

- Maintain our administrative system simple, prompt and accurate from underwriting to payments, and strengthen our capabilities to manage policies
- Aim to reduce system related expense and improve quality and productivity of our IT system through upgrading our core IT system

Strengthening Infrastructure

Post offices

Reduce administrative work to create more sales activity

- Introduce paperless application from April 2016
- Simplify the required paperwork

Service centers

Strengthen administrative capabilities based on Image-Work-Flow technology

- Combined organization in Service Center and HQ from October 2015
- Use of IBM's Watson to sophisticate our benefit payment operations

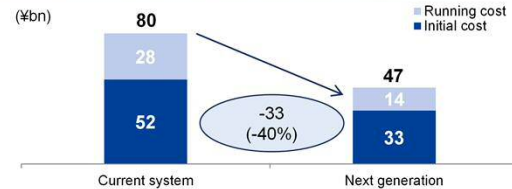
IT system

Strengthen IT system infrastructure

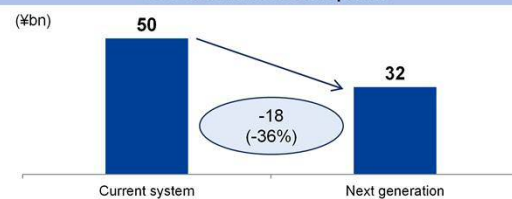
- Launch of our next generation core IT system in January 2017
- Consider use of FinTech

Cost Savings Resulting from Update of Core IT System

Cost of Hardware Procurement and Maintenance¹



Cost of Software Development²



1. Estimated total of initial cost upon system upgrade and maintenance expenses until next core system upgrade (for 8 years).
2. Estimated cost assuming the same volume of system developments required till today will continue for 5 years, which is the software amortization period, after the core system update.

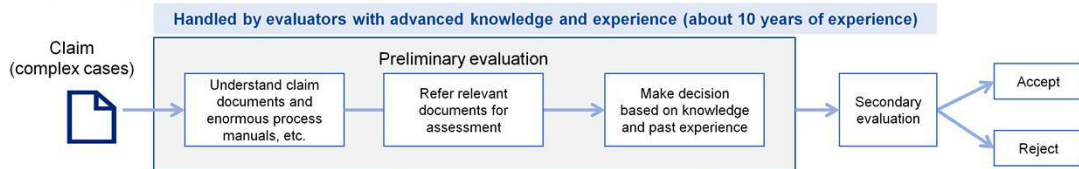
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- Page 14 explains enhancement of our administrative and IT systems.
- As the system is a foundation for our future growth, we will maintain our system simple, prompt and accurate from underwriting to payments, and will strengthen our capabilities to manage insurance policies.
- Through updating our core IT system in January 2017, we intend to improve development productivity and quality of our IT system as well as to reduce system related expenses.
- Specifically, we expect a saving of about ¥33 billion for hardware, including initial cost and the running cost for 8 years after the core system update. For software, we expect a saving of about ¥18 billion assuming the same volume of system developments required till today will continue for 5 years after the core system update.
- Please turn to the next page.

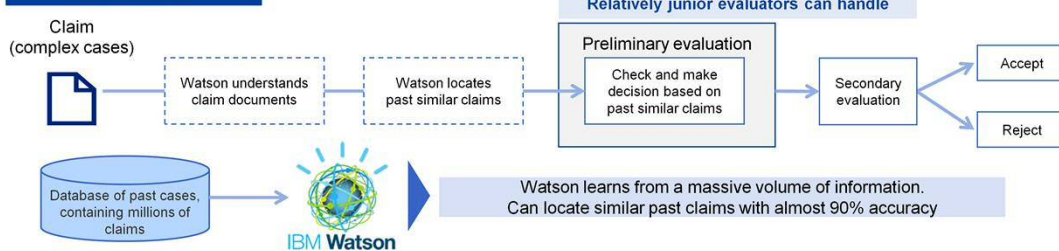
Use of IBM's Watson

- Aim to make benefit payment process more accurate, speedy and efficient through making use of Watson for the claim evaluation process, which used to be handled manually
- Will expand the scope of Watson's use in call center and support operations for post offices going forward

Current process of handling claims



With Watson



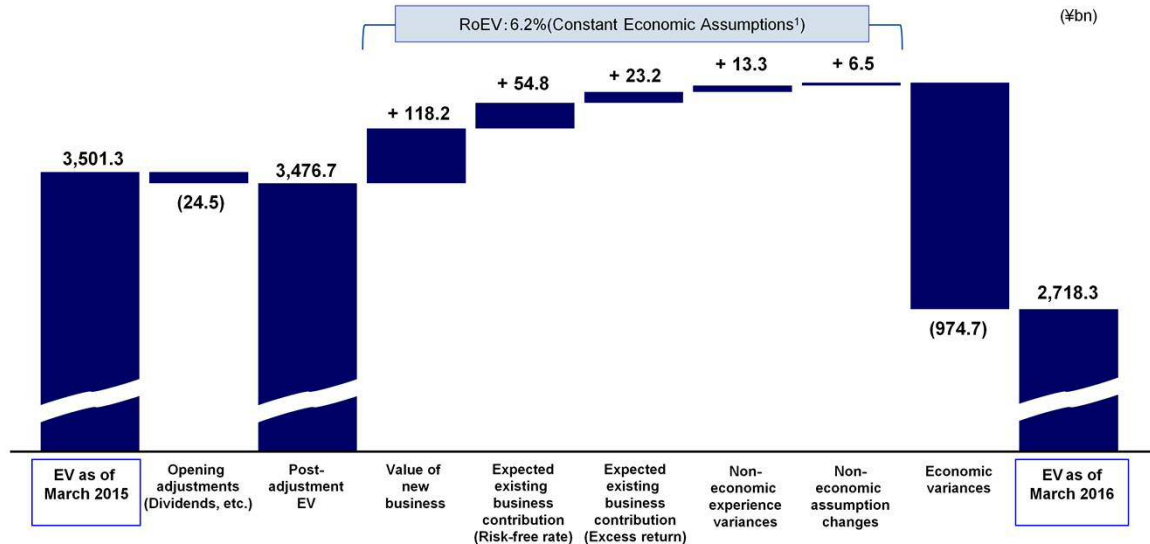
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- On page 15, I will explain how we will be making use of IBM's Watson in our business.
- We are using Watson to assist claim evaluators reach decisions about the payment of benefits, through which we aim to process claims with greater speed and accuracy.
- Specifically, Watson locates similar claims in the past and other information useful for the decision. With this assistance, we believe that claim evaluations can be handled also by relatively junior evaluators.
- We are currently performing collaborative tests with IBM concerning the use of Watson. As we are nearing the point where we can use Watson for actual benefit payment operations, we will next consider expanding the scope of Watson's use in call center and support operations for post offices.
- Please turn to the next page.

EV Movement

- EV as of March 31, 2016 was ¥2,718.3 billion due to a significant decline in interest rates
- RoEV (Constant Economic Assumptions) was 6.2%, an average increase of 8.5% over the past 4 years

Average RoEV Over the Past 4 Years (FY2013/3-FY2016/3): 8.5% (Constant Economic Assumptions)



1. Constant economic assumption rate excludes economic variance factor.

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- I would like to move on to EV movement on page 16.
- EV as of March 31, 2016 was ¥2,718.3 billion due to a significant decline in interest rates.
- RoEV based on constant economic assumptions was 6.2%, an average increase of 8.5% over the past 4 years.
- Since economic value based indicators fluctuate greatly due to external factors, we set benchmark for RoEV as an average over the medium to long term, which is 6% to 8% growth year on year.
- Please look at the next page.

Financial Results Forecasts for the Year Ending March 31, 2017 (Consolidated)

- Net income is forecast to increase by 1.3% to ¥86 billion
- Dividend per share is forecast to increase by ¥4 (¥2 increase of ordinary dividends, and ¥2 commemorative dividend for the 100th anniversary) to ¥60 per share

Financial Results Forecasts (Consolidated)

(¥bn)

	Year ended Mar-16 (Actual)	Year ending Mar-17 (Forecast)	Change
Ordinary income	9,605.7	8,490.0	(11.6) %
Ordinary profit	411.5	310.0	(24.7) %
Net income ¹	84.8	86.0	+1.3 %

1. Net income attributable to Japan Post Insurance

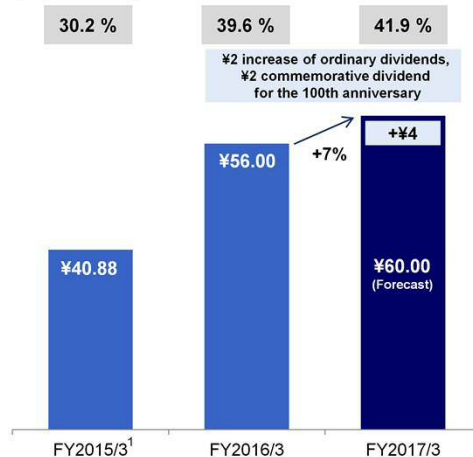
Shareholder Return Policy

Stable growth in dividends

- Determine the shareholder dividends considering earning prospects, financial soundness and the balance between shareholder policyholder dividends.
- Aim for a steady increase in dividends per share through the year ending March 31, 2018, while maintaining a dividend payout ratio within the range of roughly 30% to 50% of our consolidated net income.

Dividends Per Share

(Payout Ratio)



1. The Company conducted a 30-for-1 stock split of its common stock effective August 1, 2015. Dividends per share for the year ended March 31, 2015 was calculated assuming that the stock split was conducted on April 1, 2014.

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- Finally, I would like to explain about the financial results forecasts for the year ending March 31, 2017.
- Whereas ordinary income is expected to decrease due to the decline of policies in force, net income is expected to increase by 1.3%, to ¥86.0 billion.
- We aim for a steady increase in our dividends per share, while maintaining a dividend payout ratio within the range of roughly 30% to 50% of our consolidated net income, considering earning prospects, financial soundness and the balance between shareholder and policyholder dividends.
- As for dividends to shareholders in the next fiscal year, under the above policy, we are scheduled to increase DPS by 7% year on year to ¥60, which is ¥2 increase of ordinary dividends, together with the payout of ¥2 per share of the commemorative dividend, celebrating the 100th anniversary.
- This concludes my presentation.

APPENDIX

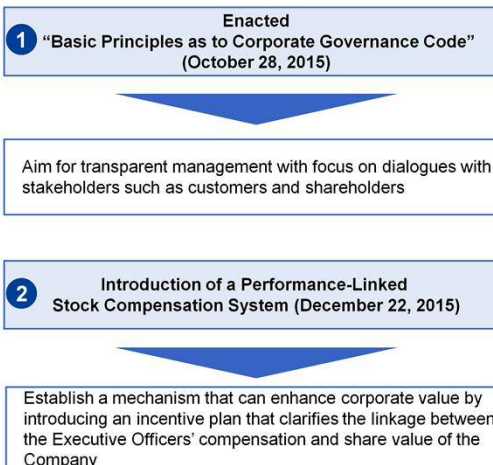
Corporate Governance

- We employ the committee system and outside directors represent the majority of the board. This strengthens corporate governance as well as expedites decision making
- Adopt Corporate Governance Code appropriately, and aim for sustainable growth and increasing corporate value through transparent management

Corporate Governance "Committee System"



Adaptation for Corporate Governance Code



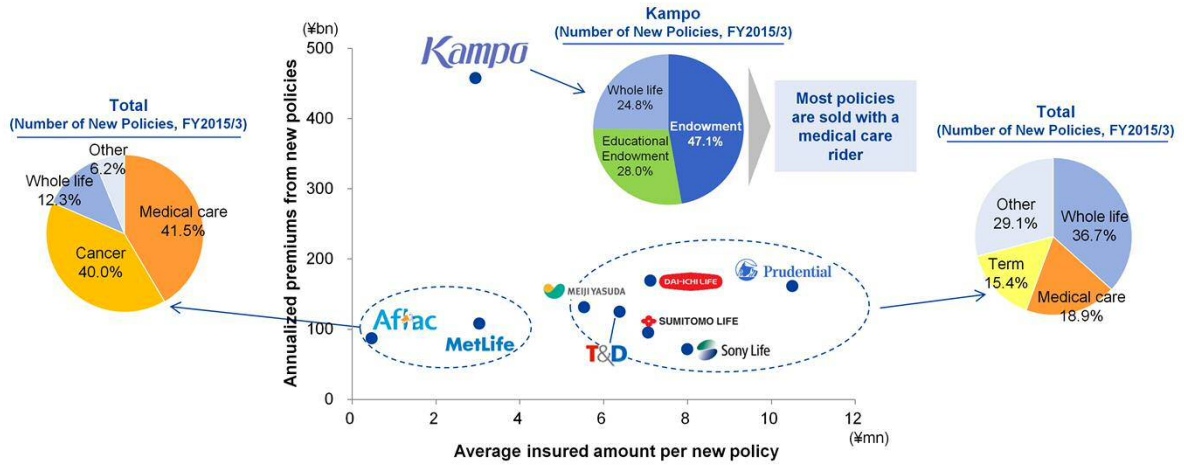
Initiatives for “ESG”



Differentiated Product Mix

- Kampo has a differentiated product mix by focusing on endowment and whole life insurance with relatively small amounts of death benefits

Mapping of the Product Mix in Japanese Life Insurance Market

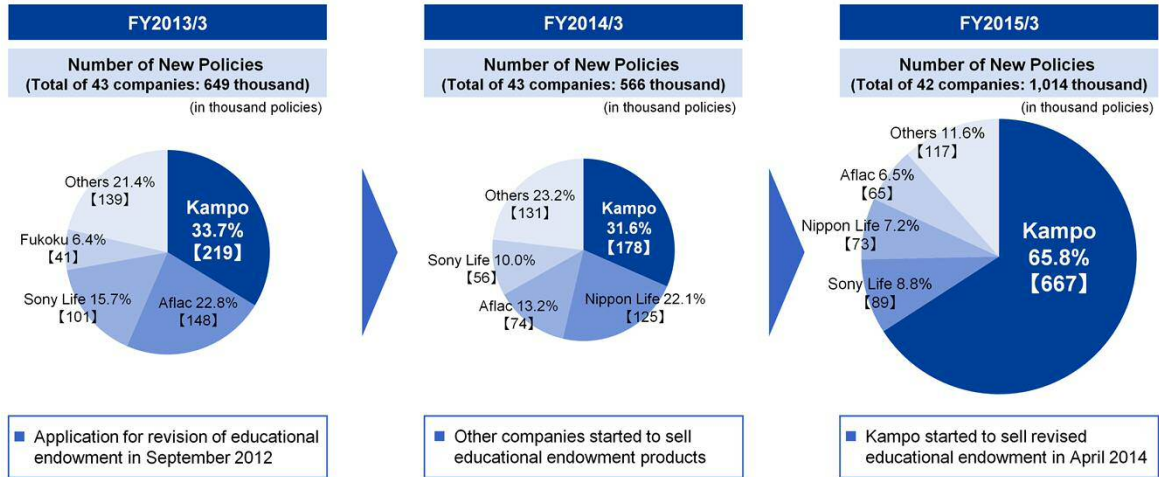


Source: Statistics of Life Insurance Business in Japan (2015)

Note: Figures for Prudential (US), Dai-ichi Life, Sumitomo Life and T&D are the total of the life insurance companies within each group.

Market Share of Educational Endowment Insurance

- It took 1.5 years to obtain approval for revised educational endowment insurance (applied for the approval in September 2012, and started to sell in April 2014)
- Our educational endowment's new policy acquisition in FY2015/3 amounted to 667 thousand policies, +274% year on year increase, contributed to expand market size



Source: Statistics of Life Insurance Business in Japan (2013, 2014, 2015)

Additional Restrictions under the Postal Service Privatization Act

- Additional regulatory restrictions relating to new businesses under Postal Service Privatization Act will change from an approval system to a notification system upon disposal of half or more of Kampo's shares by Japan Post Holdings, although regulations imposed under the Insurance Business Act will continue to be applicable
- The limit on the coverage amount is prescribed in cabinet order, and any revision will require a hearing at the Postal Services Privatization Committee

Category	Contents
<p>New business</p>	<p>【Until Japan Post Holdings disposes of half or more of all the shares of Kampo】</p> <ul style="list-style-type: none"> ■ Approval by specified ministers¹ (a hearing at the Postal Service Privatization Committee is required) <p>【After Japan Post Holdings disposes of a half or more of all the shares of Kampo until the designated date²】</p> <ul style="list-style-type: none"> ■ Notification to competent ministers (obligation to consider competitors, notification to Postal Service Privatization Committee is required) <p>【After designated date²】</p> <ul style="list-style-type: none"> ■ No regulations under Postal Service Privatization Act (regulations under Insurance Business Act will continue)
<p>Limit on coverage amount</p>	<ul style="list-style-type: none"> ■ Prescribed in cabinet order (a hearing at the Postal Service Privatization Committee is required to revise) <ul style="list-style-type: none"> — Limit on coverage amount: in principle, ¥10 mn, total of ¥13 mn after 4 years have elapsed since start of coverage (age 20-55) <p>【After designated date²】</p> <ul style="list-style-type: none"> ■ No regulations based on Postal Service Privatization Act <div style="border: 1px dashed gray; padding: 2px; margin-top: 5px;"> <p>April 1, 2016~ Increased to a total of ¥20 mn after 4 years has elapsed since start of coverage (age 20 – 55)</p> </div>

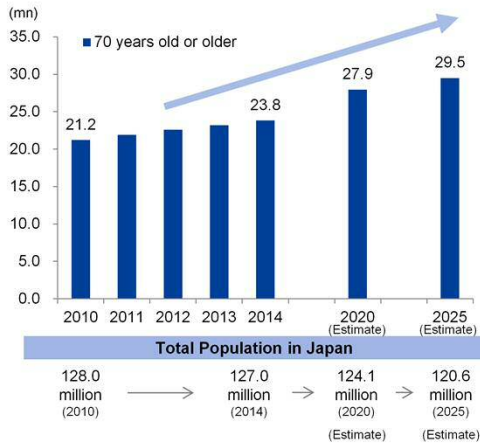
1. Specified ministers: Prime Minister (Commissioner of the Financial Services Agency) and Minister of Internal Affairs and Communications

2. Designated date: Earlier of (i) the disposal of 50% or more of Japan Post Holdings' equity interest in Kampo and the determination by the Prime Minister and the Minister for Internal Affairs and Communications that the additional restriction can be lifted and (ii) the disposal of Japan Post Holdings' entire equity interest in Kampo

Growth of the Market for Aging Society

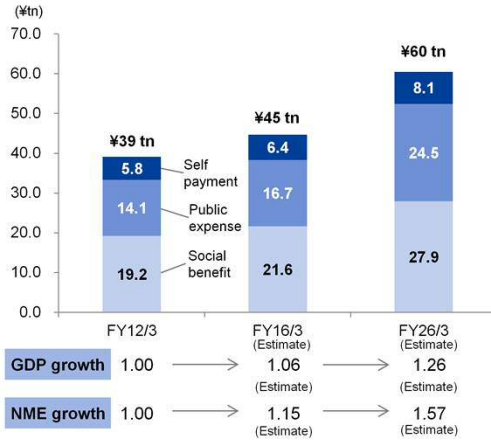
- Although Japan's population continues to shrink due to falling birth rate, older adult population, with age of 70 years old or older, has been increasing
- As national medical expenditures continue to increase due to the aging population, private health insurance is playing more important role to supplement self-pay medical cost

The Rising Population of Older Adults



Sources: Ministry of Internal Affairs and Communications Statistics Bureau
National Institute of Population and Society research "Population Projections for Japan (as of January 2012)"

The Rising National Medical Expenditure ("NME")



Source: Ministry of Health, Labour and Welfare ("MHLW"), Cabinet Office, "Overview of Interim Report of the Next Generation Health Care Industry Commission" (METI, June 5, 2014)
Note: Figures are estimated amount at official announcement.

Performance of Our Medical Care Insurance as a Policy Rider

- Although Kampo offers medical care insurance only in the form of rider, our market share exceeds 10%
- Kampo's medical care riders provide coverage for hospitalization, surgery and extended hospital stays for a variety of diseases

Market Share of Medical Care

Rank	Company	Annualized Premiums from Policies in Force (¥bn)	Share (%)
1	Aflac	1,025.9	16.6
2	Kampo	748.0	12.1
3	Nippon Life	600.2	9.7
4	Dai-ichi Life	557.0	9.0
5	Sumitomo Life	523.4	8.4
6	Meiji Yasuda Life	353.7	5.7
7	MetLife	348.6	5.6
8	Prudential (US)	277.7	4.5
9	NN	212.8	3.4
10	Axa	202.4	3.3
Life insurance total (42 companies)		6,195.3	100.0

Source: Company disclosures, The Life Insurance Association of Japan: Summary of Life Insurance Business in Japan (2014)

Note: Figures for Kampo include reinsured postal life insurance policies. Figures for Dai-ichi Life, Sumitomo Life and Prudential (US) are the total of the life insurance companies within each group.

Scope of Medical Care Riders

Example of Medical Care Benefit for Standard Death Coverage of ¥3 mn

Hospitalization Benefit

- ¥4,500 per day
- Maximum of ¥540,000 (up to 120 days)

Surgery Benefit

- ¥22,500 (5 times¹) to ¥180,000 (40 times¹) depending on the type of surgery

Long-term Hospitalization Benefit

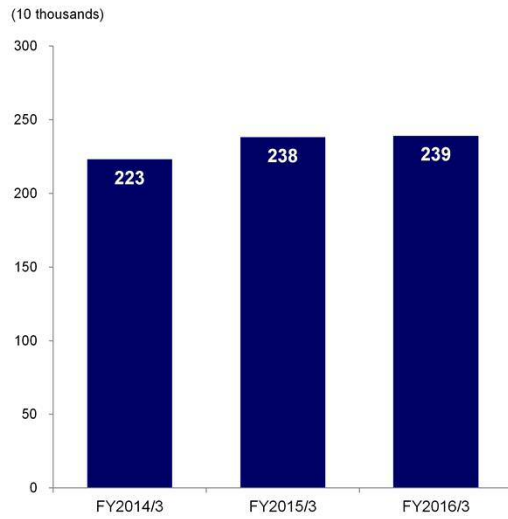
- One-time payment of ¥90,000 when hospital stay reaches 120 days (3% of the standard death coverage)

Scope of coverage is limited and we are not responsible for increases in the cost of medical care

1. Multiple of daily hospitalization benefit payment.

Number of New Policies

Number of New Policies (Individual Insurance)



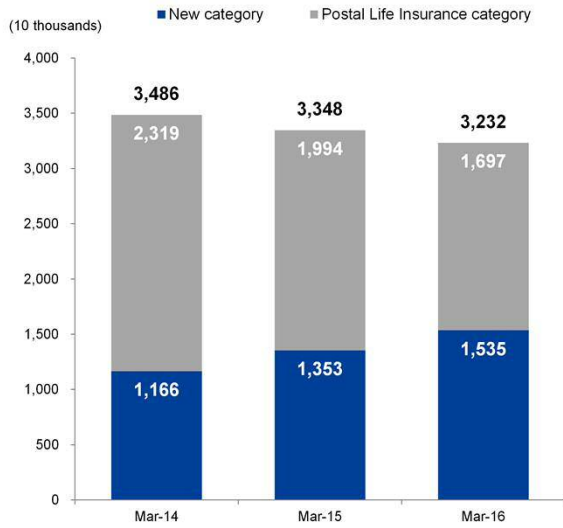
Breakdown of New Policies

(10 thousands)

	Year ended Mar-15		Year ended Mar-16	
	Number of policies	Share	Number of policies	Share
Individual insurance	238	100.0 %	239	100.0 %
Endowment insurance	112	47.1 %	125	52.3 %
Whole life insurance	59	24.8 %	66	27.6 %
Educational endowment insurance	66	28.0 %	48	20.1 %
Other insurance	0	0.0 %	0	0.0 %

Number of Policies in Force

Number of Policies in Force (Individual Insurance)



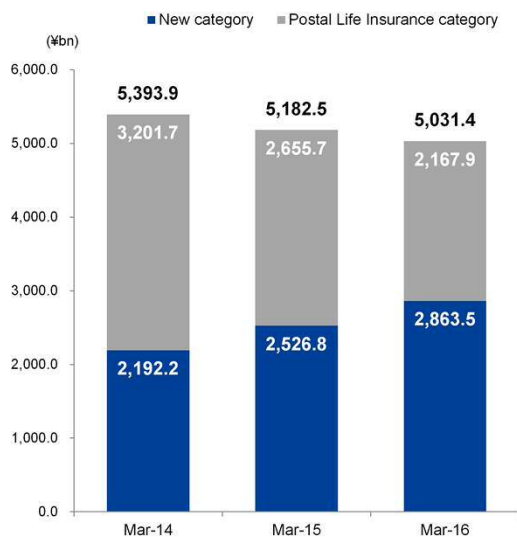
Note: "New category" shows individual insurance policies underwritten by Japan Post Insurance.
 "Postal Life Insurance category" shows postal life insurance policies reinsured by Japan Post Insurance from the Management Organization for Postal Savings and Postal Life Insurance.

Breakdown of Policies in Force

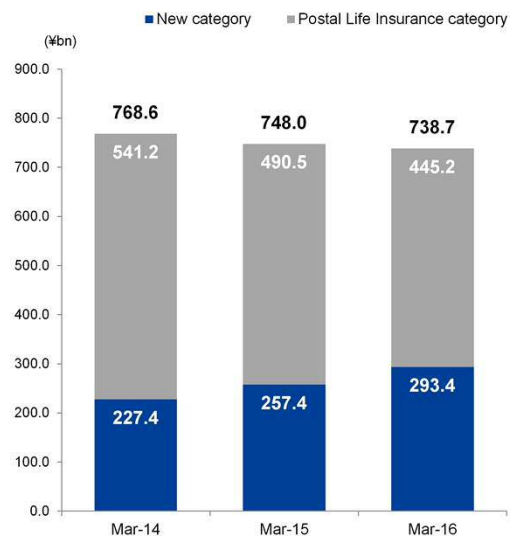
	Mar-15		Mar-16	
	Number of policies	Share	Number of policies	Share
Individual insurance	3,348	100.0 %	3,232	100.0 %
Endowment insurance	1,555	46.4 %	1,440	44.6 %
Whole life insurance	1,230	36.7 %	1,241	38.4 %
Educational endowment insurance	547	16.4 %	535	16.6 %
Other insurance	15	0.5 %	14	0.5 %

Annualized Premiums from Policies in Force

Annualized Premiums from Policies in Force
(Individual Insurance)



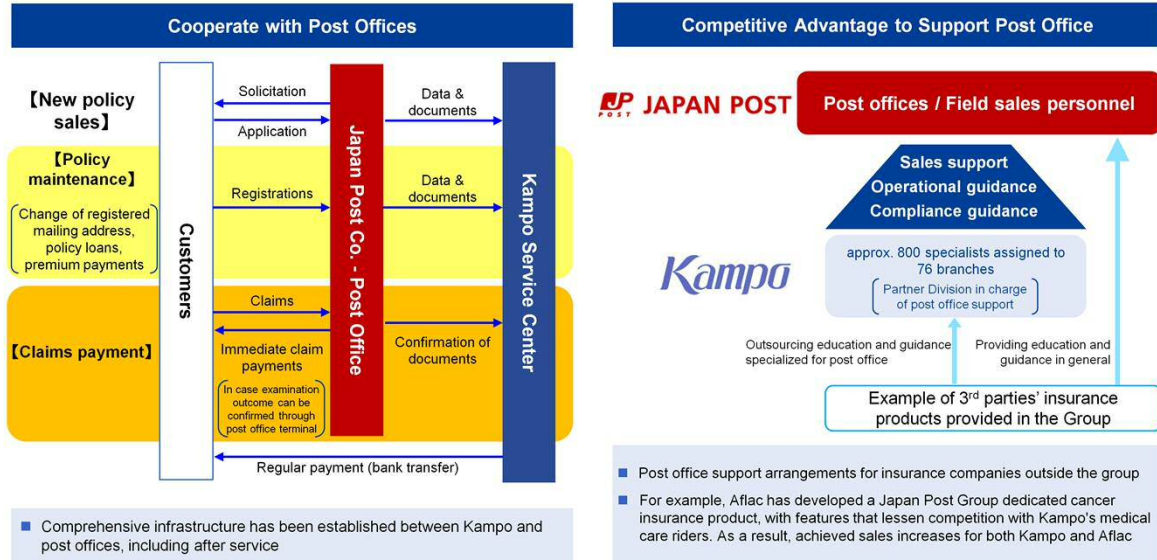
Annualized Premiums from Policies in Force
(Medical Care)



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.

Strong Support for Highly Convenient Post Office Channel

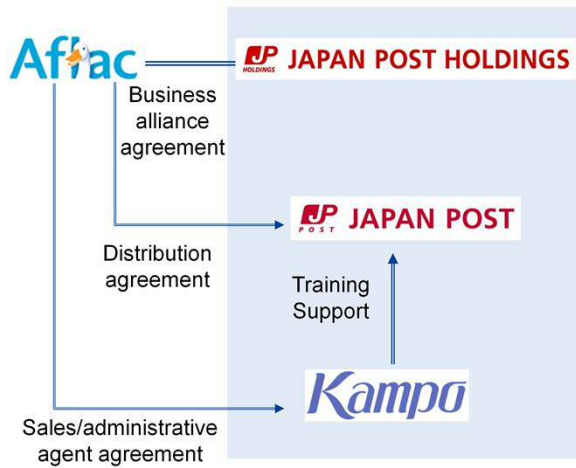
- High customer convenience as policy maintenance and claims payment procedures as well as new policy sales are handled by nationwide post offices
- Assign specialists across the county to support post offices and have established a closer partnership with post offices



Business Alliance with Aflac

- In July 2013, Japan Post Group and Aflac entered into a business alliance agreement to provide cancer insurance
- We have established a win-win relationship with Aflac. As a result, the volume of Kampo and Aflac's products sold at post offices increased

Business Alliance Structure



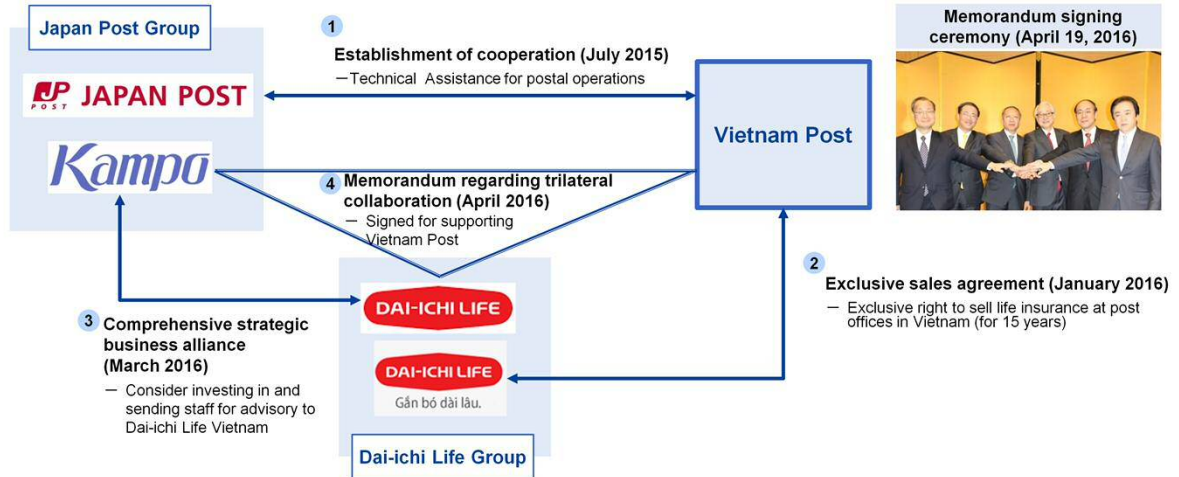
Scope of Business Alliance

- 1 Offer Aflac's cancer insurance through the nationwide network of 20,000 post offices
- 2 Aflac to design distinct cancer insurance products that are dedicated to Japan Post Group, which supplements coverage of our medical care riders
- 3 Kampo's directly-managed offices to offer Aflac cancer insurance and provide supports to post office channels

Life Insurance Operations in Overseas - Vietnam

- Kampo, Dai-ichi Life and Vietnam Post signed a memorandum in April 2016 to confirm trilateral collaboration
- Through initiatives including investing in and sending staff for advisory to Dai-ichi Life Vietnam, Kampo will support Vietnam Post to help expand its life insurance sales

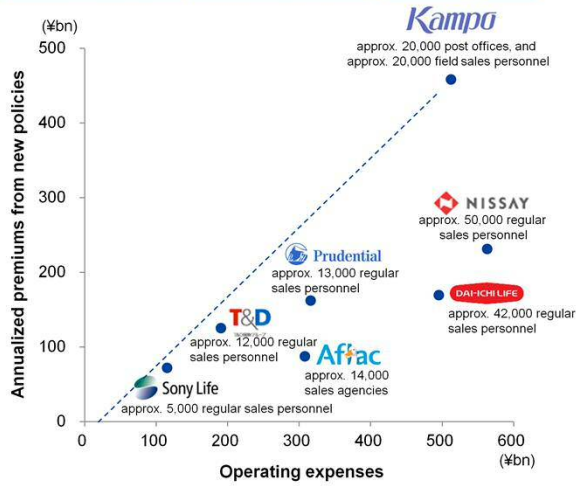
Cooperation in Vietnam



Operational Efficiency

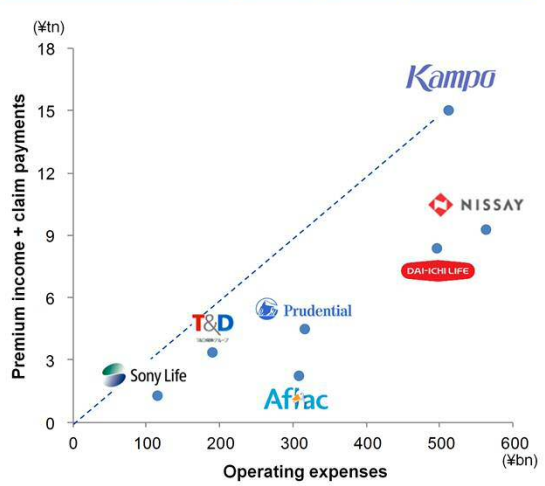
Efficient business operations compared to other life insurers

Operating Expenses and Annualized Premiums from New Policies (Individual Insurance) (FY2015/3)



Source: Company disclosures
 Note: Figures for Prudential (US), Dai-ichi and T&D include life insurance subsidiaries within the groups.

Operating Expenses and "Premium Income + Claim Payments" (FY2015/3)

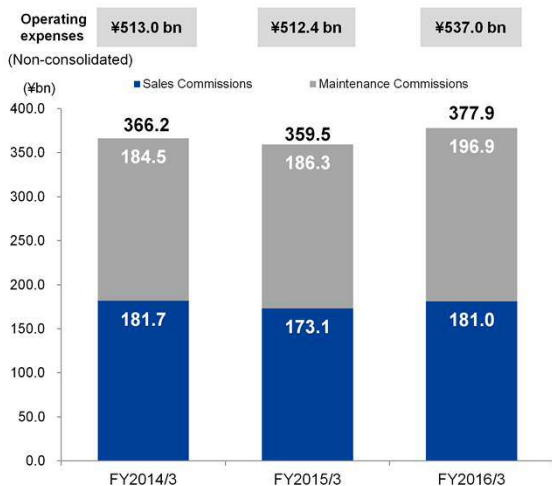


Source: Company disclosures
 Note: Figures for Prudential (US), Dai-ichi and T&D include life insurance subsidiaries within the groups.

Operating Expenses

- Commissions to Japan Post Co. occupy approximately 70% of our operating expenses
- Strictly in accordance with the Insurance Business Act and other rules and regulations, calculations of commission must be made on a cost-benefit basis to ensure neither Kampo nor Japan Post Co. enjoys an advantage over the other

Commissions to Japan Post Co.



Commissions Structure

- Commissions paid to Japan Post Co. need to be determined on an arm's-length basis as required by the Insurance Business Act, as well as the inspection manual as stipulated by the FSA to prevent excessive favorable treatment of any specific agent
- Therefore, there is little discretion in the determination of commissions between Kampo and Japan Post Co. Proposed changes to calculation methods are subject to review by regulatory authorities

Sales Commissions

- Linked mainly to new policy acquisition volume (paid in installments, typical in the industry)
- Incentive bonus is payable if targets are reached



Maintenance Commissions

- For operations outsourced to Japan Post Co., rates are set based on the reasonable length of time needed to perform the operations at post offices
- A part of these commissions is calculated based on the number of policies in force and the after service activities. Another part is based primarily on the number of post offices

Fair Value Information of Securities

Fair Value Information of Securities

(¥bn)

	Mar-15			Mar-16		
	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	65,753.0	75,326.4	9,573.3
Held-to-maturity bonds	43,695.5	48,232.6	4,537.1	42,239.8	49,752.9	7,513.0
Policy-reserve-matching bonds	15,493.2	16,668.4	1,175.2	13,563.4	15,062.1	1,498.7
Available-for-sale securities	9,484.7	10,266.5	781.7	9,949.8	10,511.3	561.5
Securities	8,405.0	8,831.5	426.4	8,469.2	8,866.8	397.5
Bonds	5,105.3	5,203.9	98.6	4,012.9	4,115.7	102.8
Foreign stocks	20.0	20.0	-	-	-	-
Foreign bonds	1,537.7	1,863.4	325.7	3,299.3	3,590.8	291.4
Other securities	-	-	-	100.0	100.0	0
Deposits	1,741.9	1,744.0	2.0	1,056.9	1,060.1	3.1
Money held in trust	1,079.7	1,434.9	355.2	1,480.5	1,644.5	163.9
Domestic stocks	713.2	996.9	283.7	1,065.4	1,202.5	137.0
Foreign stocks	158.0	194.5	36.5	222.2	229.4	7.1
Foreign bonds	155.1	190.1	34.9	161.1	180.9	19.7

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.

EV (Embedded Value)

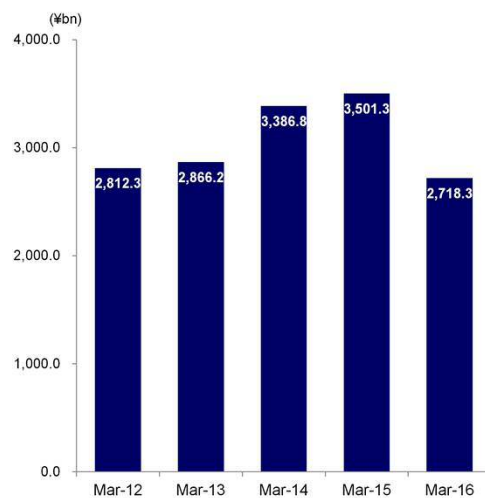
Breakdown of EV

(¥bn)			
	Mar-15	Mar-16	Change
EV	3,501.3	2,718.3	(782.9)
Adjusted net worth ¹	1,739.6	1,894.3	154.6
Value of in- force covered business ¹	1,761.6	824.0	(937.6)
	Year ended Mar-15	Year ended Mar-16	Change
Value of new business ²	134.2	118.2	(15.9)

1. Starting from the disclosure under review, the Company has decided to present unrealized gains/losses on securities, etc. classified under the New Category, which generally are assets and liabilities attributable to policies the Company has underwritten since its privatization, as value of in-force covered business. This revision also applies to the presentation of the EV as of March 31, 2015, and has no impact on the total amount of the EV itself.

2. Value of new business is calculated by using the economic assumptions as of the end of September.

EV



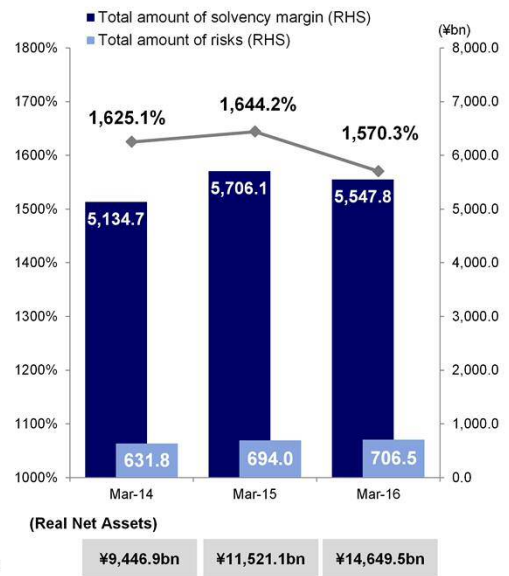
Financial Soundness

Internal Reserves

	Mar-15	Mar-16	(¥bn)
			Provisions in the period ²
Contingency reserve	2,498.7	2,374.8	(123.8)
Postal Life Insurance Category	2,182.8	2,011.6	(171.1)
New Category	315.8	363.1	47.3
Price fluctuations reserve	712.1	782.2	70.1
Postal Life Insurance Category	626.8	635.8	8.9
New Category	85.3	146.4	61.1
Additional policy reserve ¹	6,067.0	6,011.5	(55.5)
Postal Life Insurance Category	6,067.0	6,011.5	(55.5)
New Category	-	-	-

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 year ended March 31, 2016, the amount of additional provision was ¥179.5 bn and the accumulated amount was ¥1,030.0 bn).
 2. Provisions in the period includes the excess provision of ¥89.8 bn exceeding the provision requirements for contingency reserve and price fluctuations reserves.

Solvency Margin Ratio (Consolidated)



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

		FY2012/3	FY2013/3	FY2014/3	FY2015/3	FY2016/3
Total assets	¥mn	93,688,672	90,462,364	87,088,626	84,911,946	81,543,623
Postal Life Insurance category		80,024,630	73,793,953	67,560,915	61,703,013	55,832,787
New category		13,664,042	16,668,410	19,527,711	23,208,932	25,710,836
Number of policies in force	(000)	39,034	36,805	34,864	33,489	32,323
Postal Life Insurance category (insurance)		31,015	26,933	23,195	19,949	16,972
New category (individual insurance)		8,018	9,871	11,668	13,539	15,350
Insurance premiums and others	¥mn	6,856,486	6,481,772	5,911,643	5,956,716	5,413,862
Postal Life Insurance category		3,292,716	2,685,558	2,155,398	1,697,140	1,322,308
New category		3,563,769	3,796,214	3,756,245	4,259,576	4,091,554
Ordinary profit	¥mn	531,388	529,375	463,506	493,169	413,023
Postal Life Insurance category		460,482	424,511	382,325	377,145	258,059
New category		70,906	104,864	81,181	116,024	154,963
Net income	¥mn	67,734	91,000	63,428	81,758	86,338
Postal Life Insurance category		48,429	56,816	43,689	36,969	32,850
New category		19,304	34,184	19,739	44,789	53,487
Contingency reserve (reversal) provision	¥mn	(102,240)	(100,149)	(94,807)	(90,087)	(123,864)
Postal Life Insurance category		(152,519)	(159,710)	(164,732)	(167,144)	(171,199)
New category		50,278	59,561	69,924	77,057	47,335
Price fluctuations reserves (reversal) provision	¥mn	48,541	64,656	91,360	97,934	70,100
Postal Life Insurance category		35,893	43,374	73,857	72,126	8,957
New category		12,647	21,282	17,502	25,808	61,143
Additional policy reserve (reversal) provision	¥mn	(107,885)	(92,835)	(77,134)	(68,347)	(55,533)
Postal Life Insurance category		(107,885)	(92,835)	(77,134)	(68,347)	(55,533)
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	FY2016/3
Insurance premiums and others	6,856.4	6,481.7	5,911.6	5,956.7	5,413.8
Ordinary profit	531.2	528.9	462.7	492.6	411.5
Provision for reserve for policyholder dividends	271.9	307.4	242.1	200.7	178.0
Net income	70.0	90.6	62.8	81.3	84.8
Net assets	1,294.4	1,466.7	1,538.1	1,975.7	1,882.9
Total assets	93,690.8	90,463.5	87,092.8	84,915.0	81,545.1
Return on equity	5.6%	6.6%	4.2%	4.6%	4.4%
Return on shareholders' equity	5.8%	7.1%	4.7%	5.9%	5.9%
Dividend to shareholders	16.9	22.7	16.8	24.5	33.6
Payout ratio	24.2%	25.1%	26.8%	30.2%	39.6%
[Reference] Core profit (Non-consolidated)	571.6	570.0	482.0	515.4	464.2

<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.



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, etc. For Postal Life Insurance policies entered into before September 2007, Japan Post Insurance Co., Ltd. is entrusted by Management Organization for Postal Life Insurance which succeeds the rights and obligations of the insurance policies, to provide services concerning benefit payments and receipt of insurance premiums, etc.