



Outline of Financial Results for the Three Months Ended June 30, 2016

August 12, 2016



- I am Susumu Miyamoto of Japan Post Insurance.
- Thank you for joining our conference call for “Financial Results for the Three Months Ended June, 30, 2016.”
- 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 was ¥19.4 billion that represented 22.6% towards the full-year financial results forecasts, making good progress overall.
- Insurance premiums and others were ¥1,415.1 billion, a ¥63.6 billion increase year on year.
- As a result of our efforts for strengthening sales promotion including the 100th anniversary of Postal Life Insurance campaign activities, annualized premiums from new policies for individual insurance were ¥144.1 billion, a 20.7% increase year on year. Annualized premiums from new policies for medical care remained almost unchanged year on year at ¥12.1 billion.
- Under the current low interest rate environment, increased investment in risk assets (foreign securities and domestic stocks) to ¥5,546.1 billion (6.9% of total assets).
- As a result of a substantial decline in interest rates following Britain's decision to exit the EU, etc., embedded value (EV) decreased by ¥1,012.7 billion from the end of the previous fiscal year to ¥2,138.3 billion.

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- The financial results can be summed up in five points.
- Firstly, net income for the current period was ¥19.4 billion that represented 22.6% towards our full-year financial results forecasts. Overall, we made good progress.
- Secondly, insurance premiums and others increased by ¥63.6 billion on a year on year basis to ¥1,415.1 billion.
- Thirdly, annualized premiums from new policies for individual insurance increased by 20.7% year on year to ¥144.1 billion, mainly as a result of strengthening sales promotion including the 100th Anniversary of Postal Life Insurance campaign activities, while annualized premiums from new policies for medical care remained almost unchanged at ¥12.1 billion.
- On to the fourth point, in view of the current low interest rate environment, we continued to increase investment in risk assets such as foreign securities and domestic stocks, and accordingly, increased the exposure to 6.9% of total assets, while keeping a focus on ALM.
- Lastly, the fifth point; EV decreased by ¥1,012.7 billion from the end of the previous fiscal year to ¥2,138.3 billion, mainly due to a substantial decline in interest rates following Britain's decision to exit from the EU.
- Please look at page 2.

Financial Highlights

Financial Highlights

(¥bn)

	3 months ended Jun-15	3 months ended Jun-16	Year on year
Ordinary income	2,473.1	2,261.4	(8.6) %
Ordinary profit	107.4	44.3	(58.7) %
Net income ¹	22.9	19.4	(15.2) %

(¥bn)

	Mar-16	Jun-16	Change
Total assets	81,545.1	80,909.8	(0.8) %
Net assets	1,882.9	1,745.2	(7.3) %
Total shareholders' equities	1,472.4	1,457.7	(1.0) %

1. Net income attributable to Japan Post Insurance

Financial Results Forecasts

(¥bn)

Year ending Mar-17 (Full-year forecasts)	Progress
8,490.0	26.6 %
310.0	14.3 %
86.0	22.6 %

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- Next, I would like to explain the financial highlights.
- For the current period, ordinary income was ¥2,261.4 billion, ordinary profit was ¥44.3 billion, and net income was ¥19.4 billion.
- Ordinary profit decreased by 58.7% year on year due to the effect of posting impairment losses on securities of 65.8 billion, but net income for the current period represented progress of 22.6% towards the full-year financial results forecasts as a result of reversing reserve for price fluctuations.
- At this point, forecasts for consolidated financial results and dividends per share remain unchanged.
- Furthermore, total assets were ¥80,909.8 billion. Net assets were ¥1,745.2 billion.
- Please look at page 3.

Overview of Financial Statements (Consolidated)

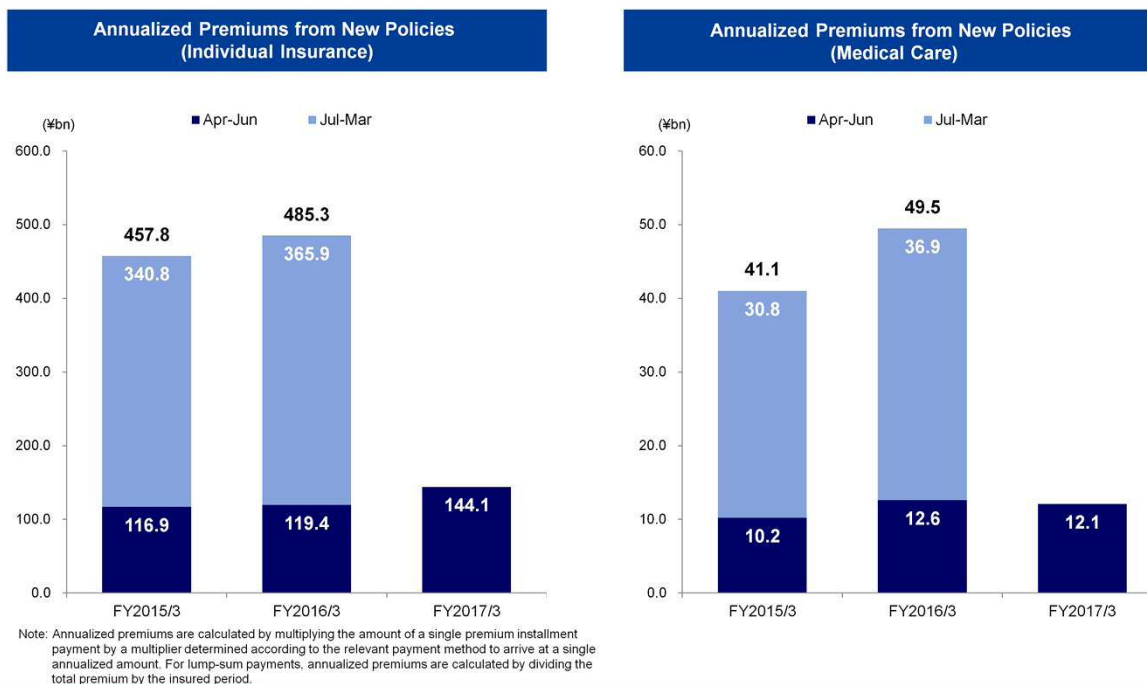
Statement of Income				Balance Sheets				
	3 months ended Jun-15	3 months ended Jun-16	Change	(Reference) Year ended Mar-16		Mar-16	Jun-16	Change
Ordinary income	2,473.1	2,261.4	(211.6)	9,605.7	Assets	81,545.1	80,909.8	(635.2)
Insurance premiums and others	1,351.5	1,415.1	63.6	5,413.8	Cash and deposits	1,862.6	861.9	(1,000.7)
Investment income	344.6	344.1	(0.5)	1,354.9	Money held in trust	1,644.5	1,705.5	60.9
Reversal of policy reserves	752.8	489.5	(263.3)	2,750.0	Securities	63,609.9	62,607.3	(1,002.5)
Ordinary expenses	2,365.7	2,217.0	(148.6)	9,194.2	Loans	8,978.4	9,020.9	42.5
Insurance claims and others	2,210.7	1,988.7	(222.0)	8,550.4	Fixed assets	331.1	331.1	0.0
Investment expenses	2.4	68.3	65.9	9.7	Deferred tax assets	712.1	790.3	78.2
Operating expenses	127.8	134.6	6.8	538.5	Liabilities	79,662.2	79,164.6	(497.5)
Ordinary profit	107.4	44.3	(63.0)	411.5	Policy reserves	72,362.5	71,872.9	(489.5)
Extraordinary profit and loss	(19.0)	23.3	42.4	(71.5)	Reserve for price fluctuations	782.2	758.9	(23.3)
Provision for reserve for policyholder dividends	56.3	41.6	(14.6)	178.0	Net assets	1,882.9	1,745.2	(137.7)
Income before income taxes	31.9	25.9	(5.9)	161.9	Total shareholders' equities	1,472.4	1,457.7	(14.6)
Total income taxes	9.0	6.5	(2.4)	77.0	Total accumulated other comprehensive income	410.5	287.4	(123.0)
Net income attributable to Japan Post Insurance	22.9	19.4	(3.4)	84.8				

Note: Only major line items are shown.

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- This is an overview of our financial statements.
- Insurance premiums and others increased by 63.6 billion year on year due to the increase of new policies.
- For more information, please refer to the document on financial results.
- Please look at page 4.

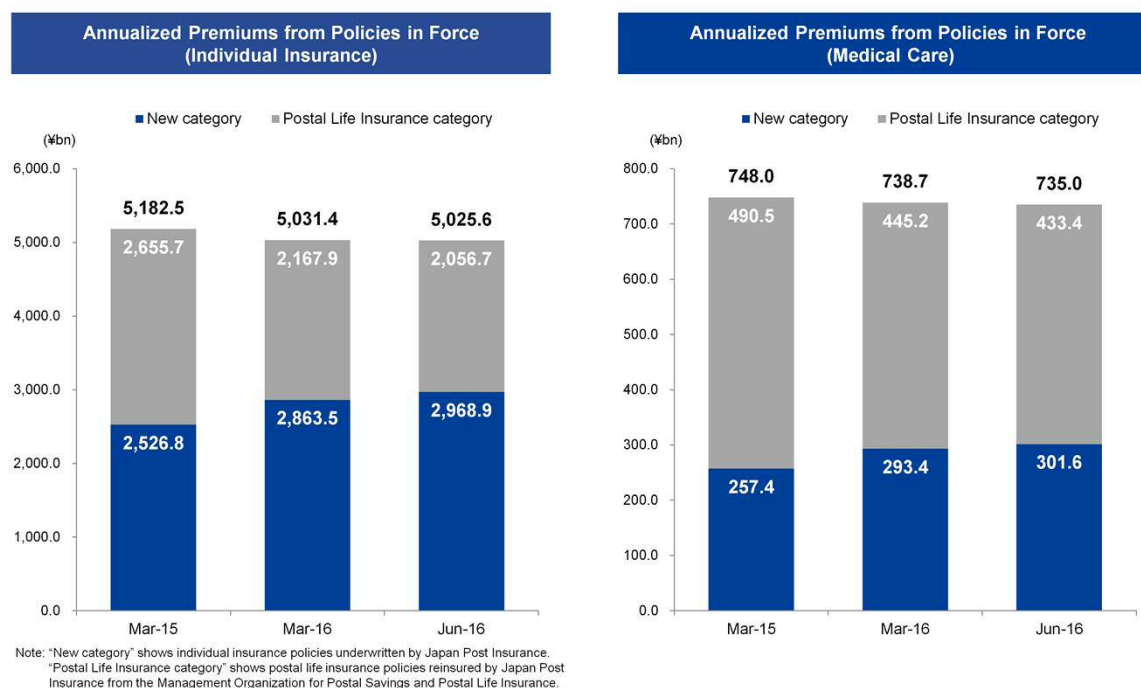
Policy Sales (1) Annualized Premiums from New Policies



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- From here, I would like to explain our new policy sales.
- Page 4 shows changes in the annualized premiums from new policies.
- Annualized premiums from new policies for individual insurance increased by ¥24.7 billion year on year to ¥144.1 billion mainly as a result of strengthening sales promotion including the 100th Anniversary of Postal Life Insurance campaign activities.
- As shown in the chart on the right, annualized premiums from new policies for medical care for the current period achieved almost the same level year on year, which was the highest recorded since our privatization, ¥12.1 billion.
- Although we revised insurance premiums of our products from August 2, 2016, we will continue to appeal to customers' protection needs and strive to increase new policies.
- Please look at page 5.

Policy Sales (2) Annualized Premiums from Policies in Force

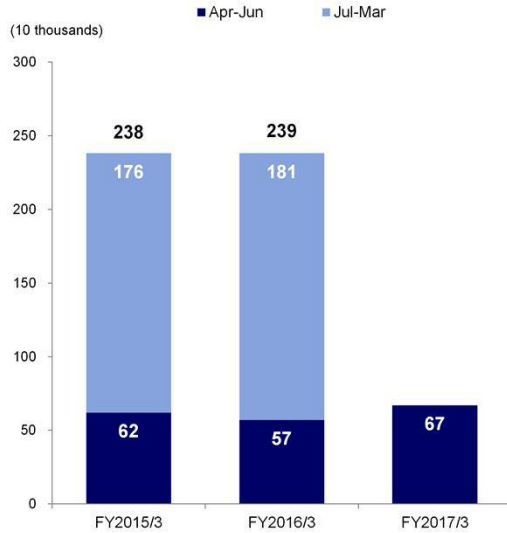


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- Annualized premiums from policies in force are shown in “Postal Life Insurance category” and “New category.”
- As shown in the chart on the left, annualized premiums from policies in force for individual insurance were ¥5,025.6 billion, of which “New category” underwritten after the privatization amounted to ¥2,968.9 billion and expanded to nearly 60% of the total.
- Furthermore, annualized premiums from policies in force for medical care were ¥735.0 billion, of which ¥301.6 billion was from the “New category.”
- Please look at page 6.

Policy Sales (3) Number of New Policies

Number of New Policies (Individual Insurance)



Breakdown of New Policies

(10 thousands)

	3 months ended Jun-15		3 months ended Jun-16	
	Number of policies	Share	Number of policies	Share
Individual insurance	57	100.0 %	67	100.0 %
Endowment insurance	32	56.0 %	36	54.9 %
Whole life insurance	14	25.6 %	18	27.2 %
Educational endowment insurance	10	18.4 %	12	17.9 %
Other insurance	0	0.0 %	0	0.0 %

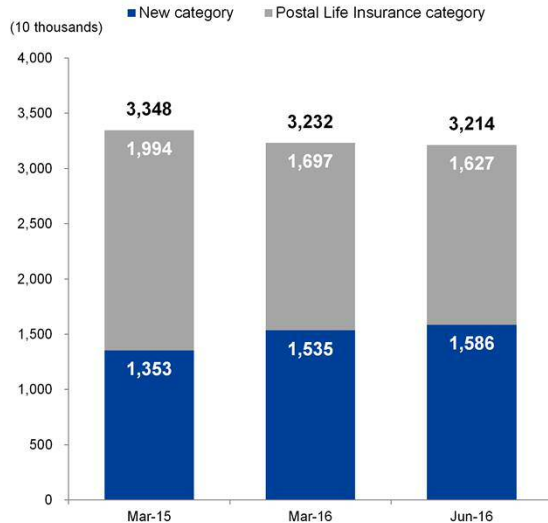
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- The chart on the left shows changes in the number of new policies, with a breakdown by product on the right.
- The number of new policies acquired during the current period increased by 90,000 year on year to 670,000.
- By product, the number of new policies of endowment insurance increased by 40,000 and whole life insurance increased by 30,000 year on year. We successfully maintained steady growth in the number of new policies for main products.
- Please look at page 7.

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

	Mar-16		Jun-16	
	Number of policies	Share	Number of policies	Share
Individual insurance	3,232	100.0 %	3,214	100.0 %
Endowment insurance	1,440	44.6 %	1,416	44.1 %
Whole life insurance	1,241	38.4 %	1,246	38.8 %
Educational endowment insurance	535	16.6 %	536	16.7 %
Other insurance	14	0.5 %	14	0.5 %

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- Changes in the number of policies in force and its breakdown are presented on this page.
- The number of policies in force, which is the total of "New category" and "Postal Life Insurance category," decreased by 180,000 from the end of the previous fiscal year to 32,140,000.
- Since our privatization, the decrease of policies in force has continued, because the decrease of policies in the "Postal Life Insurance category" due to maturity has exceeded the increase of new policies. However, the pace of decrease is gradually becoming moderate.
- Please look at page 8.

Investments (2) Fair Value Information of Securities

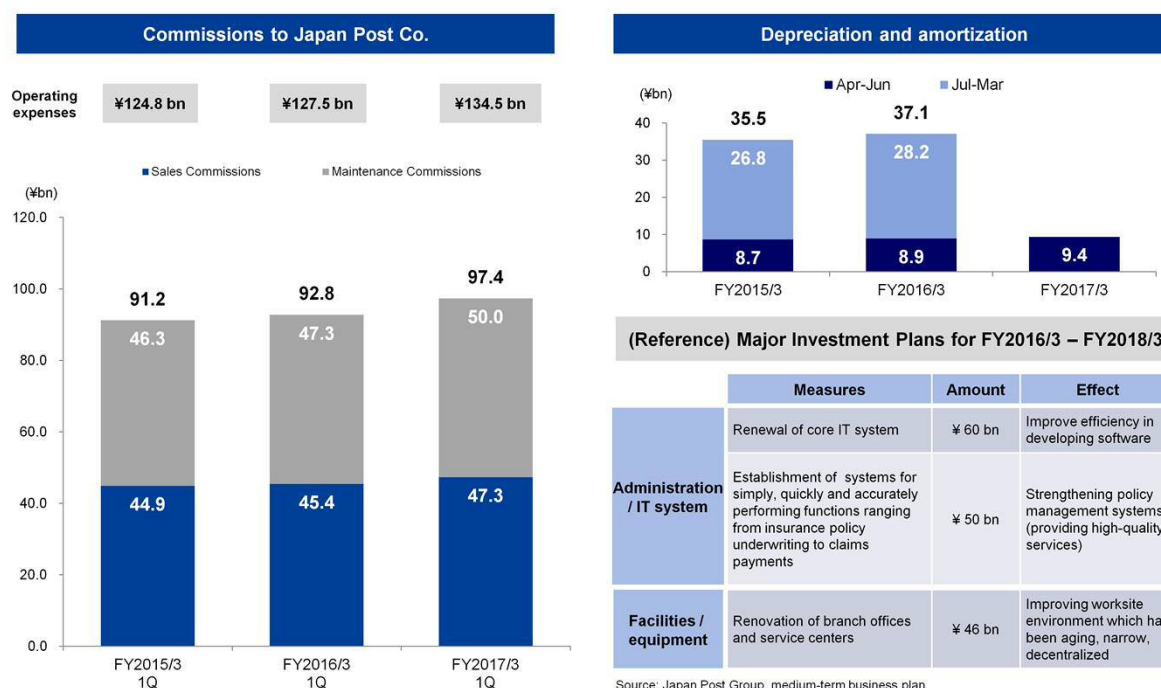
Fair Value Information of Securities						
	Mar-16			Jun-16		
	Book value	Fair value	Net unrealized gains (losses)	Book value	Fair value	Net unrealized gains (losses)
Total	65,753.0	75,326.4	9,573.3	64,714.3	75,981.0	11,266.6
Held-to-maturity bonds	42,239.8	49,752.9	7,513.0	41,476.6	50,669.4	9,192.7
Policy-reserve-matching bonds	13,563.4	15,062.1	1,498.7	12,902.5	14,585.7	1,683.1
Available-for-sale securities	9,949.8	10,511.3	561.5	10,335.1	10,725.8	390.6
Securities	8,469.2	8,866.8	397.5	8,695.3	9,020.3	324.9
Bonds	4,012.9	4,115.7	102.8	4,287.6	4,399.4	111.7
Foreign stocks	-	-	-	-	-	-
Foreign bonds	3,299.3	3,590.8	291.4	3,419.2	3,627.2	207.9
Other securities	100.0	100.0	0.0	200.0	201.5	1.5
Deposits	1,056.9	1,060.1	3.1	788.4	792.1	3.7
Money held in trust	1,480.5	1,644.5	163.9	1,639.7	1,705.5	65.7
Domestic stocks	1,065.4	1,202.5	137.0	1,160.4	1,227.0	66.5
Foreign stocks	222.2	229.4	7.1	230.5	221.1	(9.3)
Foreign bonds	161.1	180.9	19.7	162.5	171.1	8.5

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

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- This slide shows the fair value of securities and net unrealized gains or losses.
- Net unrealized gains on held-to-maturity and policy-reserve-matching bonds increased by approximately ¥1.8 trillion in total due to the further decline in long-term interest rate.
- Net unrealized gains on available-for-sale securities decreased by ¥170.8 billion due to decreased net unrealized gains on foreign bonds and domestic and other stocks which were affected by strong yen and weak stock markets.
- In total, net unrealized gains on securities increased by ¥1,693.2 billion from the end of the previous fiscal year to ¥11,266.6 billion.
- Please look at page 10.

Expenses (Non-Consolidated)



- Expenses for the period are presented on this page.
- Operating expenses for the current period were ¥134.5 billion on a non-consolidated basis, of which approximately 70% or ¥97.4 billion consists of commissions paid to Japan Post Co.
- Approximately half of the commissions are sales commissions corresponding to actual sales of new policies, and the remaining half are maintenance commissions paid for outsourced operations of maintenance and payment services.
- Commissions for the current period increased to ¥97.4 billion, as a result of steady growth of new policies after the privatization at post offices, and the strengthening of initiatives to have customers register bank accounts for depositing insurance payments.
- In addition, depreciation and amortization for the current period was ¥9.4 billion, as shown in the chart on the upper right.
- Please look at page 11.

Financial Soundness

Internal Reserves

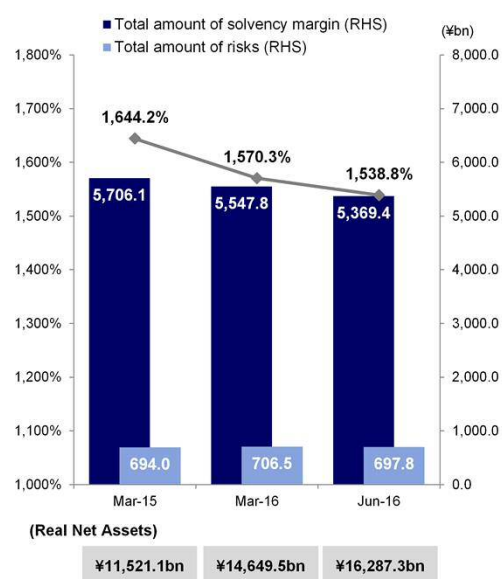
	Mar-16	Jun-16	(¥bn)
Contingency reserve	2,374.8	2,344.4	(30.3)
Postal Life Insurance Category	2,011.6	1,968.6	(43.0)
New Category	363.1	375.8	12.6
Price fluctuations reserve	782.2	758.9	(23.3)
Postal Life Insurance Category	635.8	627.9	(7.8)
New Category	146.4	131.0	(15.4)
Additional policy reserve ¹	6,011.5	5,999.5	(11.9)
Postal Life Insurance Category	6,011.5	5,999.5	(11.9)
New Category	-	-	-

Notes: "New category" shows 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 three months ended June 30, 2016, the amount of additional provision was ¥45.0 bn and the accumulated amount was ¥1,075.1 bn).

2. Provisions in the period includes the excess provision of ¥10.0 bn exceeding the provision requirements for contingency reserve.

Solvency Margin Ratio (Consolidated)



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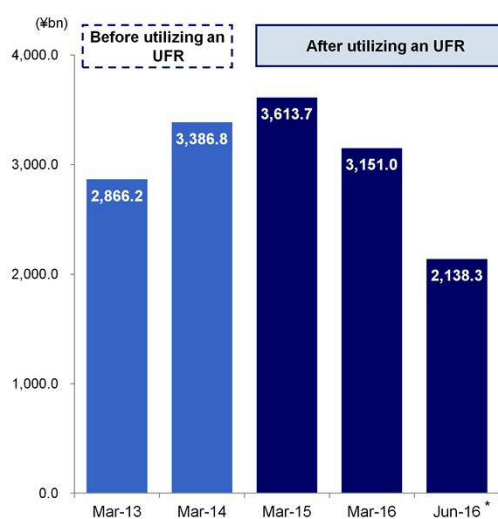
- I would like to report on our financial soundness.
- In order to maintain financial soundness for the stable management in the future, as well as counter risks associated with changes in the business environment, we have accumulated contingency reserve of ¥2,344.4 billion and reserve for price fluctuations of ¥758.9 billion.
- Additional policy reserve accumulated mainly due to negative spreads was ¥5,999.5 billion at the end of the current period.
- Please refer to the chart on the right for changes in the consolidated solvency margin ratio.
- The consolidated solvency margin ratio was 1,538.8%, having maintained a high level of soundness.
- Please look at page 12.

Embedded Value

Breakdown of EV

	Mar-16	Jun-16*	Change
EV	3,151.0	2,138.3	(1,012.7)
Adjusted net worth	1,894.3	1,885.7	(8.5)
Value of in-force covered business	1,256.7	252.5	(1,004.2)

EV



* The above is the provisionally calculated EV using the economic assumptions as of the end of June, based on the policies in force at the end of June. Please note that calculation of EV above has not been verified by a third party.

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- In closing, I would like to talk about the current status of EV.
- For the current period, EV decreased by ¥1,012.7 billion to ¥2,138.3 billion from the end of the previous fiscal year.
- Adjusted net worth (“ANW”) remained nearly unchanged from the previous fiscal year at ¥1,885.7 billion. However, value of in-force covered business (“VIF”) was ¥252.5 billion, mainly as a result of a substantial decline in interest rates immediately following Britain’s decision to exit the EU.
- The EV reference interest rate was determined using the market yields on Japanese government bonds for the end of June. However, compared to the end of March, the annual forward rate has declined by 73bp over a 20-year period and by 30bp over a 30-year period. We estimate the effects from this to be approximately ¥(600) billion.
- In addition, there have been impacts of approximately ¥(200) billion due to rising interest rate volatility as a result of financial market instability, and approximately ¥(200) billion due to a strong yen and weak stock markets. In total, impact from the market environment has been approximately ¥(1,000) billion.
- What’s more, recently interest rates have also approached the level they were at the end of March. We therefore believe that the impact of declined interest rates have eased to a certain extent.
- And with this, I would like to conclude my presentation.

APPENDIX

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

		FY2013/3	FY2014/3	FY2015/3	FY2016/3	FY2016/3 1Q	FY2017/3 1Q
Total assets	¥mn	90,462,364	87,088,626	84,911,946	81,543,623	84,541,332	80,905,744
Postal Life Insurance category		73,793,953	67,560,915	61,703,013	55,832,787	60,927,293	54,480,700
New category		16,668,410	19,527,711	23,208,932	25,710,836	23,614,038	26,425,044
Number of policies in force	(000)	36,805	34,864	33,489	32,323	33,151	32,140
Postal Life Insurance category (insurance)		26,933	23,195	19,949	16,972	19,177	16,276
New category (individual insurance)		9,871	11,668	13,539	15,350	13,973	15,864
Insurance premiums and others	¥mn	6,481,772	5,911,643	5,956,716	5,413,862	1,351,573	1,415,193
Postal Life Insurance category		2,685,558	2,155,398	1,697,140	1,322,308	359,927	274,992
New category		3,796,214	3,756,245	4,259,576	4,091,554	991,645	1,140,201
Ordinary profit	¥mn	529,375	463,506	493,169	413,023	107,609	44,344
Postal Life Insurance category		424,511	382,325	377,145	258,059	67,453	39,143
New category		104,864	81,181	116,024	154,963	40,155	5,201
Net income	¥mn	91,000	63,428	81,758	86,338	23,244	19,519
Postal Life Insurance category		56,816	43,689	36,969	32,850	9,670	6,991
New category		34,184	19,739	44,789	53,487	13,574	12,528
Contingency reserve (reversal) provision	¥mn	(100,149)	(94,807)	(90,087)	(123,864)	(30,335)	(30,370)
Postal Life Insurance category		(159,710)	(164,732)	(167,144)	(171,199)	(42,338)	(43,016)
New category		59,561	69,924	77,057	47,335	12,002	12,646
Price fluctuations reserve (reversal) provision	¥mn	64,656	91,360	97,934	70,100	19,212	(23,326)
Postal Life Insurance category		43,374	73,857	72,126	8,957	4,323	(7,875)
New category		21,282	17,502	25,808	61,143	14,889	(15,450)
Additional policy reserve (reversal) provision	¥mn	(92,835)	(77,134)	(68,347)	(55,533)	(14,610)	(11,990)
Postal Life Insurance category		(92,835)	(77,134)	(68,347)	(55,533)	(14,610)	(11,990)
New category		-	-	-	-	-	-

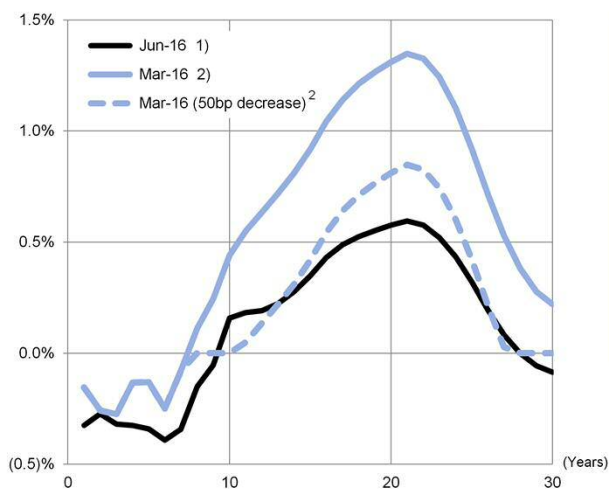
Note: "New category" shows the figure after deduction of "Postal Life Insurance category" from the total.

Major Financial Results (Consolidated)

	(#bn)					
	FY2013/3	FY2014/3	FY2015/3	FY2016/3	FY2016/3 1Q	FY2017/3 1Q
Insurance premiums and others	6,481.7	5,911.6	5,956.7	5,413.8	1,351.5	1,415.1
Ordinary profit	528.9	462.7	492.6	411.5	107.4	44.3
Provision for reserve for policyholder dividends	307.4	242.1	200.7	178.0	56.3	41.6
Net income	90.6	62.8	81.3	84.8	22.9	19.4
Net assets	1,466.7	1,538.1	1,975.7	1,882.9	1,993.1	1,745.2
Total assets	90,463.5	87,092.8	84,915.0	81,545.1	84,545.1	80,909.8
Return on equity	6.6%	4.2%	4.6%	4.4%	-	-
Return on shareholders' equity	7.1%	4.7%	5.9%	5.9%	-	-
Dividend to shareholders	22.7	16.8	24.5	33.6	-	-
Payout ratio	25.1%	26.8%	30.2%	39.6%	-	-
[Reference] Core profit (Non-consolidated)	570.0	482.0	515.4	464.2	113.0	94.1

Fluctuations of Interest Rates (EV Assumptions)¹

Forward Rate (Mar-16 and Jun-16)



Decrease in Forward Rate

	Jun-16 1)	Mar-16 2)	Difference 1) – 2)
10 years	0.157 %	0.441 %	(28.3) bp
20 years	0.576 %	1.311 %	(73.5) bp
30 years	(0.086) %	0.219 %	(30.5) bp

Note: 1bp=0.01%

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.
 2. The sensitivity of the 50bp decrease in risk-free rate in "Disclosure of European Embedded Value as of March 31, 2016, using an Ultimate Forward Rate" (announced June 30, 2016) is calculated adopting a minimum of zero (if the value is already a negative number, said value is the minimum).

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

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

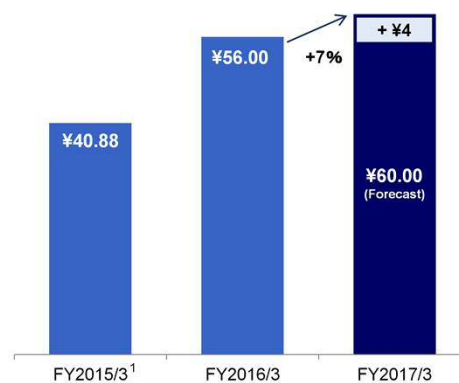
- Determine the shareholder dividends considering earning prospects, financial soundness and the balance between shareholder and policyholder dividends.
- Aim for a steady increase in dividends per share through the year ending March 31, 2018, while maintaining a dividend payout ratio within the range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

Dividends Per Share

(Payout Ratio)

30.2 % 39.6 % 41.9 %

¥2 increase of ordinary dividends, ¥2 commemorative dividend for the 100th anniversary



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.

<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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