



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

August 12, 2016



JAPAN POST INSURANCE

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.**

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) %

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 %

(¥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

Overview of Financial Statements (Consolidated)

Statement of Income

	3 months ended Jun-15	3 months ended Jun-16	Change	(Reference) Year ended Mar-16
Ordinary income	2,473.1	2,261.4	(211.6)	9,605.7
Insurance premiums and others	1,351.5	1,415.1	63.6	5,413.8
Investment income	344.6	344.1	(0.5)	1,354.9
Reversal of policy reserves	752.8	489.5	(263.3)	2,750.0
Ordinary expenses	2,365.7	2,217.0	(148.6)	9,194.2
Insurance claims and others	2,210.7	1,988.7	(222.0)	8,550.4
Investment expenses	2.4	68.3	65.9	9.7
Operating expenses	127.8	134.6	6.8	538.5
Ordinary profit	107.4	44.3	(63.0)	411.5
Extraordinary profit and loss	(19.0)	23.3	42.4	(71.5)
Provision for reserve for policyholder dividends	56.3	41.6	(14.6)	178.0
Income before income taxes	31.9	25.9	(5.9)	161.9
Total income taxes	9.0	6.5	(2.4)	77.0
Net income attributable to Japan Post Insurance	22.9	19.4	(3.4)	84.8

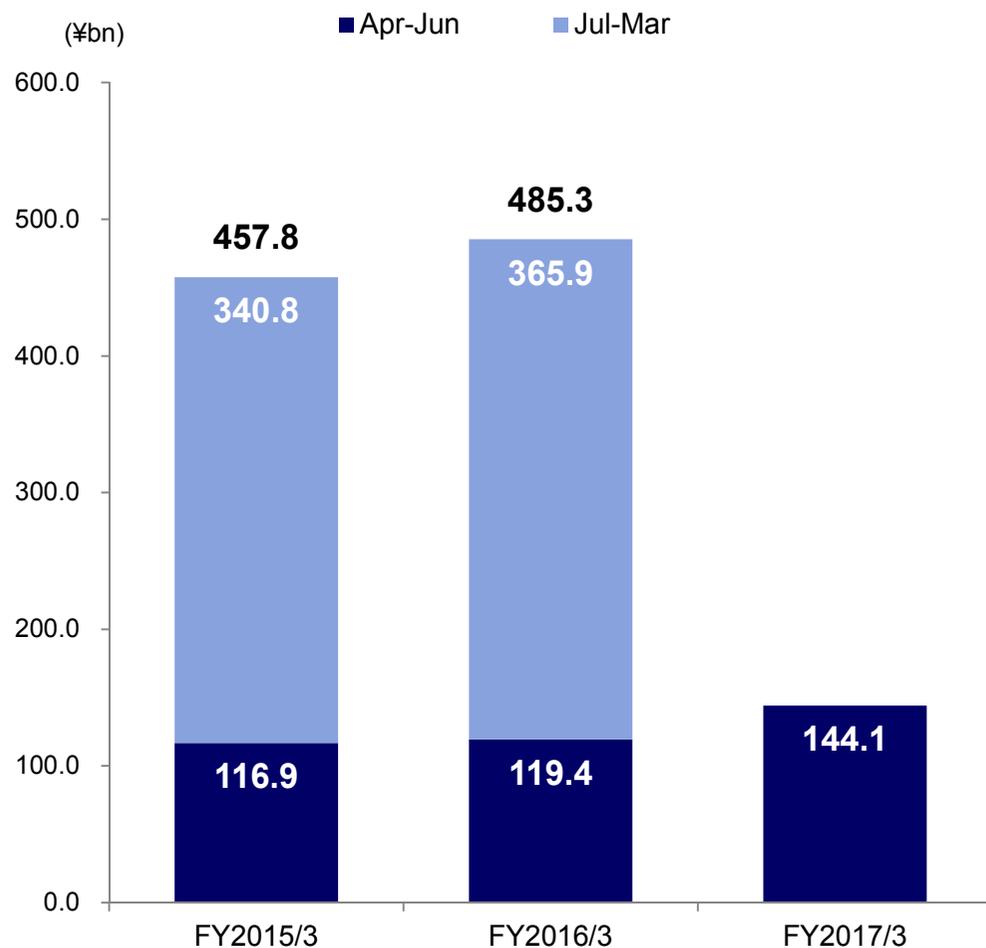
Note: Only major line items are shown.

Balance Sheets

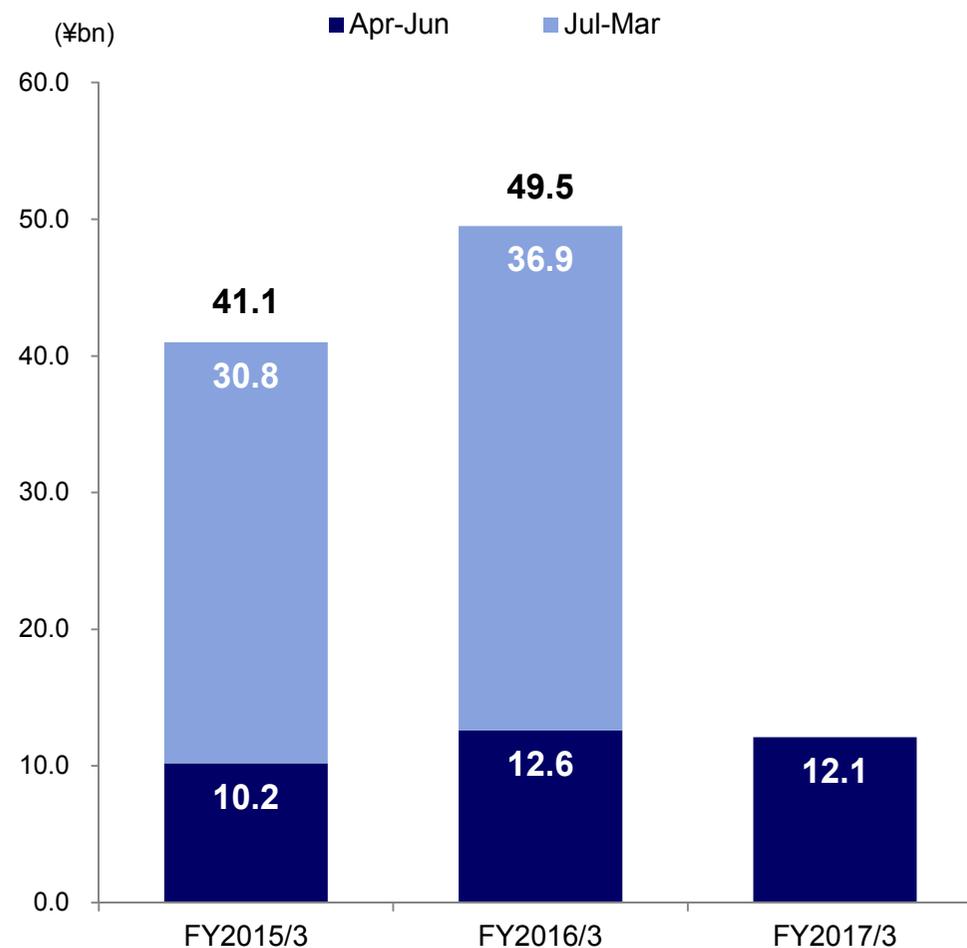
	Mar-16	Jun-16	Change
Assets	81,545.1	80,909.8	(635.2)
Cash and deposits	1,862.6	861.9	(1,000.7)
Money held in trust	1,644.5	1,705.5	60.9
Securities	63,609.9	62,607.3	(1,002.5)
Loans	8,978.4	9,020.9	42.5
Fixed assets	331.1	331.1	0.0
Deferred tax assets	712.1	790.3	78.2
Liabilities	79,662.2	79,164.6	(497.5)
Policy reserves	72,362.5	71,872.9	(489.5)
Reserve for price fluctuations	782.2	758.9	(23.3)
Net assets	1,882.9	1,745.2	(137.7)
Total shareholders' equities	1,472.4	1,457.7	(14.6)
Total accumulated other comprehensive income	410.5	287.4	(123.0)

Policy Sales (1) Annualized Premiums from New Policies

Annualized Premiums from New Policies
(Individual Insurance)



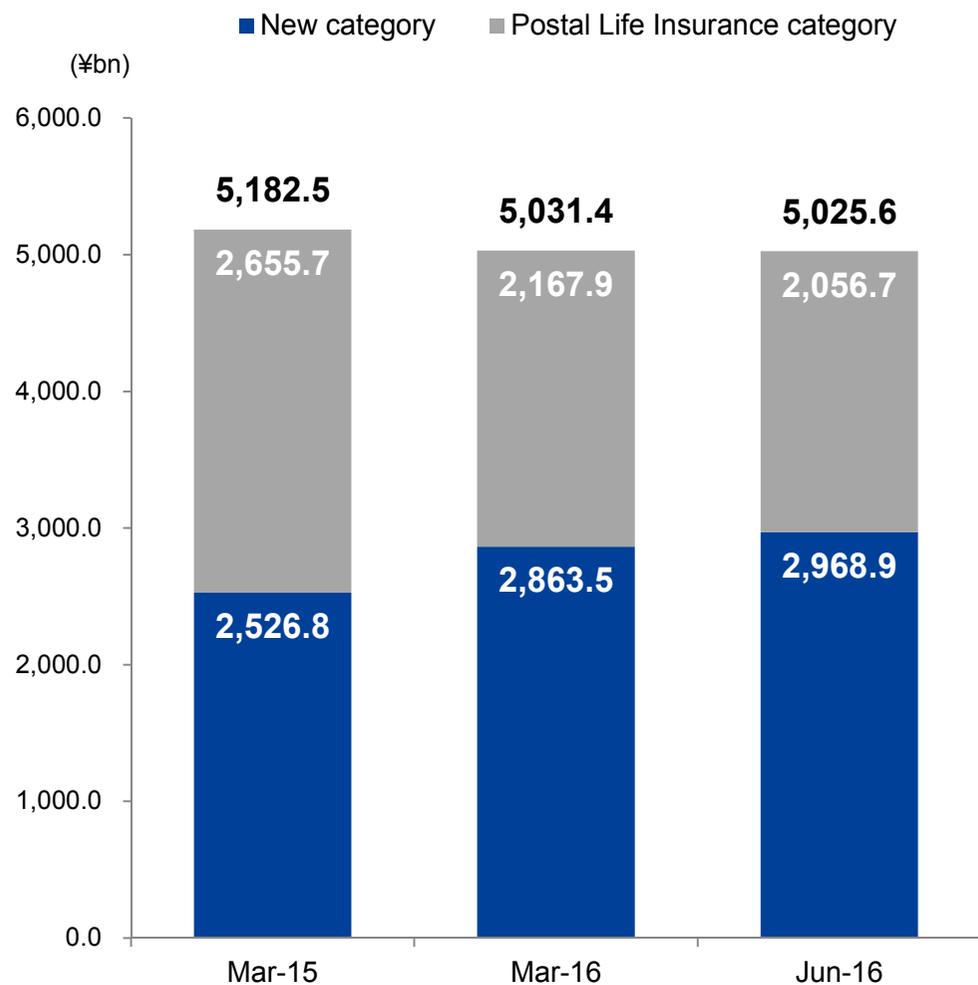
Annualized Premiums from New Policies
(Medical Care)



Note: 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.

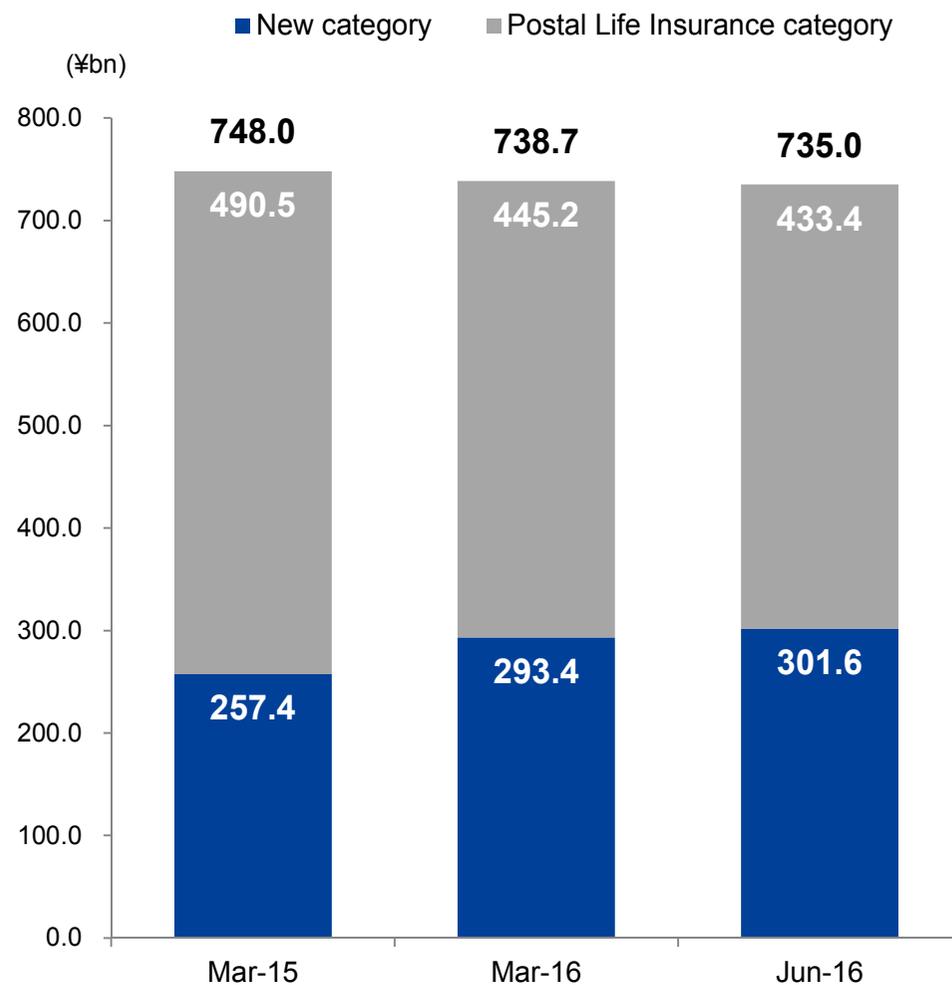
Policy Sales (2) Annualized Premiums from Policies in Force

Annualized Premiums from Policies in Force (Individual Insurance)



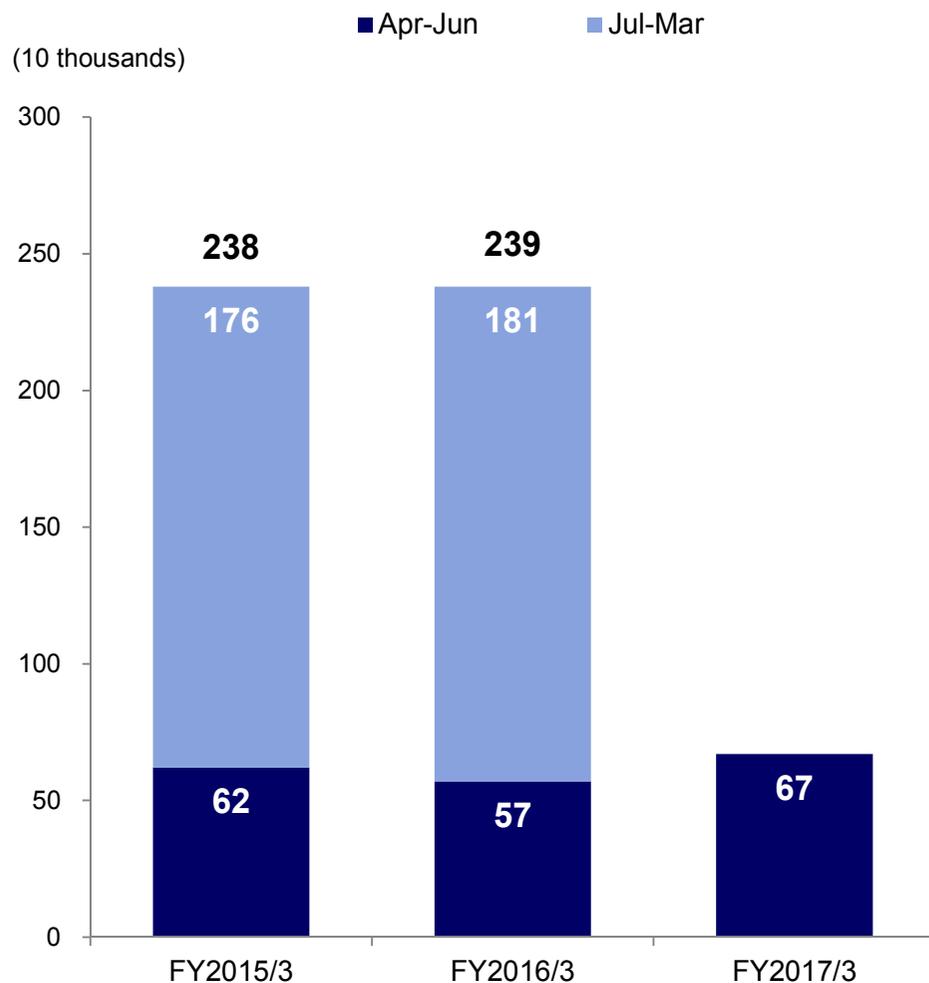
Note: "New category" shows individual insurance policies underwritten by Japan Post Insurance.
 "Postal Life Insurance category" shows postal life insurance policies reinsured by Japan Post Insurance from the Management Organization for Postal Savings and Postal Life Insurance.

Annualized Premiums from Policies in Force (Medical Care)



Policy Sales (3) Number of New Policies

Number of New Policies (Individual Insurance)



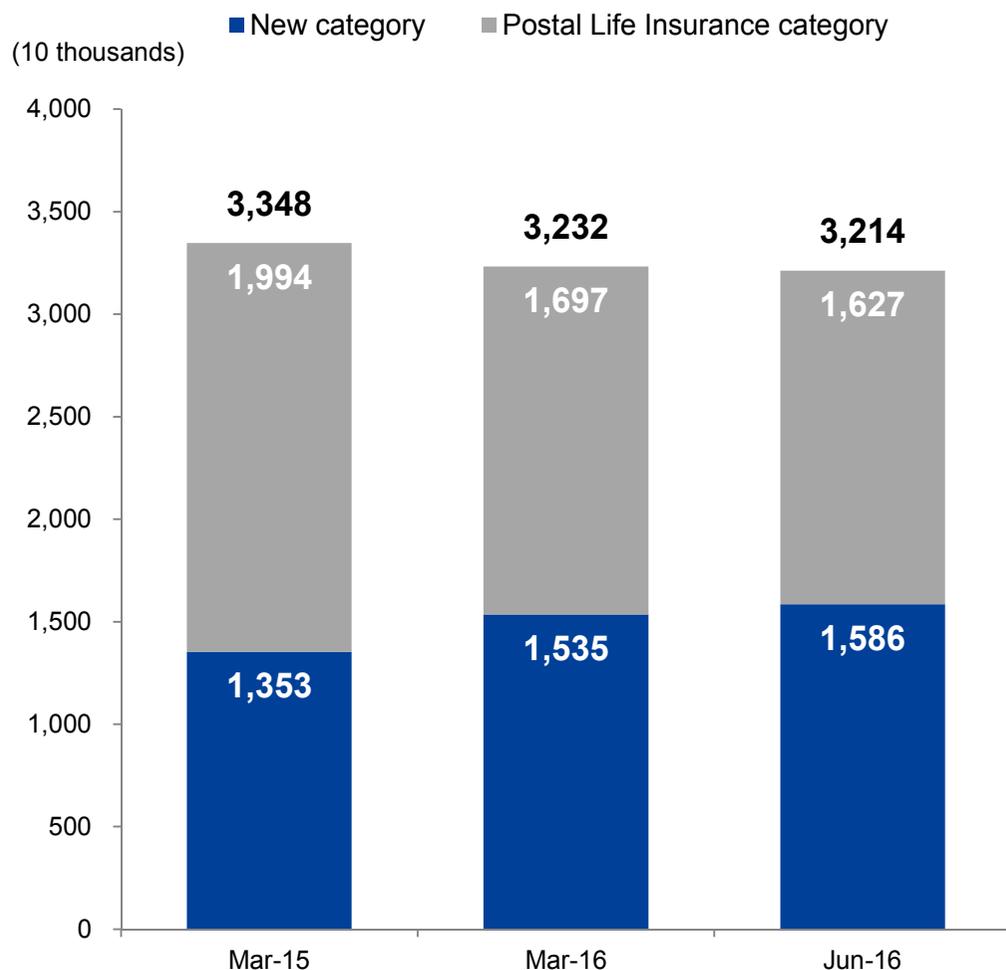
Breakdown of New Policies

(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 %

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-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 %

Investments (1) Asset Portfolio

Asset Portfolio

(¥bn, %)

		Mar-16		Jun-16	
		Amount	Share	Amount	Share
Bonds		59,821.0	73.4	58,680.6	72.5
Japanese government bonds		44,178.6	54.2	43,048.4	53.2
Japanese local government bonds		9,405.4	11.5	9,559.1	11.8
Japanese corporate bonds		6,236.9	7.6	6,072.9	7.5
Risk assets		5,401.6	6.6	5,546.1	6.9
Domestic stocks ¹		1,202.5	1.5	1,227.0	1.5
Foreign stocks ¹		229.4	0.3	221.1	0.3
Foreign bonds etc. ^{1,2}		3,969.7	4.9	4,097.8	5.1
Loans		8,978.4	11.0	9,020.9	11.1
Others		7,344.0	9.0	7,662.1	9.5
Cash and deposits, call loans		2,222.6	2.7	1,801.9	2.2
Receivables under securities borrowing transactions		3,008.5	3.7	3,375.0	4.2
Total assets		81,545.1	100.0	80,909.8	100.0

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

Investment Yield

(¥bn)

	3 months ended Jun-15	3 months ended Jun-16	(Reference) Year ended Mar-16
Positive spread	12.9	8.7	97.4
Average assumed rates of return ¹	1.78 %	1.74 %	1.76 %
Investment return on core profit ²	1.85 %	1.79 %	1.90 %
Net capital gains	8.8	(35.1)	4.4
Interest rate (10Y JGB)	Jun-15	Jun-16	Mar-16
	0.455 %	(0.230) %	(0.050) %

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

Investments (2) Fair Value Information of Securities

Fair Value Information of Securities

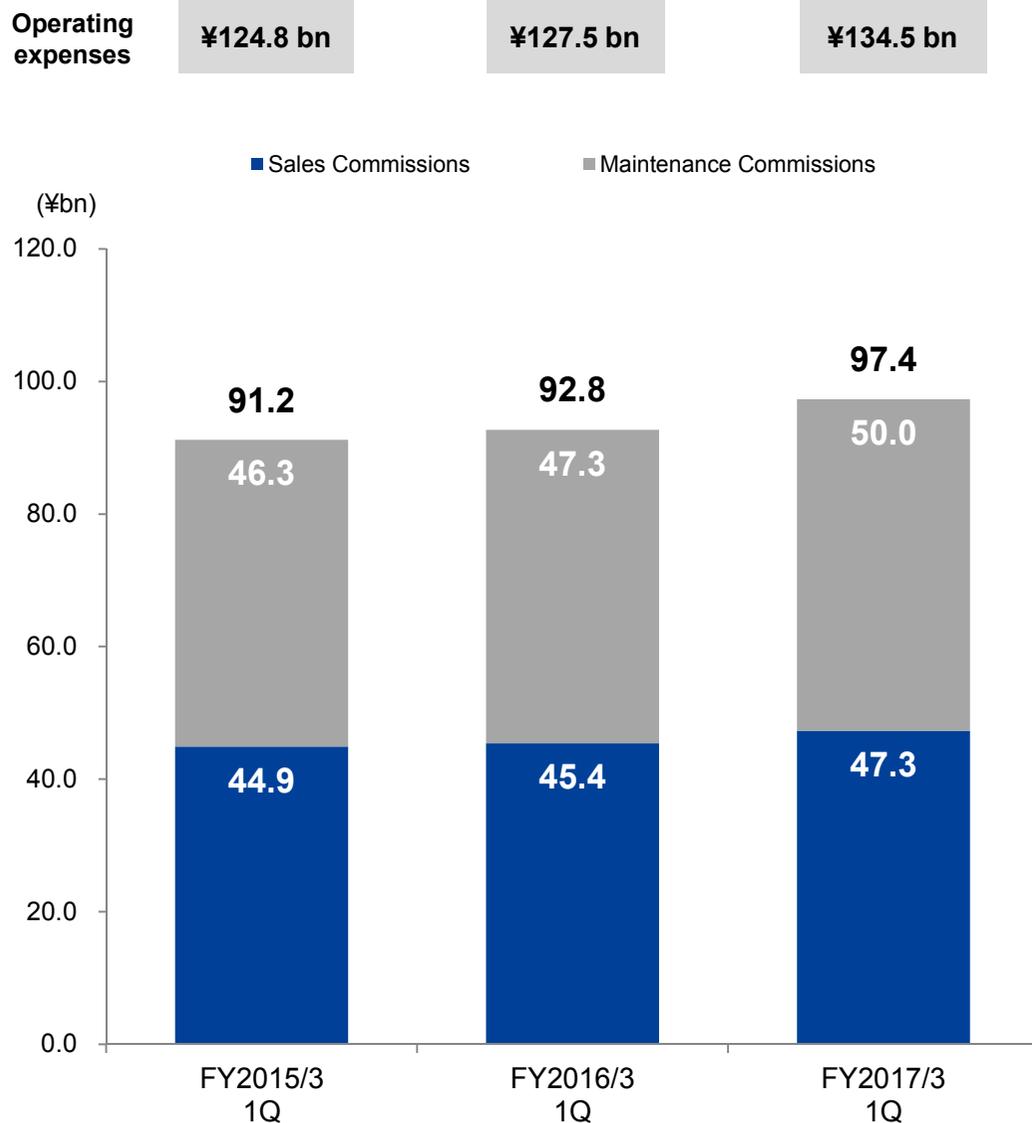
(¥bn)

	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

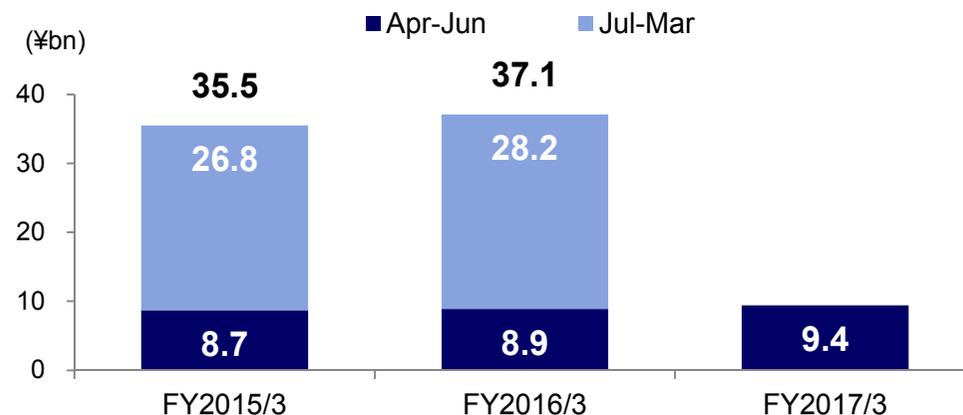
1. This table includes the handling of securities under the Financial Instruments and Exchange Act.
2. Total money held in trust includes cash and deposits and others.

Expenses (Non-Consolidated)

Commissions to Japan Post Co.



Depreciation and amortization



(Reference) Major Investment Plans for FY2016/3 – FY2018/3

	Measures	Amount	Effect
Administration / IT system	Renewal of core IT system	¥ 60 bn	Improve efficiency in developing software
	Establishment of systems for simply, quickly and accurately performing functions ranging from insurance policy underwriting to claims payments	¥ 50 bn	Strengthening policy management systems (providing high-quality services)
Facilities / equipment	Renovation of branch offices and service centers	¥ 46 bn	Improving worksite environment which has been aging, narrow, decentralized

Source: Japan Post Group, medium-term business plan

Financial Soundness

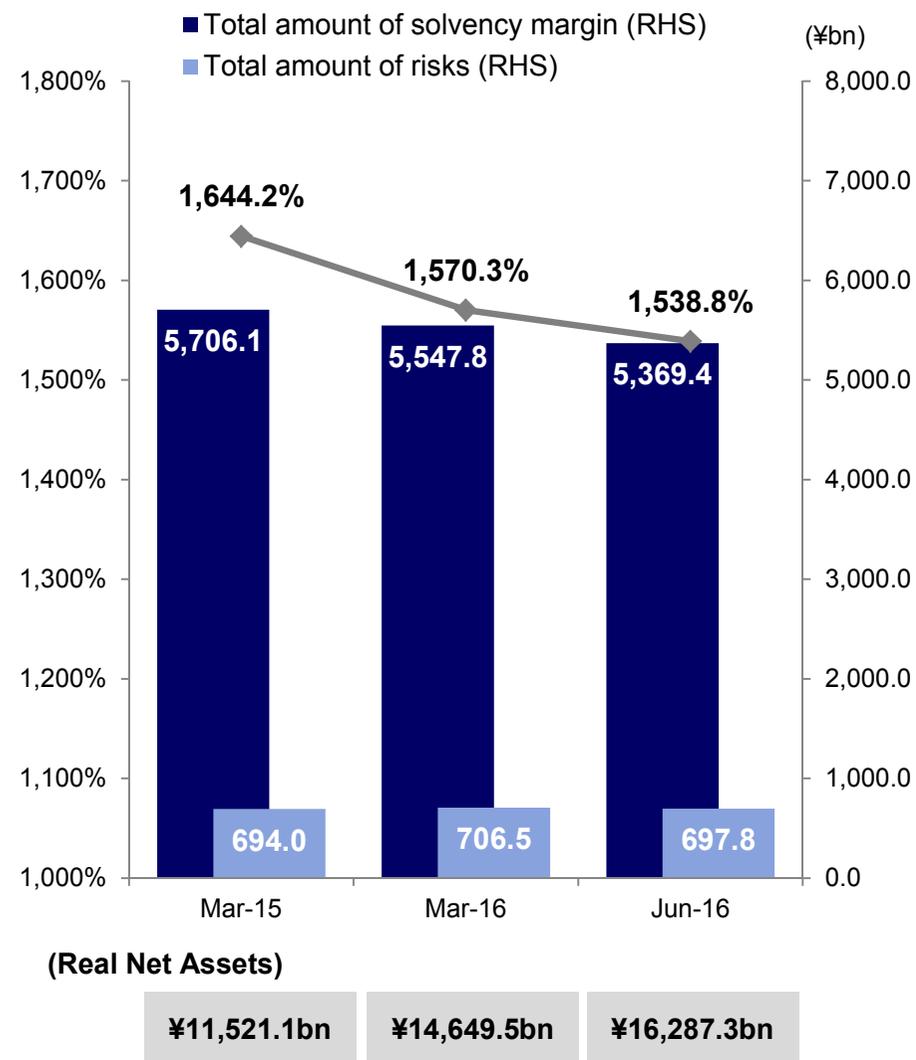
Internal Reserves

	Mar-16	Jun-16	(¥bn)
			Provisions in the period ²
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)



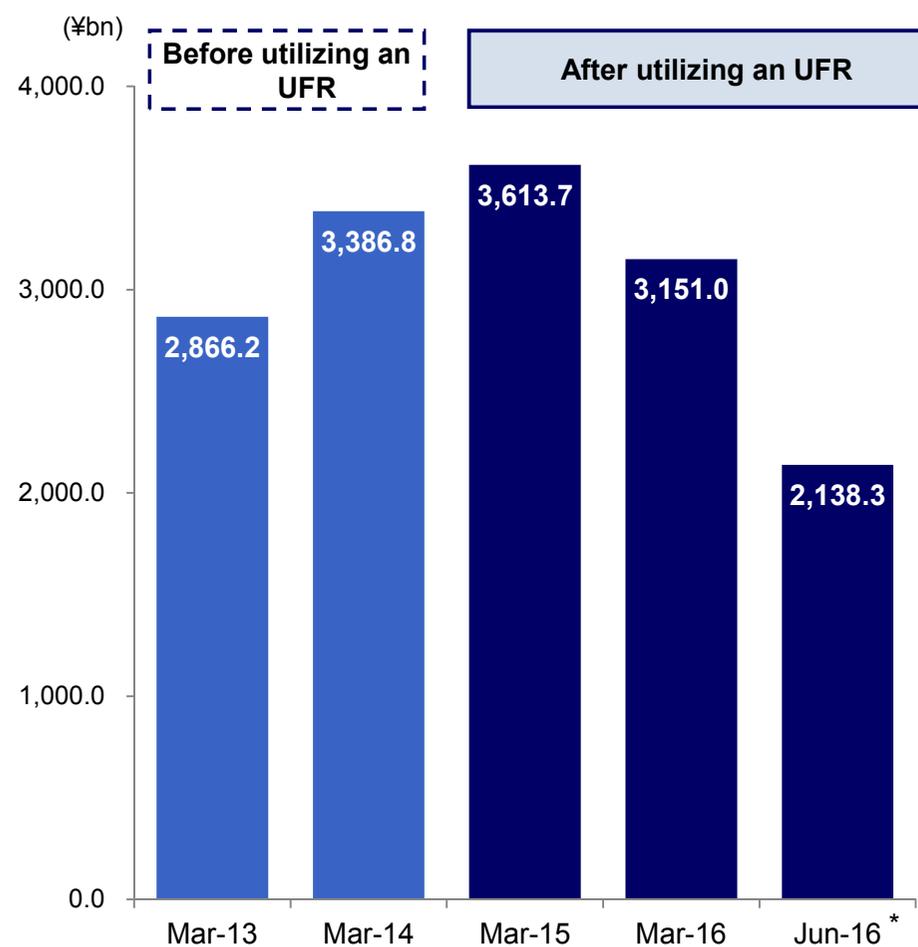
Embedded Value

Breakdown of EV

(¥bn)

	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.

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.

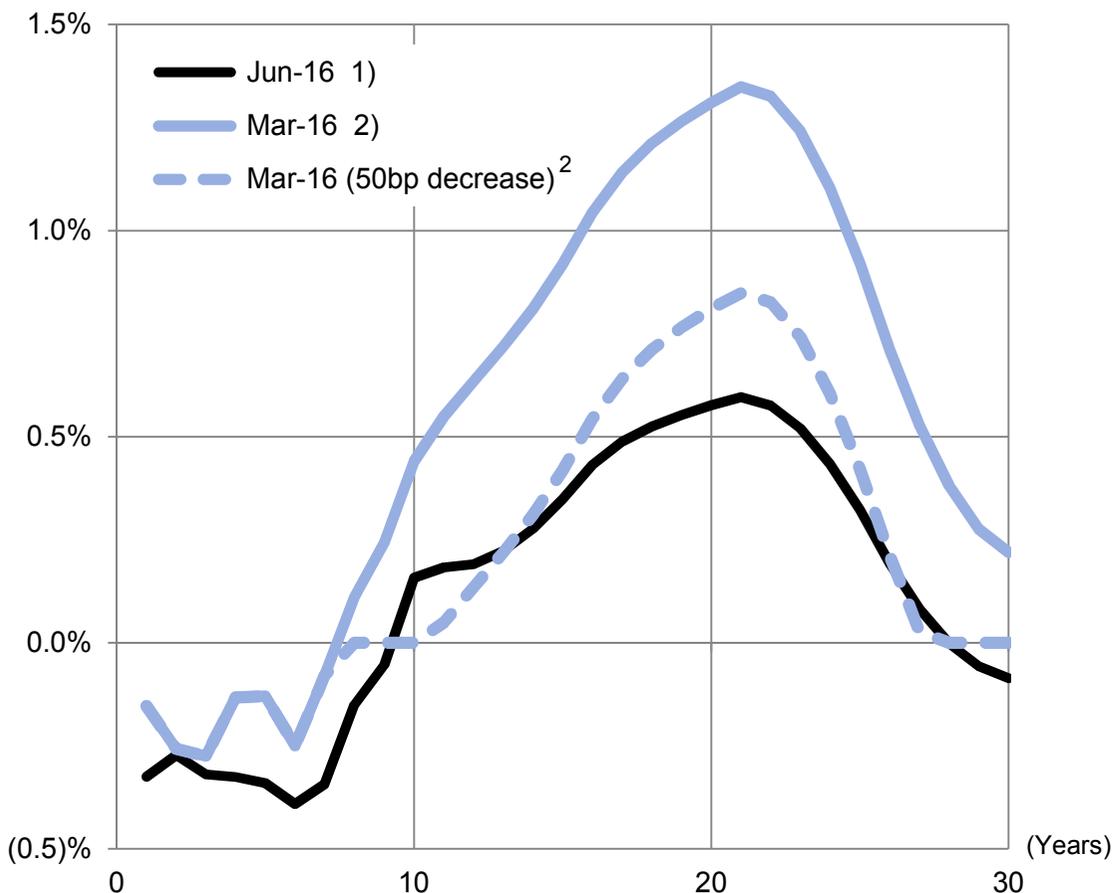
Major Financial Results (Consolidated)

(¥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

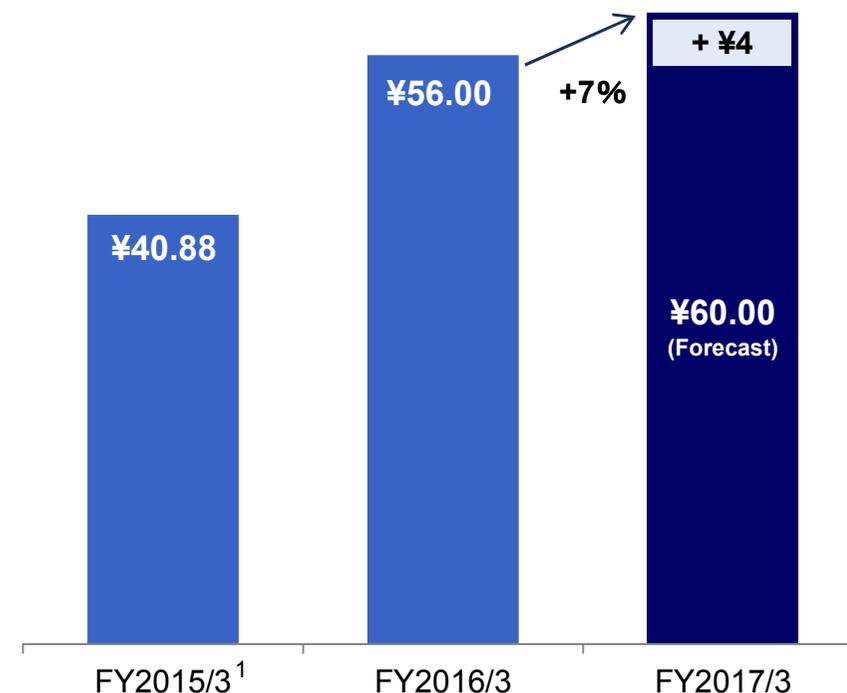
(Payout Ratio)

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.

Contact information

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