

Kampo

**Outline of Financial Results for
the Fiscal Year Ended March 31, 2018**

May 15, 2018

 **JAPAN POST INSURANCE**

Summary of Financial Results

- **Net income was ¥104.4 billion (a 17.9% increase year on year) , achieving 121.5% towards the full-year financial results forecasts.**
- **Annualized premiums from new policies for individual insurance were ¥376.2 billion, a 25.9% decrease year on year. Annualized premiums from new policies for medical care were ¥59.2 billion, a 6.2% increase year on year.**
- **Annualized premiums from policies in force for individual insurance were ¥4,859.5 billion, a 2.4% decrease from the end of the previous fiscal year. Annualized premiums from policies in force for medical care were ¥750.9 billion , a 2.0% increase from the end of the previous fiscal year.**
- **Under the continued low interest rate environment, we increased investments in return seeking assets (foreign securities and domestic stocks, etc.) to ¥9,450.4 billion (12.3% of total assets).**
- **Embedded value (EV) increased by ¥387.6 billion from the end of the previous fiscal year to ¥3,743.3 billion. The value of new business was ¥226.7 billion (a ¥189.8 billion increase year on year).**
- **The year-end dividend will be paid at ¥68 per share, adding a special dividend of ¥4 taking into account the financial results, on top of the ordinary dividend of ¥64. The dividend forecast for the year ending March 31, 2019 is ¥68 per share, increasing the ordinary dividend by ¥4.**

Note : To further clarify the characteristics of the asset class, items formerly referred to as “risk assets” in the previous Medium-term Management Plan are now renamed as “return seeking assets” in the Medium-term Management Plan commencing from the year ending March 31, 2019.

Financial Highlights

Financial Highlights

(¥bn)

	Year ended Mar-17	Year ended Mar-18	Year on year
Ordinary income	8,659.4	7,952.9	(8.2) %
Ordinary profit	279.7	309.2	10.5 %
Net income ¹	88.5	104.4	17.9 %

Financial Results Forecasts

(¥bn)

Year ended Mar-18 (initial forecasts)	Achievement
7,690	103.4 %
2,500	123.7 %
86	121.5 %

(¥bn)

	Mar-17	Mar-18	Change
Total assets	80,336.7	76,831.2	(4.4) %
Net assets	1,853.2	2,003.1	8.1 %
Total shareholders' equities	1,526.8	1,595.4	4.5 %

1. Net income attributable to Japan Post Insurance

Overview of Financial Statements (Consolidated)

Statement of Income

(¥bn)

	Year ended Mar-17	Year ended Mar-18	Change
Ordinary income	8,659.4	7,952.9	(706.4)
Insurance premiums and others	5,041.8	4,236.4	(805.4)
Investment income	1,367.9	1,284.5	(83.4)
Reversal of policy reserves	2,187.2	2,397.9	210.6
Ordinary expenses	8,379.6	7,643.7	(735.9)
Insurance claims and others	7,550.3	6,890.0	(660.3)
Investment expenses	160.4	106.0	(54.3)
Operating expenses	560.4	533.4	(26.9)
Ordinary profit	279.7	309.2	29.4
Extraordinary profit and loss	(6.8)	(44.3)	(37.4)
Provision for reserve for policyholder dividends	152.6	117.7	(34.8)
Income before income taxes	120.1	147.1	26.9
Total income taxes	31.5	42.6	11.0
Net income attributable to Japan Post Insurance	88.5	104.4	15.8

Balance Sheets

(¥bn)

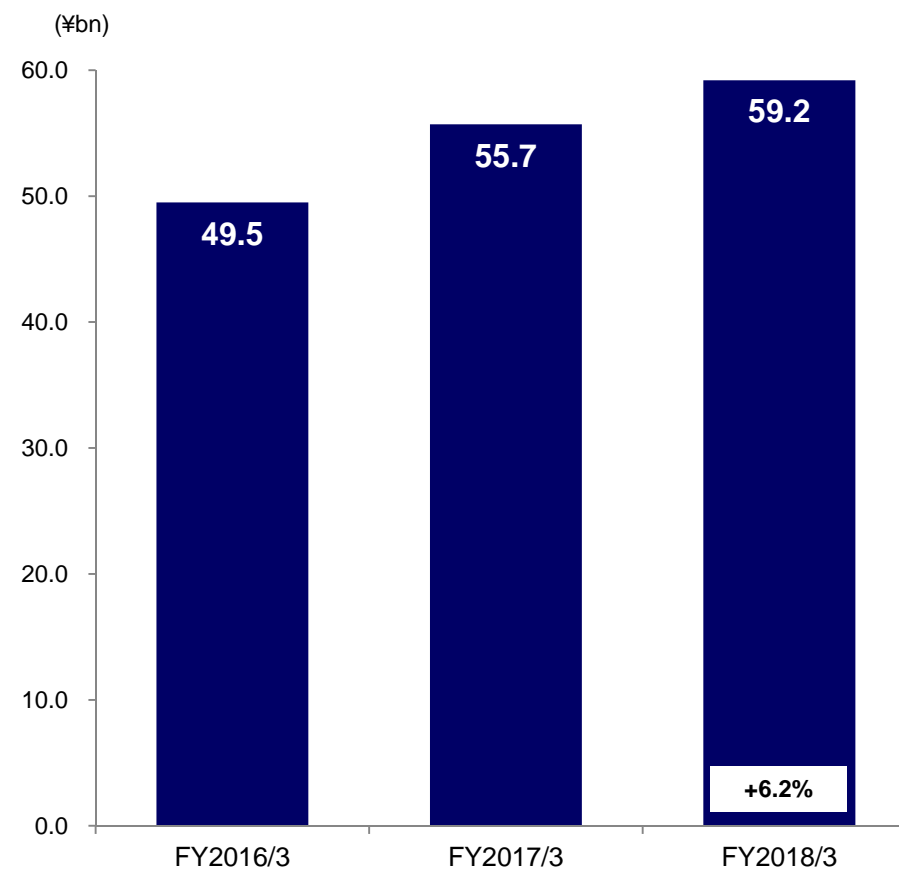
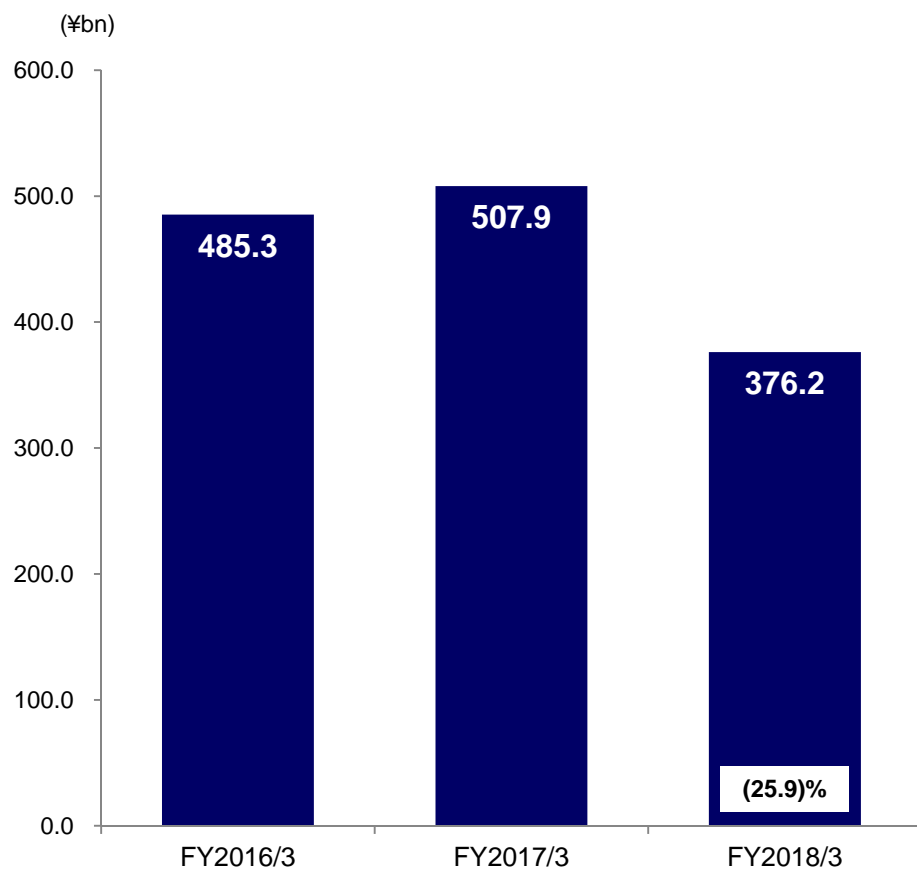
	Mar-17	Mar-18	Change
Assets	80,336.7	76,831.2	(3,505.4)
Cash and deposits	1,366.0	898.5	(467.5)
Money held in trust	2,127.0	2,814.8	687.8
Securities	63,485.2	60,130.9	(3,354.3)
Loans	8,060.9	7,627.1	(433.7)
Fixed assets	322.7	264.1	(58.6)
Deferred tax assets	851.9	954.0	102.1
Liabilities	78,483.5	74,828.1	(3,655.4)
Policy reserves	70,175.2	67,777.2	(2,397.9)
Reserve for price fluctuations	788.7	916.7	128.0
Net assets	1,853.2	2,003.1	149.9
Total shareholders' equity	1,526.8	1,595.4	68.5
Total accumulated other comprehensive income	326.3	4,07.7	81.3

Note: Only major line items are shown.

Policy Sales (1) Annualized Premiums from New Policies

Annualized Premiums from New Policies
(Individual Insurance)

Annualized Premiums from New Policies
(Medical Care)

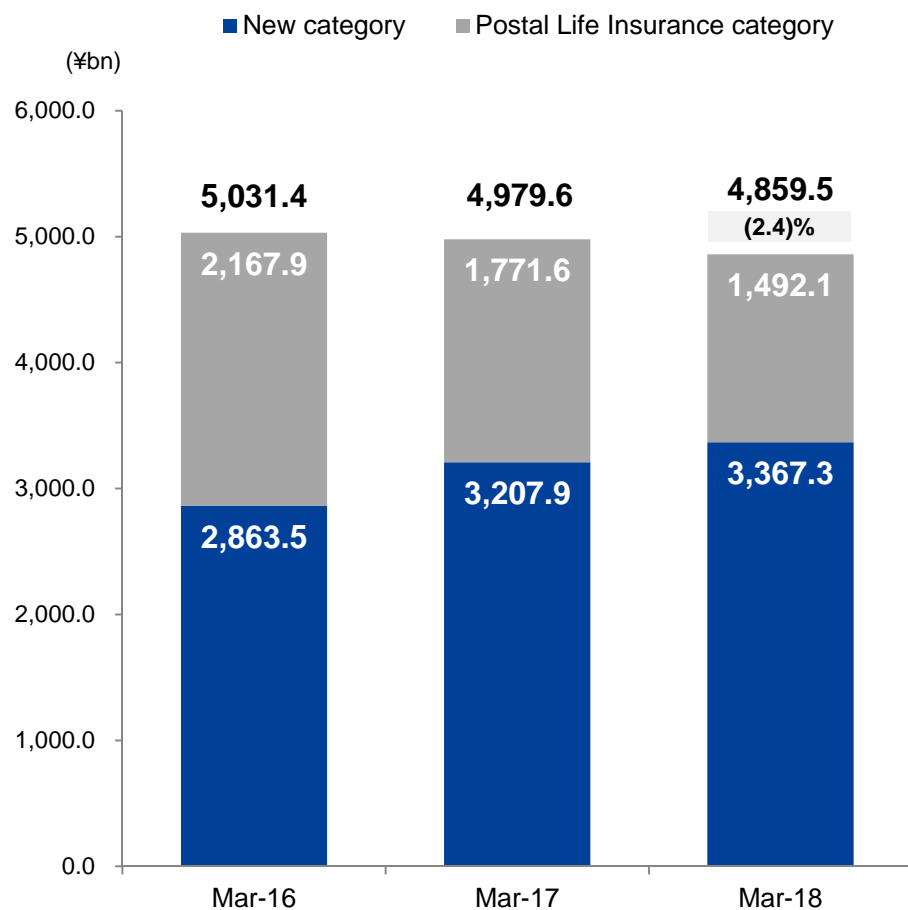


Note 1: Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined according to the relevant payment method to arrive at a single annualized amount. For lump-sum payments, annualized premiums are calculated by dividing the total premium by the insured period. Medical care corresponds to medical and living benefits, etc. Annualized premiums (individual insurance) include the premiums for medical care related to individual insurance.

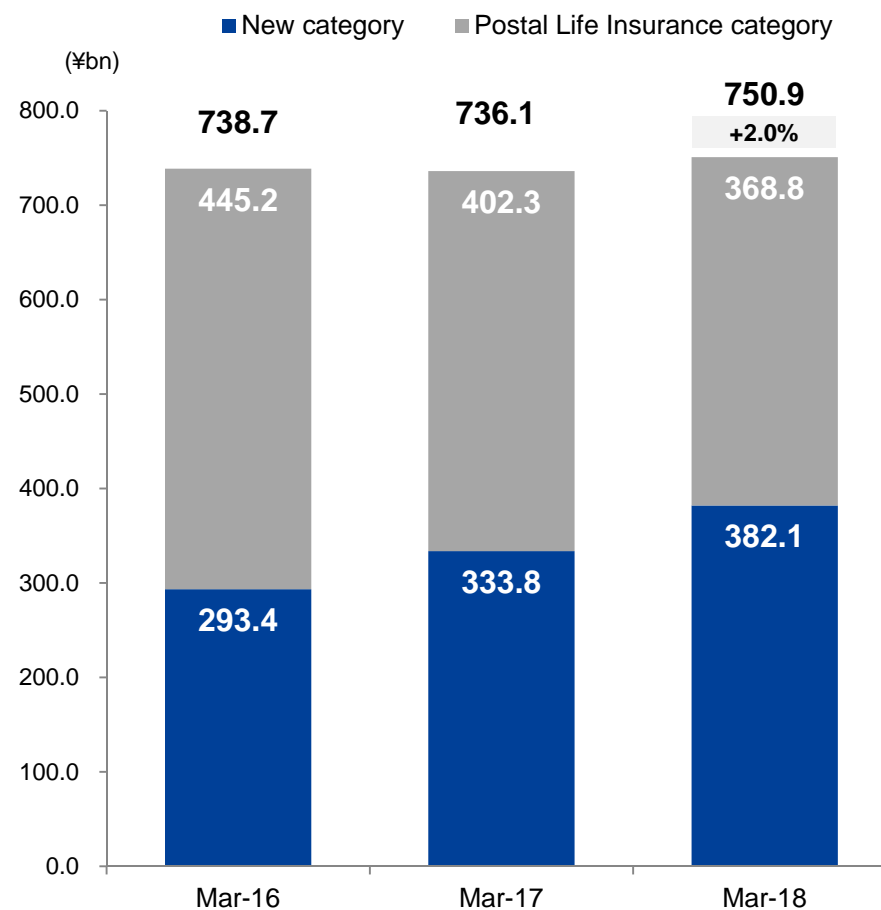
Note 2: In addition to the above, the FY2018/3 period saw a net increase of ¥13.4 billion in annualized premiums due to a switchover to the rider launched in October 2017 and an additional rider purchase.

Policy Sales (2) Annualized Premiums from Policies in Force

Annualized Premiums from Policies in Force
(Individual Insurance)



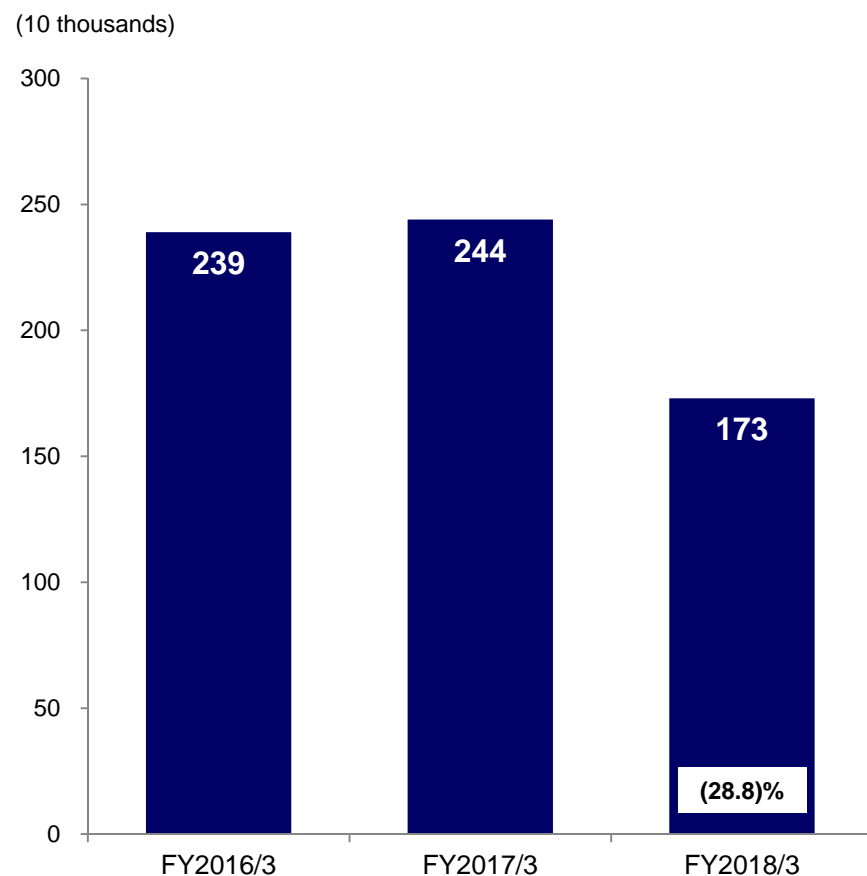
Annualized Premiums from Policies in Force
(Medical Care)



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.

Policy Sales (3) Number of New Policies

Number of New Policies (Individual Insurance)



Breakdown of New Policies

(10 thousands)

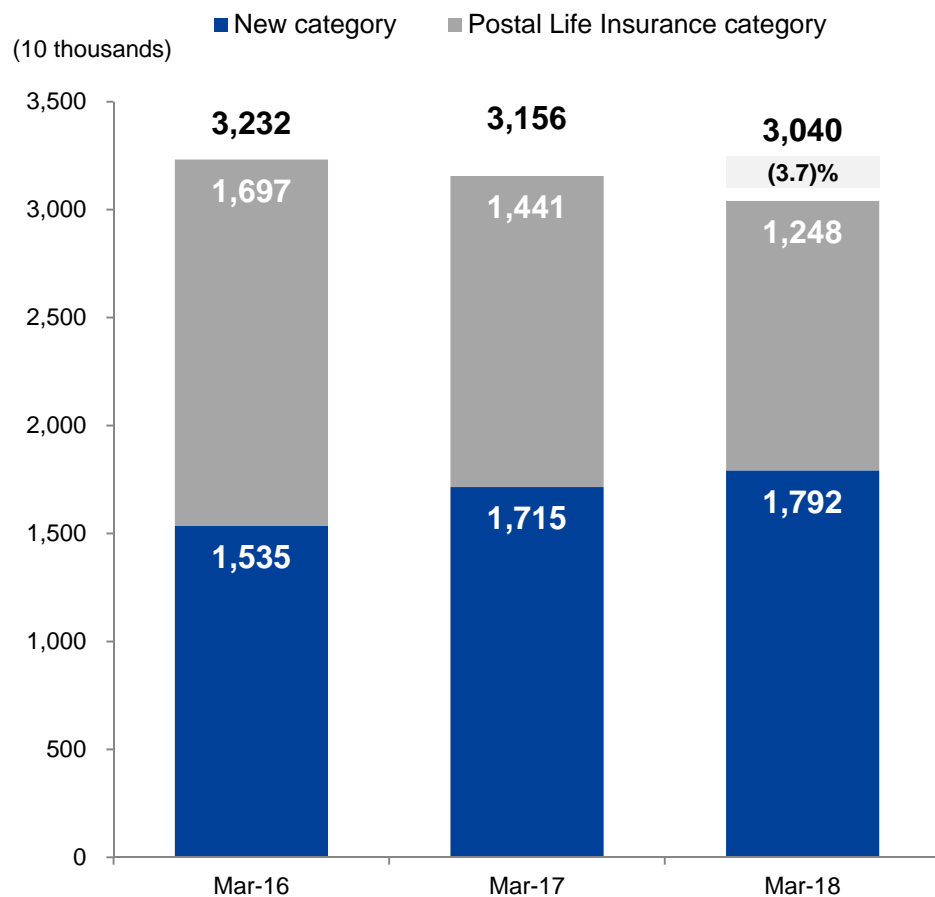
	Year ended Mar-17		Year ended Mar-18	
	Number of policies	Share	Number of policies	Share
Individual insurance	244	100.0 %	173	100.0 %
Endowment insurance	117	48.0 %	83	47.8 %
Ordinary endowment insurance	88	36.1 %	49	28.7 %
Special endowment insurance ¹	28	11.8 %	33	19.1 %
Whole life insurance	92	37.8 %	77	44.3 %
Ordinary whole life insurance (Fixed amount type)	33	13.6 %	28	16.3 %
Ordinary whole life insurance (Increased amount type)	27	11.3 %	36	20.9 %
Special whole life insurance	31	12.9 %	12	7.1 %
Educational endowment insurance	34	14.2 %	13	7.9 %
Other insurance	0	0.0 %	0	0.0 %

Note: Only major products are shown.

1. Increased amount type endowment insurance

Policy Sales (4) 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

(10 thousands)

	Mar-17		Mar-18	
	Number of policies	Share	Number of policies	Share
Individual insurance	3,156	100.0 %	3,040	100.0 %
Endowment insurance	1,349	42.8 %	1,257	41.4 %
Ordinary endowment insurance	846	26.8 %	802	26.4 %
Special endowment insurance ¹	482	15.3 %	439	14.5 %
Whole life insurance	1,279	40.6 %	1,296	42.6 %
Ordinary whole life insurance (Fixed amount type)	406	12.9 %	413	13.6 %
Ordinary whole life insurance (Increased amount type)	239	7.6 %	261	8.6 %
Special whole life insurance	633	20.1 %	621	20.4 %
Educational endowment insurance	512	16.2 %	472	15.5 %
Other insurance	14	0.5 %	13	0.5 %

Note: Only major products are shown.

1. Increased amount type endowment insurance

Investments (1) Asset Portfolio

Asset Portfolio

(¥bn, %)

	Mar-17		Mar-18	
	Amount	Share	Amount	Share
Bonds	57,581.2	71.7	53,395.2	69.5
Japanese government bonds	42,732.3	53.2	39,589.8	51.5
Japanese local government bonds	9,226.8	11.5	8,513.5	11.1
Japanese corporate bonds ²	5,622.0	7.0	5,291.7	6.9
Return seeking assets ¹	7,963.7	9.9	9,450.4	12.3
Domestic stocks ²	1,626.0	2.0	2,040.6	2.7
Foreign stocks ²	309.0	0.4	342.5	0.4
Foreign bonds etc. ^{2,3}	6,028.6	7.5	7,010.7	9.1
Loans	8,060.9	10.0	7,627.1	9.9
Others	6,730.9	8.4	6,358.3	8.3
Cash and deposits, call loans	1,516.0	1.9	1,163.5	1.5
Receivables under securities borrowing transactions	3,520.7	4.4	3,296.2	4.3
Total assets	80,336.7	100.0	76,831.2	100.0

1. To further clarify the characteristics of the asset class, items formerly referred to as "risk assets" in the previous Medium-term Management Plan are now renamed as "return seeking assets" in the Medium-term Management Plan commencing from the year ending March 31, 2019.
2. Include assets invested in money held in trust.
3. Foreign bonds etc. include foreign-currency-denominated bonds and investment trusts recorded under Japanese corporate bonds and other securities, respectively, on the balance sheet.

Investment Yield

(¥bn)

	Year ended Mar-17	Year ended Mar-18
Positive spread	78.5	65.8
Average assumed rates of return ¹	1.73 %	1.71 %
Investment return on core profit ²	1.84 %	1.81 %

Net capital gains (losses)	(51.1)	(19.1)
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	Mar-17	Mar-18
Interest rate (10Y JGB)	0.065 %	0.045 %
USD/JPY	¥ 112.19	¥ 106.24

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

Investments (2) Fair Value Information of Securities

Fair Value Information of Securities

(¥bn)

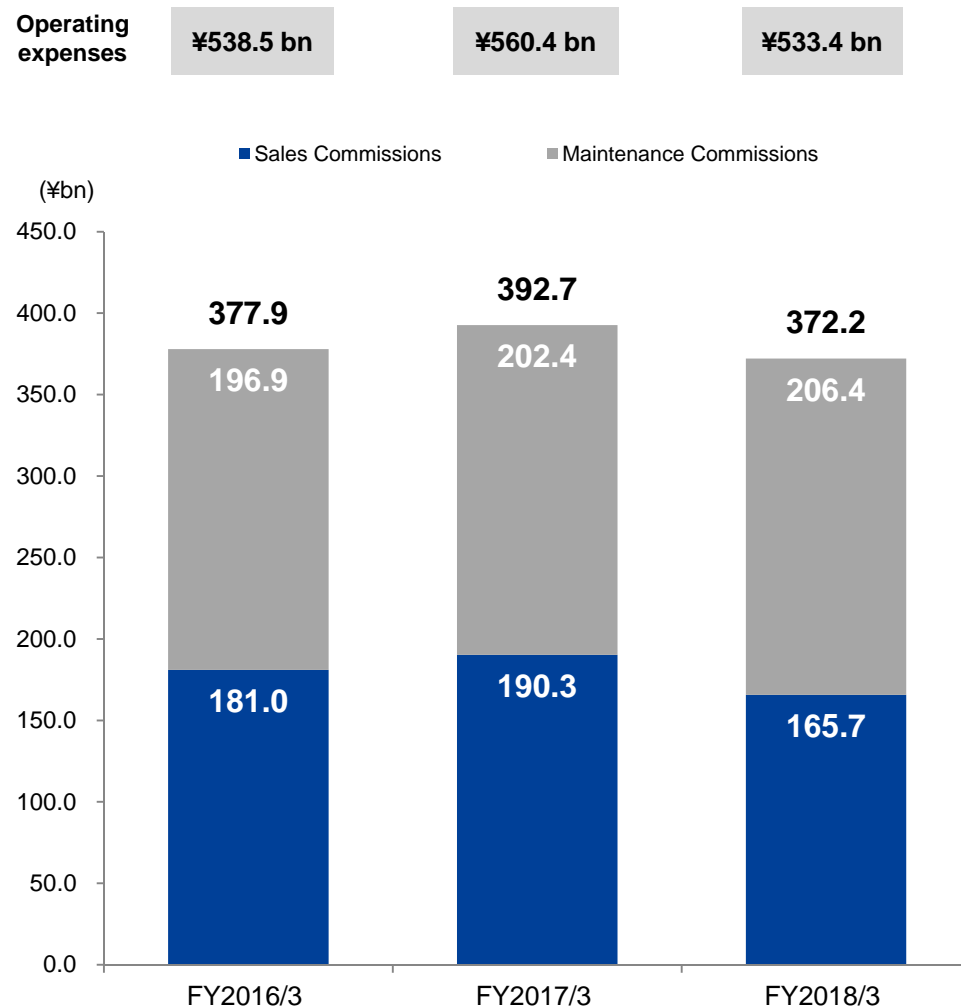
	Mar-17			Mar-18		
	Book value	Fair value	Net unrealized gains (losses)	Book value	Fair value	Net unrealized gains (losses)
Total	65,541.9	73,242.5	7,700.5	62,919.1	70,689.5	7,770.3
Held-to-maturity bonds	40,441.8	46,518.6	6,076.8	38,490.0	44,608.7	6,118.6
Policy-reserve-matching bonds	12,517.3	13,697.4	1,180.0	10,676.3	11,769.6	1,093.2
Available-for-sale securities	12,582.7	13,026.4	443.6	13,752.7	14,311.2	558.4
Securities etc.	10,836.4	10,899.3	62.9	11,513.9	11,555.8	41.9
Bonds	4,758.4	4,796.8	38.4	4,474.1	4,508.0	33.8
Domestic stocks	50.2	54.0	3.8	180.3	190.6	10.2
Foreign securities	4,224.6	4,253.7	29.1	4,238.9	4,249.5	10.6
Other securities	1,428.0	1,417.1	(10.8)	2,026.5	2,011.5	(15.0)
Negotiable certificates of Deposit etc.	375.1	377.5	2.4	593.9	596.0	2.1
Money held in trust ¹	1,746.3	2,127.0	380.7	2,238.8	2,755.3	516.4
Domestic stocks	1,252.1	1,571.9	319.8	1,407.1	1,849.9	442.8
Foreign stocks	267.1	309.0	41.9	273.1	342.5	69.4
Foreign bonds	166.9	185.9	18.9	473.0	477.2	4.2

Note: This table only shows securities with a fair value. It also includes the handling of securities under the Financial Instruments and Exchange Act.

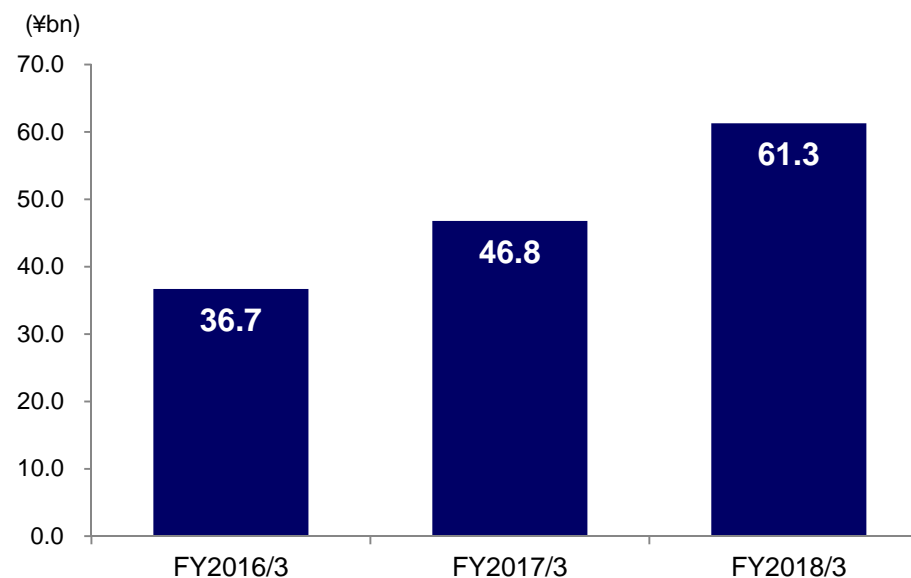
1.Total money held in trust includes cash and deposits and others .

Expenses (Non-Consolidated)

Commissions to Japan Post Co.



Depreciation and amortization



(Reference) Reasons for Increase in Depreciation and Amortization

- Increase in depreciation and amortization due to renewal of core IT system (January 2017): approximately ¥14 billion

Financial Soundness

Internal Reserves

	Mar-17	Mar-18	(¥bn)
			Provisions in the period ³
Contingency reserve	2,254.0	2,114.3	(139.6)
Postal Life Insurance category	1,838.8	1,665.0	(173.7)
New category	415.2	449.2	34.0
Price fluctuations reserve	788.7	916.7	128.0
Postal Life Insurance category	648.4	665.5	17.0
New category	140.2	251.2	110.9
Additional policy reserve	5,961.0	5,930.4	(30.6)
Postal Life Insurance Category ¹	5,961.0	5,913.3	(47.6)
New category ²	-	17.0	17.0

Solvency Margin Ratio (Consolidated)

	Mar-17	Mar-18	(¥bn)
Solvency Margin Ratio (Consolidated)	1,290.6 %	1,131.8 %	
Total amount of solvency margin	5,425.8	5,595.8	
Total amount of risk	840.7	988.8	
Real net assets (Consolidated)	12,763.1	12,904.8	

Notes: "Postal Life Insurance category" shows the amounts generated from the postal life insurance policies, and "New category" shows the figures after deduction of "Postal Life Insurance category" from the total.

1. Including the amount determined to be additionally provided over 10 years from the year ended March 31, 2011 for annuity in the postal life insurance policies (for the year ended March 31, 2018, the amount of additional provision was ¥180.9 bn and the accumulated amount was ¥1,391.3 bn).
2. The amount determined to be additionally provided in a lump sum for single-payment annuity policies among the individual annuities underwritten by Japan Post Insurance.
3. Provisions in the period includes the excess provision of ¥133.1 bn exceeding the provision requirements for contingency reserve and price fluctuations reserve.

Embedded Value (Preliminary Figures)

Breakdown of EV

(¥bn)

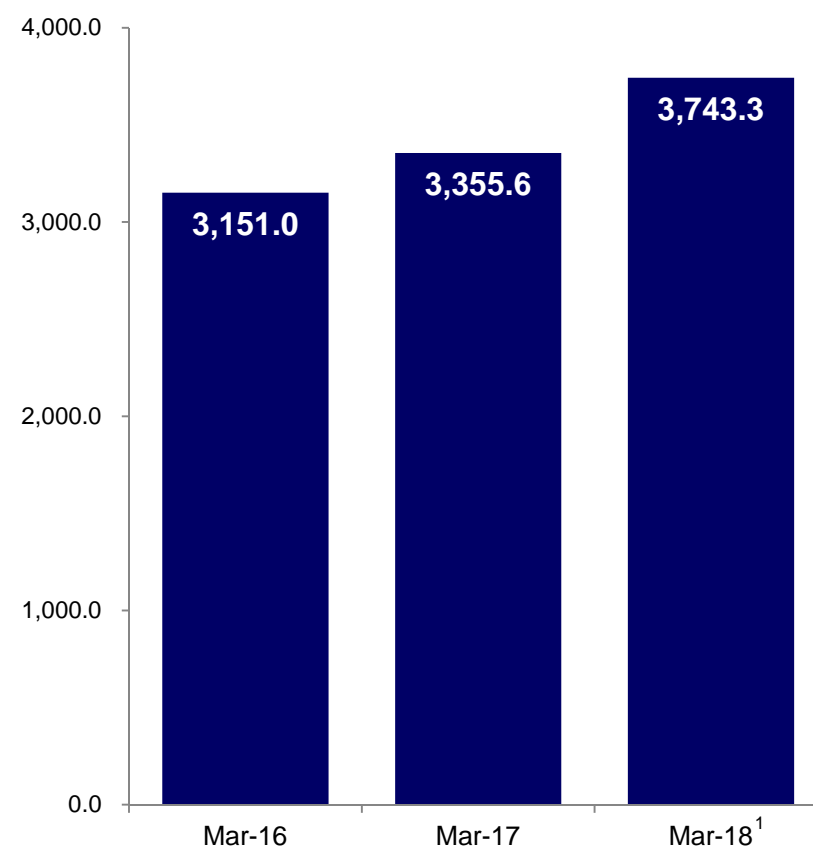
	Mar-17	Mar-18 ¹	Change
EV	3,355.6	3,743.3	387.6
Adjusted net worth	1,965.2	2,136.4	171.2
Value of in- force covered business	1,390.4	1,606.8	216.4

	Year ended Mar-17 ²	Year ended Mar-18 ^{1,3}	Change
Value of new business ¹	36.8	226.7	189.8

1. Provisional calculations have not been verified by a third party. For details on EV verified by a third party, please refer to “Disclosure of European Embedded Value as of March 31, 2018” to be announced on May 18, 2018.
2. Using the economic assumptions as of the end of September 2016, based on the new policies written in the period from April 2016 to March 2017.
3. Using the economic assumptions as of the end of September 2017, based on the new policies written in the period from April 2017 to March 2018.
The value of new business includes an increase or decrease due to a switchover of riders.

EV

(¥bn)



Financial Results Forecasts for the Year Ending March 31, 2019 (Consolidated)

Financial Results Forecasts (Consolidated)

(¥bn)

	Year ended Mar-18 (Actual)	Year ending Mar-19 (Forecast)
Ordinary income	7,952.9	7,580.0
Ordinary profit	309.2	220.0
Net income ¹	104.4	88.0

1. Net income attributable to Japan Post Insurance

Shareholder Return Policy

Dividend policy

- Aim for a steady increase in dividends per share with a goal of achieving to deliver dividends of ¥76 per share for the year ending March 31, 2021, while considering earning prospects and financial soundness.

Dividends Per Share

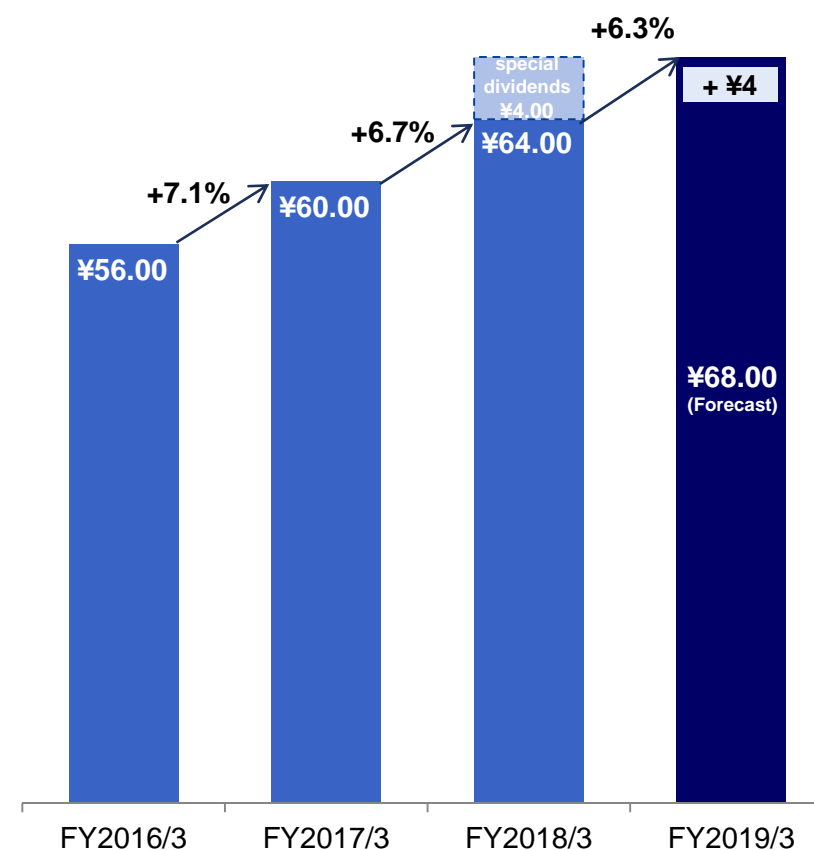
(Payout Ratio)

39.6 %

40.6 %

39.0 %

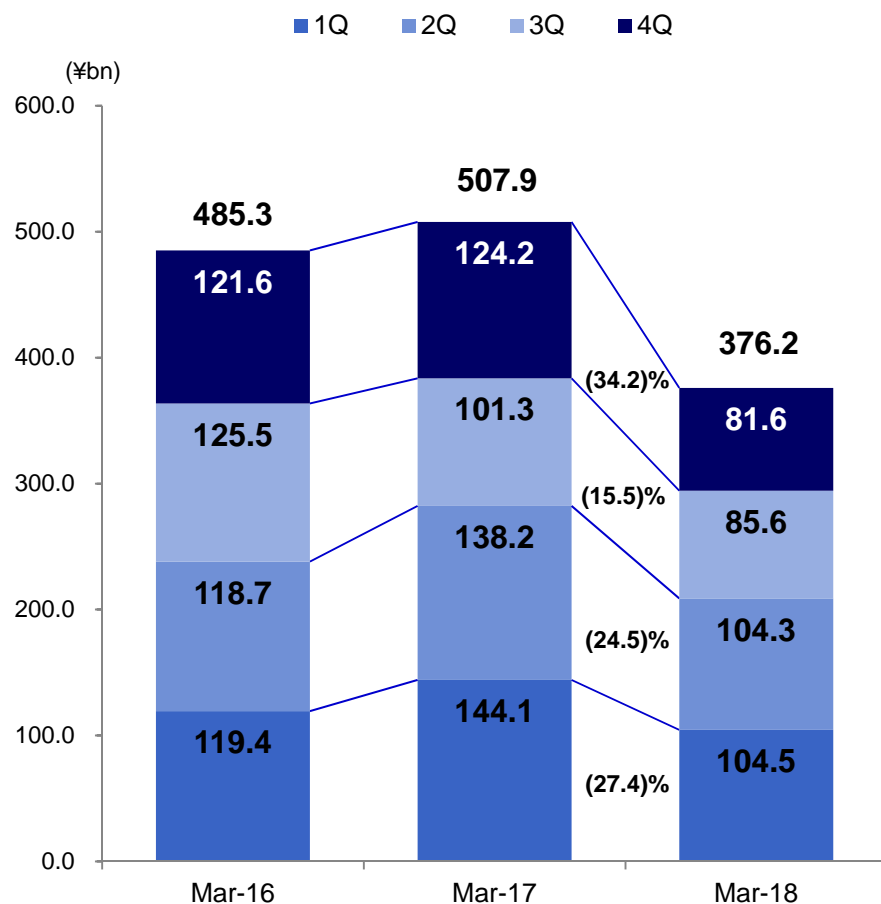
46.3 %



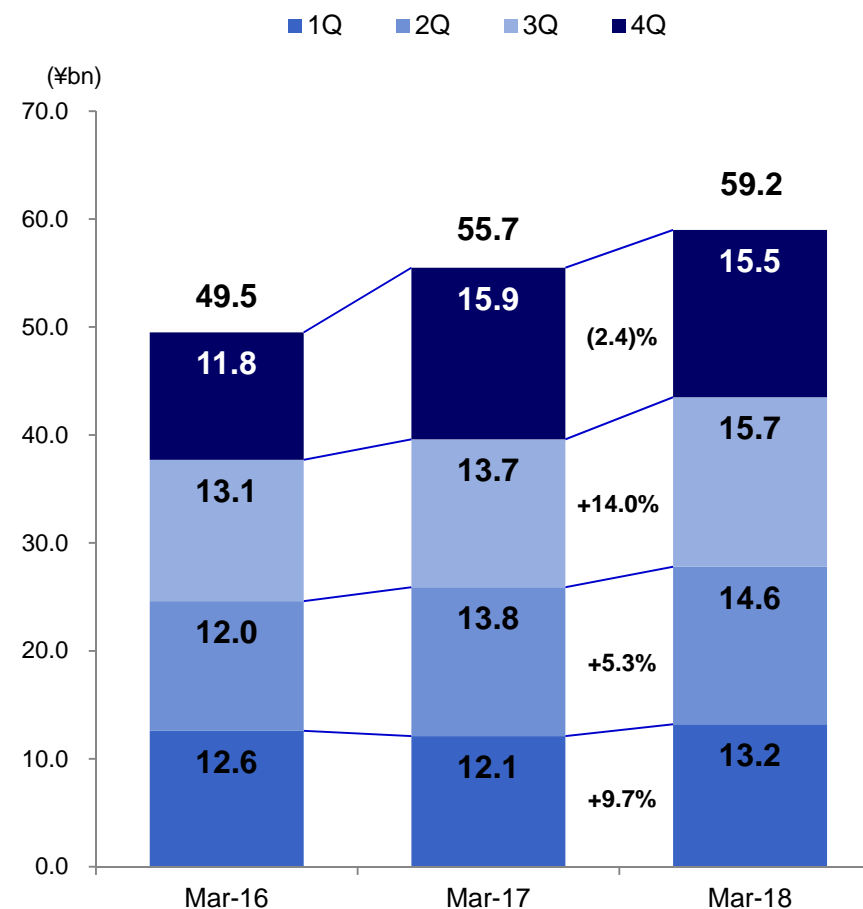
APPENDIX

Quarterly Trends in Annualized Premiums from New Policies

Annualized Premiums from New Policies (Individual Insurance)



Annualized Premiums from New Policies (Medical Care)

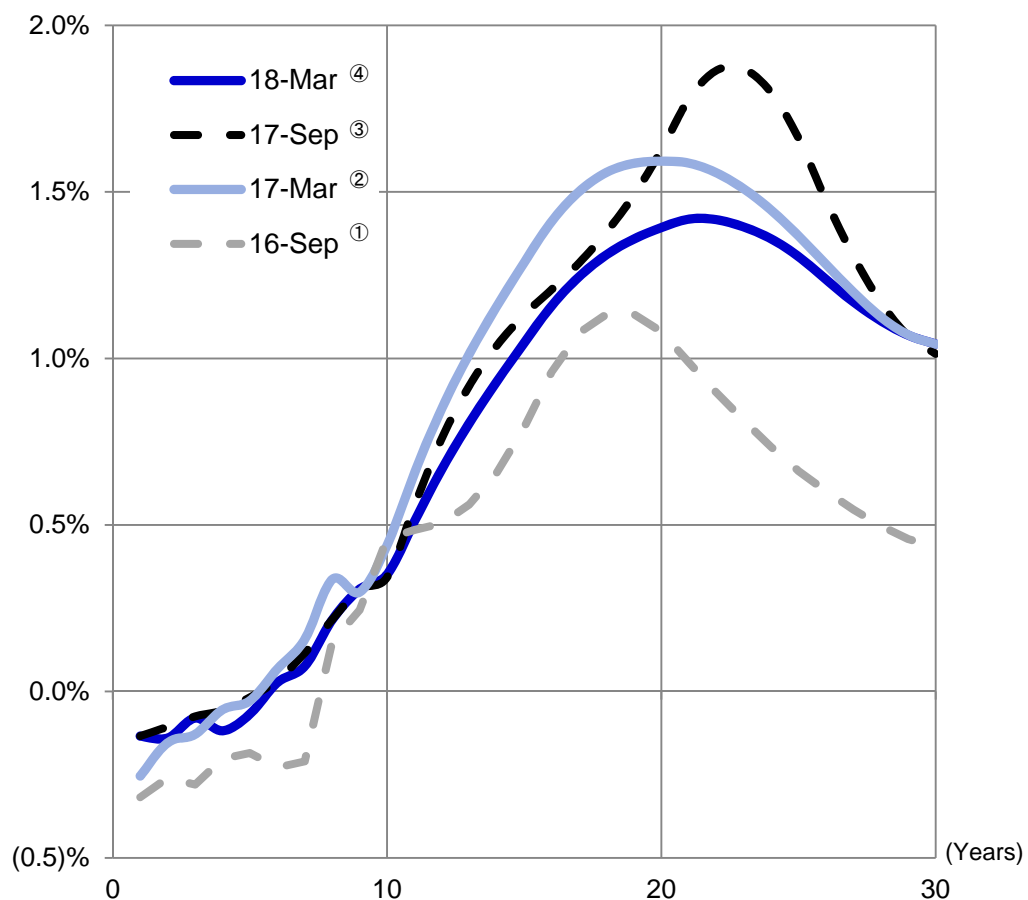


Note 1: Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined according to the relevant payment method to arrive at a single annualized amount. For lump-sum payments, annualized premiums are calculated by dividing the total premium by the insured period. Medical care corresponds to medical and living benefits, etc. Annualized premiums (individual insurance) include the premiums for medical care related to individual insurance.

Note 2: In addition to the above, the FY2018/3 period saw a net increase of ¥13.4 billion in annualized premiums due to a switchover to the rider launched in October 2017 and an additional rider purchase.

Fluctuations of Interest Rates (EV Assumptions)¹

Forward Rate (Sep-16 to Mar-18)



Forward Rate

(%)	Sep-16 ^①	Mar-17 ^②	Sep-17 ^③	Mar-18 ^④
10 years	0.458	0.439	0.343	0.351
20 years	1.081	1.592	1.626	1.393
30 years	0.433	1.043	1.014	1.043

Note: The economic assumptions used for the calculation of EV and the value of new business are as follows.

- Value of new business for FY2017/3: ①
- EV as of the end of March 2017: ②
- Value of new business for FY2018/3: ③
- EV as of the end of March 2018: ④

1. The interest rate (EV assumptions) used to prepare the forward rate is based on the market yields on government bonds announced by the Ministry of Finance Japan.

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

		FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3
Total assets	¥mn	87,088,626	84,911,946	81,543,623	80,336,414	76,832,508
Postal Life Insurance category		67,560,915	61,703,013	55,832,787	51,447,550	46,684,937
New category		19,527,711	23,208,932	25,710,836	28,888,864	30,147,570
Number of policies in force	(000)	34,864	33,489	32,323	31,562	30,405
Postal Life Insurance category (insurance)		23,195	19,949	16,972	14,411	12,484
New category (individual insurance)		11,668	13,539	15,350	17,150	17,921
Insurance premiums and others	¥mn	5,911,643	5,956,716	5,413,862	5,041,868	4,236,461
Postal Life Insurance category		2,155,398	1,697,140	1,322,308	1,002,816	755,221
New category		3,756,245	4,259,576	4,091,554	4,039,051	3,481,240
Ordinary profit	¥mn	463,506	493,169	413,023	279,347	308,845
Postal Life Insurance category		382,325	377,145	258,059	185,250	137,074
New category		81,181	116,024	154,963	94,097	171,771
Net income	¥mn	63,428	81,758	86,338	88,520	104,309
Postal Life Insurance category		43,689	36,969	32,850	26,044	16,878
New category		19,739	44,789	53,487	62,475	87,430
Contingency reserve (reversal) provision	¥mn	(94,807)	(90,087)	(123,864)	(120,819)	(139,678)
Postal Life Insurance category		(164,732)	(167,144)	(171,199)	(172,881)	(173,722)
New category		69,924	77,057	47,335	52,061	34,043
Price fluctuations reserve (reversal) provision	¥mn	91,360	97,934	70,100	6,444	128,031
Postal Life Insurance category		73,857	72,126	8,957	12,625	17,090
New category		17,502	25,808	61,143	(6,181)	110,940
Additional policy reserve (reversal) provision	¥mn	(77,134)	(68,347)	(55,533)	(50,454)	(30,648)
Postal Life Insurance category		(77,134)	(68,347)	(55,533)	(50,454)	(47,674)
New category		-	-	-	-	17,025

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

Major Financial Results (Consolidated)

	(¥bn)				
	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3
Insurance premiums and others	5,911.6	5,956.7	5,413.8	5,041.8	4,236.4
Ordinary profit	462.7	492.6	411.5	279.7	309.2
Provision for reserve for policyholder dividends	242.1	200.7	178.0	152.6	117.7
Net income	62.8	81.3	84.8	88.5	104.4
Net assets	1,538.1	1,975.7	1,882.9	1,853.2	2,003.1
Total assets	87,092.8	84,915.0	81,545.1	80,336.7	76,831.2
Return on equity	4.2%	4.6%	4.4%	4.7%	5.4%
Return on shareholders' equity	4.7%	5.9%	5.9%	5.9%	6.7%
Dividends to shareholders	16.8	24.5	33.6	36.0	40.8
Payout ratio	26.8%	30.2%	39.6%	40.6%	39.0%
[Reference] Core profit (Non-consolidated)	482.0	515.4	464.2	390.0	386.1

<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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