

Outline of Financial Results for the Six Months Ended September 30, 2015

November 13, 2015



- 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 Six months Ended September 30, 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 ¥48.5 billion, a 4.5% decrease year on year. However, 57.8% of the full-year forecast has been achieved, signifying steady progress.
- Annualized premiums from new policies for individual insurance amounted to ¥238.1 billion, same level as the previous fiscal year. Annualized premiums from new policies for medical care was on a recovery track at ¥24.6 billion or a 17.7% increase year on year.
- Annualized premiums from insurance in force was ¥5,093.2 billion, of which ¥2,697.0 billion belonged to policies sold after corporatization (New category), exceeding 50%.
- Under the current low interest rate environment, exposures to investments in risk assets (foreign securities and domestic stocks) were increased to ¥5,195.8 billion (6.1% of total assets).
- EV increased by ¥66.8 billion from the end of the previous fiscal year to ¥3,568.1 billion, backed by an increase in sales of new policies (a 17.3% increase year on year in Value of New Business).

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- The financial results can be summed up in five points.
- Firstly, net income was ¥48.5 billion, a 4.5% decrease year on year. This figure is, however, 57.8% of the full-year forecast for net income, signifying steady progress.
- Secondly, the annualized premiums from new policies for individual insurance was ¥238.1 billion, roughly the same as the previous fiscal year. The annualized premiums from new policies for the medical care increased by 17.7% year on year, showing recovery from the temporary decline in the previous fiscal year.
- Thirdly, the annualized premiums from policies in force for individual insurance was ¥5,093.2 billion, of which ¥2,697.0 billion belonged to policies sold after privatization (“New category”), exceeding 50% for the first time.
- On to the fourth point, in view of the extended period of the low interest rate environment, we continued to invest in risk assets such as foreign securities and domestic stocks, and increased the exposure to 6.1% of total assets, while keeping a focus on ALM.
- Lastly, the fifth point, EV increased by ¥66.8 billion from the end of the previous fiscal year to ¥3,568.1 billion, backed by an increase in sales of new policies.
- Please look at page 2.

Financial Highlights

Financial Highlights

(¥bn)

	6 months ended Sep-14	6 months ended Sep-15	Year on year
Ordinary income	5,171.7	4,881.3	(5.6) %
Ordinary profit	263.5	218.7	(17.0) %
Provision for reserve for policyholder dividends	135.4	119.5	(11.7) %
Net income ¹	50.8	48.5	(4.5) %

Financial Result Forecasts

(¥bn)

Year ending Mar-16 (Full-year forecast)	Progress
9,550.0	51.1 %
350.0	62.5 %
190.0	62.9 %
84.0	57.8 %

(¥bn)

	Mar-15	Sep-15	Change
Total assets	84,915.0	84,691.8	(0.3) %
Net assets	1,975.7	1,908.6	(3.4) %
Total shareholders' equities	1,412.0	1,436.0	+1.7 %

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 first half of the current fiscal year, ordinary income was ¥4,881.3 billion, ordinary profit were ¥218.7 billion, and net income was ¥48.5 billion. All of these figures exceed 50% of the full-year financial results forecast, signifying steady progress.
- Furthermore, total assets were ¥84,691.8 billion, and net assets were ¥1,908.6 billion. The decrease in net assets was mainly attributable to a decrease in net unrealized gains on securities held, and shareholders' equity increased by 1.7%.
- Please look at page 3.

Overview of Financial Statements

Statement of Income (Consolidated)

	6 months ended Sep-14	6 months ended Sep-15	Change	(#bn) (Reference) Year ended Mar-15
Ordinary Income	5,171.7	4,881.3	(290.3)	10,169.2
Insurance premiums and others	3,078.1	2,746.7	(331.4)	5,956.7
Investment income	745.7	688.8	(56.8)	1,460.7
Reversal of policy reserves	1,263.8	1,412.8	+149.0	2,632.8
Ordinary Expenses	4,908.2	4,662.5	(245.6)	9,676.6
Insurance claims and others	4,597.1	4,349.8	(247.2)	9,059.5
Investment expenses	7.7	4.2	(3.5)	10.9
Operating expenses	255.1	260.9	+5.8	513.1
Ordinary profit	263.5	218.7	(44.7)	492.6
Extraordinary profit and loss	(54.4)	(30.9)	+23.4	(99.3)
Provision for reserve for policyholder dividends	135.4	119.5	(15.8)	200.7
Income before income taxes	73.6	68.2	(5.3)	192.5
Total income taxes	22.7	19.7	(3.0)	111.2
Net income attributable to Japan Post Insurance	50.8	48.5	(2.3)	81.3

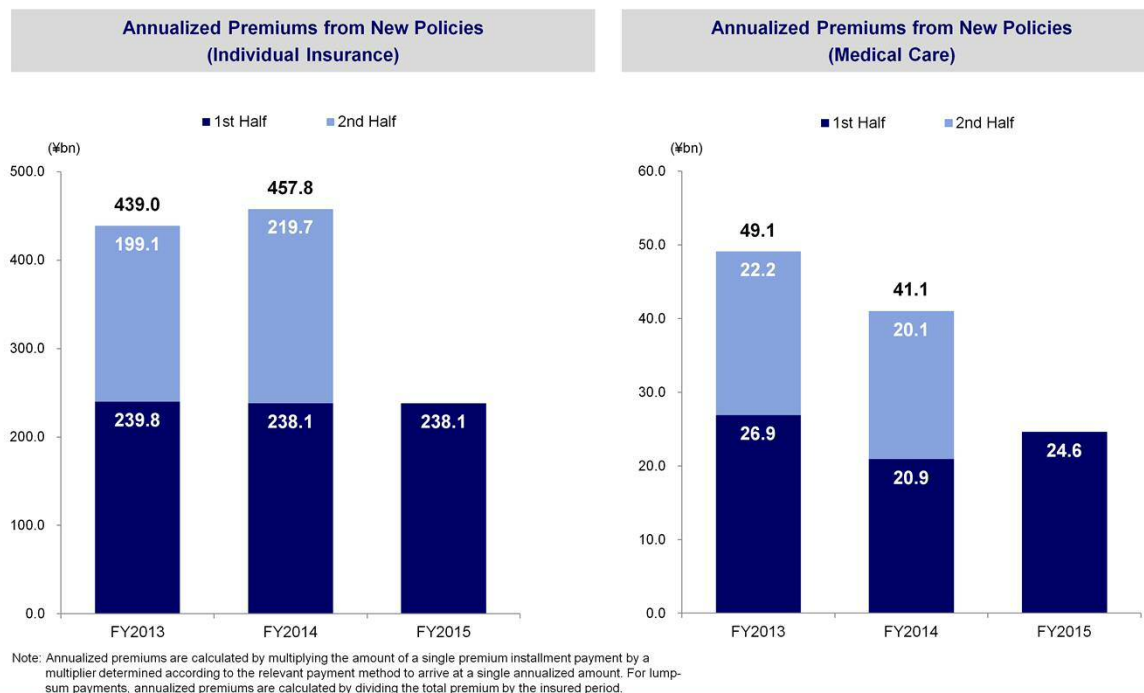
Balance Sheets (Consolidated)

	Mar-15	Sep-15	Change	(#bn)
Assets	84,915.0	84,691.8	(223.2)	
Cash and deposits	2,213.7	1,748.9	(464.8)	
Money held in trust	1,434.9	1,709.0	+274.1	
Securities	66,276.2	66,145.4	(130.7)	
Loans	9,977.3	9,439.8	(537.5)	
Fixed assets	286.8	314.9	+28.1	
Deferred tax assets	547.0	646.6	+99.5	
Liabilities	82,939.2	82,783.1	(156.1)	
Policy reserves	75,112.6	73,699.7	(1,412.8)	
Reserve for price fluctuations	712.1	742.5	+30.3	
Net assets	1,975.7	1,908.6	(67.0)	
Total shareholder's equities	1,412.0	1,436.0	+23.9	
Total accumulated other comprehensive income	563.6	472.6	(91.0)	

Note: Main items of the Statements of Income are presented.

- Here is written an overview of our financial statements.
- As you can see in the tables, figures on the statements of income and balance sheets both decreased due to a decrease in policies in force, but the pace of the decrease is slowing down.
- For more information, please refer to the document on financial results.
- Please look at page 4.

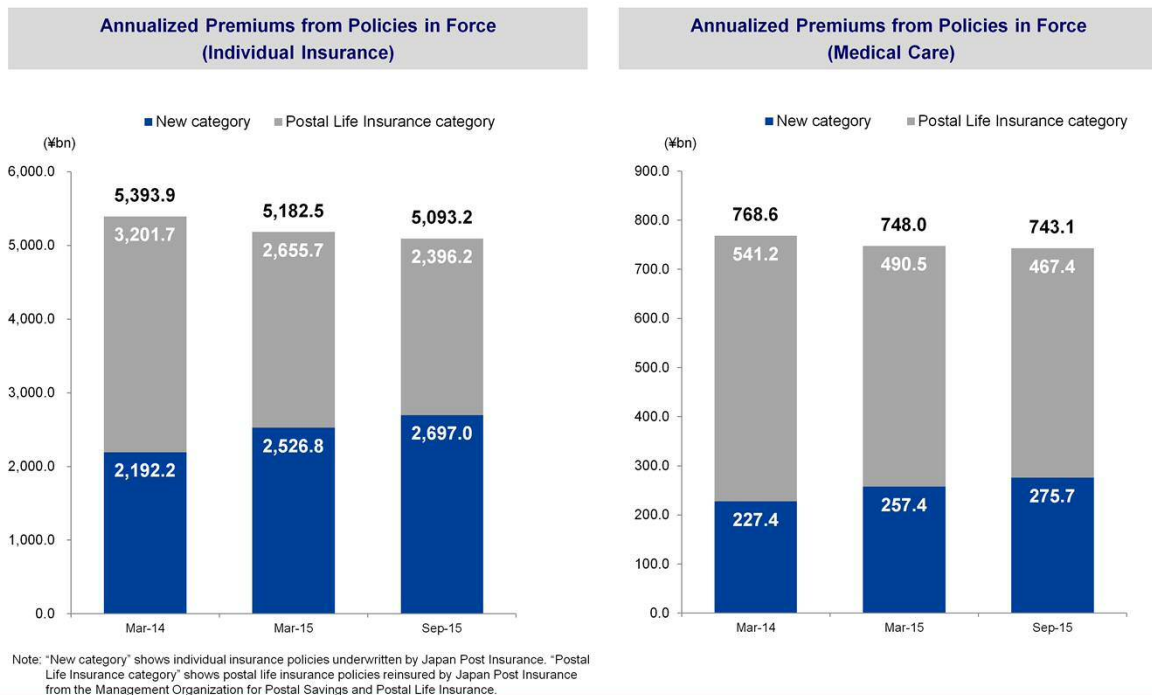
Policy Sales (1): Annualized Premiums from New Policies



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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.
- The annualized premiums from new policies were the same level as the previous corresponding period at ¥238.1 billion. Educational endowment insurance decreased after the sharp increase last fiscal year due to the launch of revised product since April in 2014, meanwhile endowment products increased because of extending the age limit of new product since last April.
- In the second half, we are implementing new initiatives toward the increase of new policy sales, such as offering endowment insurance with a shortened premium period and increasing the age limit of new whole life insurance.
- As shown in the chart on the right, annualized premiums from new policies in the medical care riders rebounded by ¥3.7 billion to ¥24.6 billion in the current period, after the decline in the last fiscal year due to increased sales of revised educational endowment insurance.
- In the second half, 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

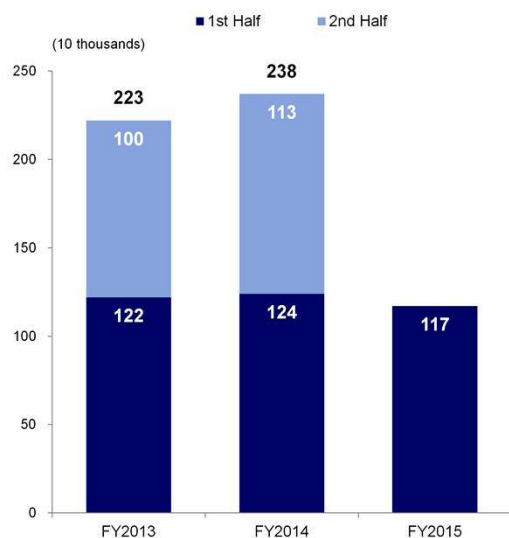


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- Annualized premiums from policies in force are shown in “Postal Life Insurance category” and “New category.”
- As shown in the chart on the left, although annualized premiums from policies in force for individual insurance decreased from the end of the previous fiscal year to ¥5,093.2 billion, the share of the “New category” exceeded 50% for the first time.
- Furthermore, annualized premiums from policies in force in the medical care riders were ¥743.1 billion, of which ¥275.7 billion was in the “New category,” an increase of ¥18.2 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

(10 thousands)

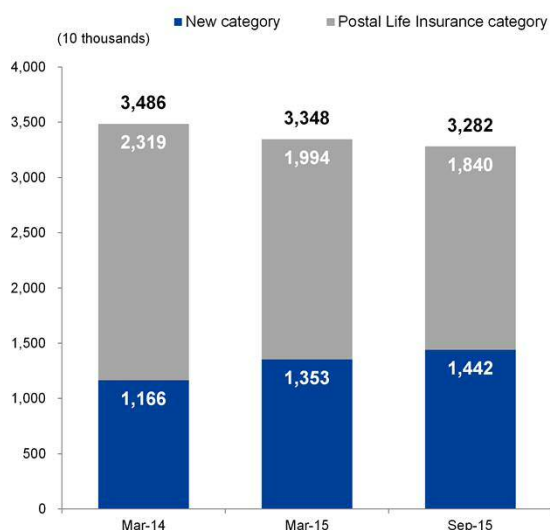
	6 months ended Sep-14		6 months ended Sep-15	
	Number of policies	Share	Number of policies	Share
Individual insurance	124	100.0 %	117	100.0 %
Endowment insurance	58	47.3 %	62	53.6 %
Whole life insurance	28	23.2 %	31	26.7 %
Educational endowment insurance	36	29.5 %	22	19.6 %
Other insurance	0	0.0 %	0	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 first half of the current fiscal year decreased by 70,000 year on year to 1,170,000. This is attributable to the impact of the decrease in number of educational endowment insurance policies by 130,000.
- As for endowment insurance and whole life insurance, for which sales were promoted in an attempt to recover from the decrease in the previous fiscal year, the number of endowment insurance policies increased by 40,000 to 620,000 due to the extended age limit, and the number of whole life insurance policies also increased by 30,000 to 310,000.
- 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		Sep-15	
	Number of policies	Share	Number of policies	Share
Individual insurance	3,348	100.0 %	3,282	100.0 %
Whole life insurance	1,555	46.4 %	1,491	45.4 %
Endowment insurance	1,230	36.7 %	1,233	37.6 %
Educational endowment insurance	547	16.4 %	543	16.6 %
Other insurance	15	0.5 %	15	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 forces, which is the total of "New category" and "Postal Life Insurance category," decreased by 650,000 from the end of the previous fiscal year to 32,820,000.
- 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 number of new policies. However, the pace of decrease is gradually becoming moderate.
- We aim to reverse the declining trend in the policies in force at the earliest time, by improving our products and strengthening our sales channels, as well as by cultivating our customer base through visiting our policyholders.
- Please look at page 8.

Investments (1) Assets Portfolio

Assets Portfolio					Investment Yield			
					(#bn)			
	Mar-15		Sep-15			6 months ended Sep-14	6 months ended Sep-15	(Reference) Year ended Mar-15
	Amount	Share	Amount	Share				
Bonds	64,294.7	75.7	62,499.7	73.8				
Japanese government bonds	48,086.4	56.6	46,736.7	55.2	Positive spread	27.2	42.0	66.9
Japanese local government bonds	9,555.8	11.3	9,485.7	11.2	Average assumed rates of return ¹	1.81 %	1.77 %	1.80 %
Japanese corporate bonds	6,652.4	7.8	6,277.2	7.4	Investment return on core profit ²	1.88 %	1.89 %	1.89 %
Risk assets	3,363.1	4.0	5,195.8	6.1	Net capital gains	38.2	8.2	64.1
Domestic stocks ¹	996.9	1.2	1,152.1	1.4				
Foreign stocks ¹	214.5	0.3	212.3	0.3				
Foreign bonds etc. ^{1,2}	2,151.6	2.5	3,831.2	4.5				
Loans	9,977.3	11.7	9,439.8	11.1				
Others	7,279.7	8.6	7,556.3	8.9				
Cash and deposits, call loans	2,659.2	3.1	2,425.8	2.9	Interest rate (10Y JGB)	Sep-14	Sep-15	Mar-15
Receivables under securities borrowing transactions	2,720.8	3.2	3,055.9	3.6		0.525 %	0.350 %	0.400 %
Total assets	84,915.0	100.0	84,691.8	100.0				

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

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.
- As shown on the left, our asset portfolio mainly consisted of yen-denominated interest-bearing assets, which provide stable interest income, as well as match the yen-denominated interest-bearing liabilities.
- However, as a result of our efforts to diversify our investment assets under the extended period of the low interest rate environment, the amount and proportion of risk assets such as foreign bonds increased to ¥5.1 trillion and to 6.1% of total assets at the end of this September.
- Going forward, we intend to continue to increase risk assets gradually, while considering the market environment and our risk tolerance and ensuring to match yen-denominated interest-bearing assets against yen-denominated interest-bearing liabilities from the view point of ALM.
- On the right, the positive spread increased by ¥14.7 billion year on year to ¥42.0 billion, because the average assumed rates of return has declined in line with termination of the policies with 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			Sep-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	68,518.9	74,794.0	6,275.0
Held-to-maturity bonds	43,695.5	48,232.6	4,537.1	43,217.7	47,704.5	4,486.8
Policy-reserve-matching bonds	15,493.2	16,668.4	1,175.2	14,997.9	16,132.2	1,134.2
Available-for-sale securities	9,484.7	10,266.5	781.7	10,303.2	10,957.2	653.9
Securities	8,405.0	8,831.5	426.4	8,839.1	9,248.1	409.0
Bonds	5,105.3	5,203.9	98.6	4,290.8	4,382.0	91.2
Foreign stocks	20.0	20.0	-	-	-	-
Foreign bonds	1,537.7	1,863.4	325.7	3,182.0	3,498.1	316.1
Other securities	-	-	-	50.0	49.4	(0.5)
Deposits	1,741.9	1,744.0	2.0	1,316.2	1,318.3	2.1
Money held in trust	1,079.7	1,434.9	355.2	1,464.1	1,709.0	244.9
Domestic stocks	713.2	996.9	283.7	951.8	1,152.1	200.3
Foreign stocks	158.0	194.5	36.5	195.0	212.3	17.2
Foreign bonds	155.1	190.1	34.9	158.2	185.5	27.3

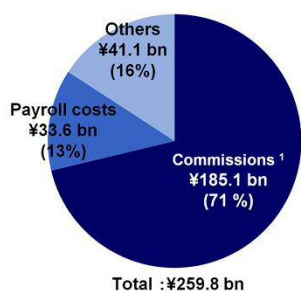
1. This table includes the handling of securities under the Financial Instruments and Exchange Act.
 2. Total money held in trust includes cash and deposits and others.

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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 decreased by ¥91.2 billion in total.
- Net unrealized gains on available-for-sale securities decreased ¥127.7 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 decreased ¥219.0 billion from end of the previous fiscal year to ¥6,275.0 billion.
- Please look at page 10.

Expenses (Non-Consolidated)

Breakdown of Operating Expenses (FY2015 2Q)

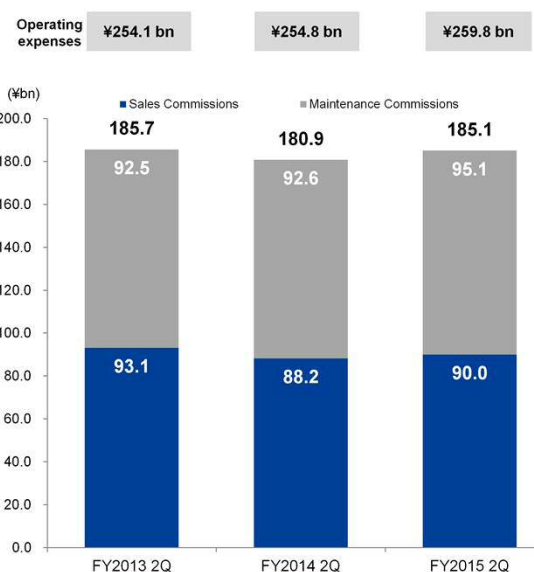


Depreciation and amortization



1. Commissions to Japan Post Co.

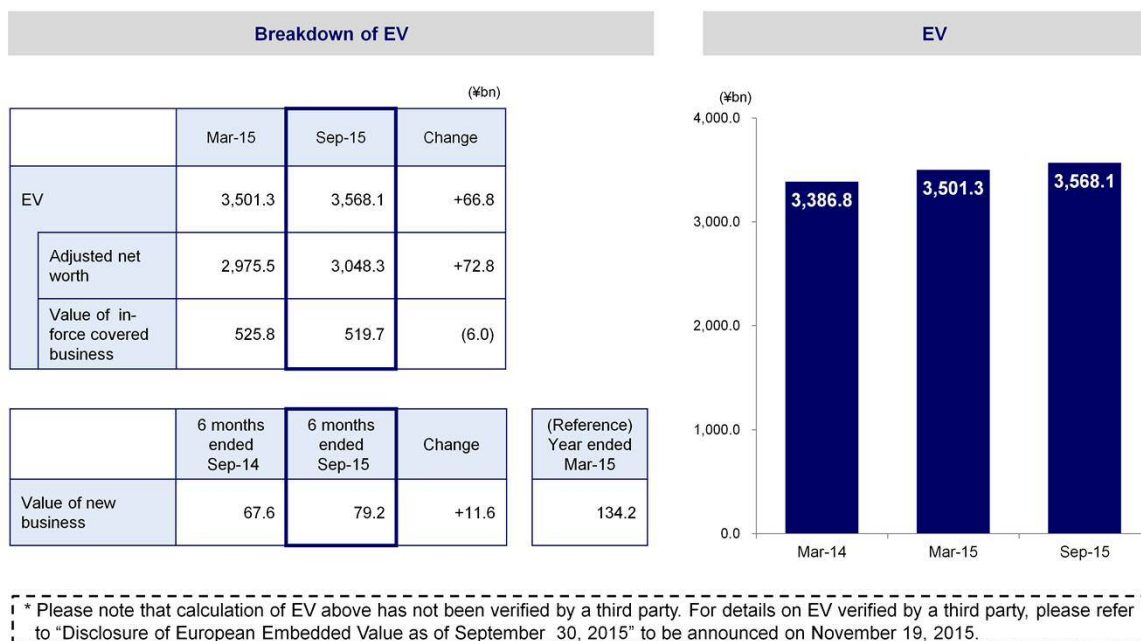
Commissions to Japan Post Co.



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- Expenses for the period is presented on this page.
- Operating expenses for the first half of the current fiscal year were ¥259.8 billion on a non-consolidated basis, of which approximately 70% or ¥185.1 billion consists of commissions paid to Japan Post Co.
- As shown on the right, 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 first half of the current fiscal year increased by ¥4.2 billion overall to ¥185.1 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 first half of the current fiscal year generally remained flat at ¥17.9 billion, as shown in the chart on the bottom left.
- Please look at page 11.

Embedded Value (Preliminary Figures)



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- I will now move on to an explanation on EV.
- EV at the end of the first half of the current fiscal year was ¥3,568.1 billion, an increase of ¥66.8 billion from the end of the previous fiscal year.
- Adjusted net worth increased by ¥72.8 billion to ¥3,048.3 billion, mainly due to an increase in internal reserves.
- The value of In-forth covered business was almost flat at ¥519.7 billion.
- The value of new business was ¥79.2 billion, an increase of ¥11.6 billion year on year, because sales of endowment insurance and whole life insurance with medical care riders were recovered.
- Please note that the information included in this page consists of preliminary figures as a third-party opinion has not been obtained as of the present. For details on EV, please see the "Disclosure of European Embedded Value as of September 30, 2015" planned for publication on November 19 2015.
- Please look at page 12.

Financial Soundness

Internal Reserves

	Mar-15	Sep-15	(¥bn)
Contingency reserve	2,498.7	2,437.4	(61.2)
Postal Life Insurance	2,182.8	2,097.6	(85.2)
New	315.8	339.7	23.9
Price fluctuations reserve	712.1	742.5	30.3
Postal Life Insurance	626.8	633.3	6.5
New	85.3	109.1	23.8
Additional policy reserve ¹	6,067.0	6,040.0	(26.9)
Postal Life Insurance	6,067.0	6,040.0	(26.9)
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 six months ended September 30, 2015, the amount of additional provision was ¥89.6 bn and the accumulated amount was ¥940.1 bn).
 2. Provision in the period includes the excess provision of ¥40.1 bn exceeding the provision requirements for contingency reserve and reserve for price fluctuations.

Solvency Margin Ratio (Consolidated)



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- Finally, 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 for life insurers, we have accumulated contingency reserve of ¥2,437.4 billion and reserve for price fluctuations of ¥742.5 billion.
- In the first half of the current fiscal year, the contingency reserve decreased by ¥61.2 billion, and the reserve for price fluctuations increased by ¥30.3 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 first half of the current fiscal year is mainly for the "New category."
- Additional policy reserves accumulated mainly due to negative spreads were ¥6,040.0 billion at the end of the first half 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 1,579.4% from the end of the previous fiscal year mainly due to the increase of risk assets investment, a high level of soundness is maintained.
- This concludes my presentation.
- I would like to thank everyone for listening as well as invite everyone to the financial results briefing session for Japan Post Group to be held next week on November 20, where an additional explanation will be given on management policies as well as detailed information on EV.

APPENDIX

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

		FY2011	FY2012	FY2013	FY2014	FY2014 2Q	FY2015 2Q
Total assets	¥mn	93,688,672	90,462,364	87,088,626	84,911,946	85,877,874	84,688,745
Postal Life Insurance category		80,024,630	73,793,953	67,560,915	61,703,013	64,315,041	60,158,783
New category		13,664,042	16,668,410	19,527,711	23,208,932	21,562,833	24,529,961
Number of policies in force	(000)	39,034	36,805	34,864	33,489	34,204	32,829
Postal Life Insurance category (insurance)		31,015	26,933	23,195	19,949	21,547	18,402
New category (individual insurance)		8,018	9,871	11,668	13,539	12,657	14,426
Insurance premiums and others	¥mn	6,856,486	6,481,772	5,911,643	5,956,716	3,078,186	2,746,776
Postal Life Insurance category		3,292,716	2,685,558	2,155,398	1,697,140	896,905	700,116
New category		3,563,769	3,796,214	3,756,245	4,259,576	2,181,281	2,046,659
Ordinary profit	¥mn	531,388	529,375	463,506	493,169	263,703	219,778
Postal Life Insurance category		460,482	424,511	382,325	377,145	208,200	141,516
New category		70,906	104,864	81,181	116,024	55,503	78,262
Net income	¥mn	67,734	91,000	63,428	81,758	50,972	49,300
Postal Life Insurance category		48,429	56,816	43,689	36,969	25,894	20,977
New category		19,304	34,184	19,739	44,789	25,078	28,323
Contingency reserve (reversal) provision	¥mn	(102,240)	(100,149)	(94,807)	(90,087)	(45,424)	(61,235)
Postal Life Insurance category		(152,519)	(159,710)	(164,732)	(167,144)	(83,046)	(85,201)
New category		50,278	59,561	69,924	77,057	37,622	23,965
Price fluctuations reserves (reversal) provision	¥mn	48,541	64,656	91,360	97,934	54,370	30,388
Postal Life Insurance category		35,893	43,374	73,857	72,126	44,271	6,508
New category		12,647	21,282	17,502	25,808	10,098	23,879
Additional policy reserve (reversal) provision	¥mn	(107,885)	(92,835)	(77,134)	(68,347)	(33,200)	(26,991)
Postal Life Insurance category		(107,885)	(92,835)	(77,134)	(68,347)	(33,200)	(26,991)
New category		-	-	-	-	-	-

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

Major Financial Results (Consolidated)

	(¥bn)					
	FY2011	FY2012	FY2013	FY2014	FY2014 2Q	FY2015 2Q
Insurance premiums and others	6,856.4	6,481.7	5,911.6	5,956.7	3,078.1	2,746.7
Ordinary profit	531.2	528.9	462.7	492.6	263.5	218.7
Provision for reserve for policyholder dividends	271.9	307.4	242.1	200.7	135.4	119.5
Net income	70.0	90.6	62.8	81.3	50.8	48.5
Net assets	1,294.4	1,466.7	1,538.1	1,975.7	1,694.3	1,908.6
Total assets	93,690.8	90,463.5	87,092.8	8,4915.0	85,882.3	84,691.8
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	268.0	239.9

<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 from interest rates, general economic conditions or other future events and circumstances, the forecast figures due to various factors including changes in the operating environment.

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