UNOFFICIAL TRANSLATION
Although the Company pays close attention to provide English translation of the information disclosed in Japanese, the Japanese original prevails over its English translation in the case of any discrepancy.

November 14, 2016
JAPAN POST INSURANCE Co., Ltd.

Announcement of Financial Results for the Six Months Ended September 30, 2016

JAPAN POST INSURANCE Co., Ltd. (the "Company"; Masami Ishii, Director and President, CEO, Representative Executive Officer) hereby announces its financial results for the six months ended September 30, 2016 (April 1, 2016 to September 30, 2016).

<Table of Contents>

1. Business Highlights ····· 1
2. Investment Overview for the Six Months Ended September 30, 2016 (General Account) ····· 3
3. Investment Performance (General Account) ····· 5
4. UNAUDITED NON-CONSOLIDATED BALANCE SHEETS ····· 11
5. UNAUDITED NON-CONSOLIDATED STATEMENTS OF INCOME ····· 12
6. UNAUDITED NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS ····· 13
7. Breakdown of Ordinary Profit (Core Profit) ····· 21
8. Loans by Borrower Category ····· 22
9. Status of Risk-Monitored Loans ····· 22
10. Solvency Margin Ratio ····· 23
11. Separate Account for the Six Months Ended September 30, 2016 ····· 24
12. Consolidated Financial Summary ····· 24

End

1. Business Highlights

(1) Policies in Force and New Policies

▪ Policies in Force

(Thousands of policies, billions of yen, %)

As of	March 31, 2016		September 30, 2016			
			Number of policies		Policy amount	
	Number of policies	Policy amount		% of March 31, 2016 total		% of March 31, 2016 total
Individual insurance	15,350	44,406.2	16,388	106.8	47,754.4	107.5
Individual annuities	1,367	3,476.4	1,370	100.2	3,325.3	95.7
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-

Note: Policy amounts for individual annuities are the total of (a) the accumulated contribution payment as of the date of annuity payment commencement for the annuity before payments commence and (b) amount of policy reserves for the annuity after payments have commenced.

▪ New Policies

(Thousands of policies, billions of yen, %)

Six months ended September 30	2015				2016					
			Policy amount		Number of policies		Policy amount			
	Number of policies		New policies	Net increase arising from the conversion		% of September 30, 2015 total		% of September 30, 2015 total	New policies	Net increase arising from the conversion
Individual insurance	1,171	3,522.4	3,522.4	-	1,351	115.4	4,393.0	124.7	4,393.0	-
Individual annuities	37	133.0	133.0	-	10	28.0	39.7	29.9	39.7	-
Group insurance	-	-	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-	-	-

Note: Policy amounts for individual annuities are the total of the accumulated contribution payment as of the date of annuity payment commencement.

(2) Annualized Premiums

▪ Policies in Force

(Billions of yen, %)

As of	March 31, 2016	September 30, 2016	
			% of March 31, 2016 total
Individual insurance	2,863.5	3,068.3	107.1
Individual annuities	656.0	606.6	92.5
Total	3,519.6	3,674.9	104.4
Medical coverage, living benefits and other	293.4	311.9	106.3

▪ New Policies

(Billions of yen, %)

Six months ended September 30	2015	2016	
			% of September 30, 2015 total
Individual insurance	238.1	282.3	118.6
Individual annuities	62.7	19.4	30.9
Total	300.9	301.8	100.3
Medical coverage, living benefits and other	24.6	26.0	105.5

Notes: 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.

2. Medical coverage, living benefits and other includes medical benefits (including hospitalization and surgery benefits), living benefits (including limited illness and nursing care benefits), and premium payment waivers benefits (excluding disability and including specified diseases and nursing benefits).

(3) Key Income and Expenses

(Billions of yen, %)

Six months ended September 30	2015	2016	
			% of September 30, 2015 total
Insurance premiums and others	2,746.7	2,812.5	102.4
Investment income	688.8	678.3	98.5
Insurance claims and others	4,349.8	3,793.1	87.2
Investment expenses	4.2	105.2	2,468.1

(4) Total Assets

(Billions of yen, %)

As of	March 31, 2016	September 30, 2016	
			% of March 31, 2016 total
Total assets	81,543.6	80,492.2	98.7

2. Investment Overview for the Six Months Ended September 30, 2016 (General Account)

(1) Investment Environment

During the first half of the fiscal year ending March 31, 2017, lackluster demand both in Japan and overseas kept the Japanese economy at slow growth. The growth of the world economy was more or less level with that of the fiscal year ended March 31, 2016, since, despite the continued moderate recovery in the U.S. and Europe, the slowdown in the growth rates of emerging countries including China came to a halt.

Under these economic circumstances, the investment environment of the Company was as follows.

Domestic Bond Market

The domestic long-term yield trended around the -0.1% level during April to May, due to the tight supply-demand in the bond market owing to the bond buying operations by the Bank of Japan ("BOJ") as well as the introduction of the negative interest rate policy. Subsequently, investors became more risk-averse in the wake of the U.K. referendum results supporting Brexit, causing an overall drop in domestic interest rates with 10-year Japanese government bonds ("JGBs") temporarily dropping to the -0.30% level. From August onward, interest rates of super-long-term bonds trended upward reflecting expectations of policy changes at BOJ's monetary policy meeting in September.

Domestic Stock Market

The Nikkei Stock Average temporarily rose to the ¥17,500 level in April, fueled by the strong U.S. stock prices from the recovery in crude oil prices, as well as the increasing expectation of additional easing by the BOJ. However, unexpected U.K. referendum results in late June triggered a sharp plunge in stock prices worldwide, also causing the Nikkei Stock Average to significantly fall, temporarily to the ¥14,800 level. Stock prices then recovered with the rise in U.S. stock prices and increased buying by the BOJ, temporarily reverting to the ¥17,100 level in early September.

Foreign Exchange Markets

The USD/JPY exchange rate from April to June was characterized by a strong yen overall, driven by weakening expectations of an interest rate hike in the U.S. and BOJ's decision to call off additional easing. From July onwards, USD/JPY was generally traded around the ¥100 - ¥103 range, with the exceptions of the yen surging briefly to the ¥99 level in the aftermath of the U.K. referendum results in late June, or the return to the ¥107 level in July supported by expectations of fiscal stimulus measures by the Japanese government and additional easing by the BOJ.

The EUR/JPY exchange rate temporarily reached the ¥109 level in June, due to the depreciating euro caused by concerns about a comprehensive monetary easing by the European Central Bank ("ECB") and declines in the Euro economy upon the U.K. referendum results. The EUR/JPY was subsequently traded around the ¥112 - ¥115 range.

(2) Investment Policies

The Company's operations are based on the concept of asset liability management (ALM) in order to maintain sound management and ensure the payment of insurance claims and others. Specifically, the approach is to match assets with liabilities, with a focus on yen-denominated interest-bearing assets with high affinity to the characteristics of liabilities. With this approach the Company aims to earn stable profits while mitigating interest rate risk.

Moreover, the Company will make an effort to increase revenues through the investment of risk assets such as foreign securities and stocks under appropriate risk management.

(3) Performance Overview

[Assets]

At September 30, 2016, total assets of the Company amounted to ¥80.4 trillion, a decrease of ¥1.0 trillion from ¥81.5 trillion at the end of the previous fiscal year.

The Company increased investments in risk assets such as foreign securities and stocks because of the continued low domestic yield.

For corporate and government bonds, the Company invested primarily in long-term and super long-term bonds when domestic yields were relatively high, in view of their value as assets that secure stable income.

For loans, the Company provided loans including loans to local governments and policy loans. The amount of loans decreased due to the repayment of loans to the Management Organization for Postal Savings and Postal Life Insurance.

[Investment Income and Expenses]

For the six months ended September 30, 2016, investment income of the Company decreased by ¥10.5 billion from the previous corresponding period to ¥678.3 billion mainly due to a decrease in interest and dividend income.

Investment expenses increased by ¥100.9 billion from the previous corresponding period to ¥105.2 billion mainly due to an increase in losses on sales of securities.

As a result, investment income and expenses amounted to ¥573.1 billion, a decrease of ¥111.4 billion from the previous corresponding period.

3. Investment Performance (General Account)

(1) Asset Composition

(Billions of yen, %)

As of	March 31, 2016		September 30, 2016	
	Amount	Ratio	Amount	Ratio
Cash, deposits, call loans	2,216.0	2.7	1,701.6	2.1
Receivables under resale agreements	-	-	-	-
Receivables under securities borrowing transactions	3,008.5	3.7	3,054.0	3.8
Monetary claims bought	430.1	0.5	197.0	0.2
Trading account securities	-	-	-	-
Money held in trust	1,644.5	2.0	1,771.6	2.2
Securities	63,610.8	78.0	63,613.6	79.0
Corporate and government bonds	59,821.0	73.4	58,238.2	72.4
Domestic stocks	0.9	0.0	5.2	0.0
Foreign securities	3,688.8	4.5	4,668.1	5.8
Foreign corporate and government bonds	3,688.8	4.5	4,668.1	5.8
Foreign stocks and other securities	-	-	-	-
Other securities	100.0	0.1	702.0	0.9
Loans	8,978.4	11.0	8,571.9	10.6
Real estate	123.7	0.2	122.3	0.2
Deferred tax assets	712.6	0.9	803.6	1.0
Other	819.3	1.0	657.0	0.8
Reserve for possible loan losses	(0.7)	(0.0)	(0.7)	(0.0)
Total	81,543.6	100.0	80,492.2	100.0
Foreign currency-denominated assets	3,949.4	4.8	4,923.6	6.1

Note: “Real estate” is booked as the sum total of land, buildings and construction in progress.

(2) Increase/Decrease in Assets

(Billions of yen)

Six months ended September 30	2015	2016
Cash, deposits, call loans	(233.7)	(514.4)
Receivables under resale agreements	-	-
Receivables under securities borrowing transactions	335.0	45.4
Monetary claims bought	(41.6)	(233.0)
Trading account securities	-	-
Money held in trust	274.1	127.0
Securities	(130.7)	2.7
Corporate and government bonds	(1,794.9)	(1,582.7)
Domestic stocks	-	4.2
Foreign securities	1,614.6	979.2
Foreign corporate and government bonds	1,634.6	979.2
Foreign stocks and other securities	(20.0)	-
Other securities	49.4	602.0
Loans	(537.5)	(406.4)
Real estate	6.4	(1.4)
Deferred tax assets	99.0	90.9
Other	5.5	(162.3)
Reserve for possible loan losses	0.1	0.0
Total	(223.2)	(1,051.3)
Foreign currency-denominated assets	1,647.8	974.2

Note: “Real estate” is booked as the sum total of land, buildings and construction in progress.

(3) Investment Income

(Billions of yen)

Six months ended September 30	2015	2016
Interest and dividend income	661.9	614.3
Interest on deposits	0.3	0.0
Interest and dividends on securities	549.7	517.3
Interest on loans	6.9	7.0
Interest on loans to the Management Organization	102.2	88.1
Rent revenue from real estate	-	-
Other interest and dividend income	2.6	1.7
Gains on trading account securities	-	-
Gains on money held in trust	26.0	22.1
Gains on trading securities	-	-
Gains on sales of securities	0.2	41.7
Gains on sales of Japanese government bonds and other bonds	0.0	0.1
Gains on sales of domestic stocks and other securities	-	-
Gains on sales of foreign securities	0.2	41.6
Other gains on sales of securities	-	-
Gains on redemption of securities	0.0	0.0
Gains on derivative financial instruments	0.5	-
Gains on foreign exchanges	-	-
Reversal of reserve for possible loan losses	0.0	0.0
Other investment income	0.0	0.0
Total	688.8	678.3

(4) Investment Expenses

(Billions of yen)

Six months ended September 30	2015	2016
Interest expenses	2.2	0.8
Losses on trading account securities	-	-
Losses on money held in trust	-	-
Losses on trading securities	-	-
Losses on sales of securities	0.9	71.0
Losses on sales of Japanese government bonds and other bonds	-	0.1
Losses on sales of domestic stocks and other securities	-	-
Losses on sales of foreign securities	0.9	70.9
Other losses on sales of securities	-	-
Losses on valuation of securities	-	20.4
Losses on valuation of Japanese government bonds and other bonds	-	-
Losses on valuation of domestic stocks and other securities	-	-
Losses on valuation of foreign securities	-	20.4
Other losses on valuation of securities	-	-
Losses on redemption of securities	0.0	2.9
Losses on derivative financial instruments	-	7.4
Losses on foreign exchanges	0.4	1.6
Provision for reserve for possible loan losses	-	-
Write-off loans	-	-
Depreciation of real estate for lease and other assets	-	-
Other investment expenses	0.4	0.7
Total	4.2	105.2

(5) Net Valuation Gain/Loss of Trading Securities

The Company does not hold securities for trading.

(6) Fair Value Information of Securities (with Fair Value, Other Than Trading Securities)

(Billions of yen)

As of	March 31, 2016					September 30, 2016				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)		
				Gains	Losses				Gains	Losses
Held-to-maturity bonds	42,239.8	49,752.9	7,513.0	7,513.0	0.0	40,976.5	48,676.4	7,699.8	7,700.1	0.2
Policy-reserve-matching bonds	13,563.4	15,062.1	1,498.7	1,498.7	-	12,582.7	14,043.1	1,460.4	1,462.1	1.7
Equities of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	9,918.1	10,479.6	561.5	658.1	96.6	11,793.6	12,203.6	410.0	529.3	119.3
Corporate and government bonds	4,012.9	4,115.7	102.8	103.5	0.7	4,678.5	4,776.9	98.3	99.1	0.7
Domestic stocks	1,065.4	1,202.5	137.0	195.3	58.2	1,179.7	1,297.9	118.2	185.3	67.0
Foreign securities	3,682.7	4,001.1	318.3	355.8	37.5	4,781.4	4,969.6	188.2	238.8	50.6
Foreign corporate and government bonds	3,299.3	3,590.8	291.4	319.3	27.9	4,385.4	4,570.1	184.7	220.8	36.1
Foreign stocks and other securities	383.4	410.3	26.9	36.5	9.6	396.0	399.5	3.5	18.0	14.5
Other securities	100.0	100.0	0.0	0.1	0.1	700.0	702.0	2.0	2.8	0.7
Monetary claims bought	426.9	430.1	3.1	3.1	-	193.9	197.0	3.1	3.1	-
Negotiable certificates of deposit	630.0	630.0	-	-	-	260.0	260.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	65,721.3	75,294.7	9,573.3	9,669.9	96.6	65,352.9	74,923.2	9,570.3	9,691.6	121.3
Corporate and government bonds	59,718.1	68,828.4	9,110.2	9,111.0	0.7	58,139.8	67,394.4	9,254.5	9,257.3	2.7
Domestic stocks	1,065.4	1,202.5	137.0	195.3	58.2	1,179.7	1,297.9	118.2	185.3	67.0
Foreign securities	3,780.7	4,103.5	322.7	360.2	37.5	4,879.4	5,071.7	192.3	242.9	50.6
Foreign corporate and government bonds	3,397.3	3,693.2	295.8	323.7	27.9	4,483.4	4,672.2	188.8	224.9	36.1
Foreign stocks and other securities	383.4	410.3	26.9	36.5	9.6	396.0	399.5	3.5	18.0	14.5
Other securities	100.0	100.0	0.0	0.1	0.1	700.0	702.0	2.0	2.8	0.7
Monetary claims bought	426.9	430.1	3.1	3.1	-	193.9	197.0	3.1	3.1	-
Negotiable certificates of deposit	630.0	630.0	-	-	-	260.0	260.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-

Notes: 1. This table includes the handling of securities under the Financial Instruments and Exchange Act.
2. This table includes money held in trust other than trading securities for which the book value is ¥1,575.7 billion with net unrealized gains of ¥121.7 billion as of September 30, 2016 and ¥1,448.8 billion with net unrealized gains of ¥163.9 billion as of March 31, 2016.

- The book values of securities for which the fair values are deemed extremely difficult to determine are as follows:

(Billions of yen)

As of	March 31, 2016	September 30, 2016
Held-to-maturity bonds	-	-
Unlisted foreign bonds	-	-
Other	-	-
Policy-reserve-matching bonds	-	-
Equities of subsidiaries and affiliates	0.9	0.9
Available-for-sale securities	-	4.2
Unlisted domestic stocks (excluding OTC-traded equities)	-	4.2
Unlisted foreign stocks (excluding OTC-traded equities)	-	-
Unlisted foreign bonds	-	-
Other	-	-
Total	0.9	5.2

(7) Fair Value of Money Held in Trust

(Billions of yen)

As of	March 31, 2016					September 30, 2016				
	Balance sheet amount	Fair value	Net unrealized gains (losses)	Gains	Losses	Balance sheet amount	Fair value	Net unrealized gains (losses)	Gains	Losses
Money held in trust	1,644.5	1,644.5	-	-	-	1,771.6	1,771.6	-	-	-

- Money held in trust for trading purposes

The Company does not hold money held in trust for trading purposes.

- Assets held-to-maturity in trust/assets held for reserves in trust/other money held in trust

(Billions of yen)

As of	March 31, 2016					September 30, 2016				
	Book value	Fair value	Net unrealized gains (losses)	Gains	Losses	Book value	Fair value	Net unrealized gains (losses)	Gains	Losses
Assets held-to-maturity in trust	-	-	-	-	-	-	-	-	-	-
Assets held for reserves in trust	-	-	-	-	-	-	-	-	-	-
Other money held in trust	1,480.5	1,644.5	163.9	231.8	67.8	1,649.8	1,771.6	121.7	203.3	81.6

4. UNAUDITED NON-CONSOLIDATED BALANCE SHEETS

(Millions of yen)

Items \ Term	As of March 31, 2016 Amount	As of September 30, 2016 Amount
ASSETS:		
Cash and deposits	1,856,037	1,346,605
Call loans	360,000	355,000
Receivables under securities borrowing transactions	3,008,591	3,054,016
Monetary claims bought	430,150	197,074
Money held in trust	1,644,547	1,771,607
Securities	63,610,890	63,613,668
[Japanese government bonds]	[44,178,631]	[42,566,550]
[Japanese local government bonds]	[9,405,494]	[9,585,877]
[Japanese corporate bonds]	[6,236,913]	[6,085,833]
[Stocks]	[984]	[5,223]
[Foreign securities]	[3,688,822]	[4,668,119]
Loans	8,978,437	8,571,997
Policy loans	95,629	105,403
Industrial and commercial loans	829,027	908,405
Loans to the Management Organization	8,053,780	7,558,187
Tangible fixed assets	145,495	142,625
Intangible fixed assets	188,868	196,756
Agency accounts receivable	81,193	54,566
Reinsurance receivables	1,368	1,763
Other assets	526,199	383,670
Deferred tax assets	712,615	803,602
Reserve for possible loan losses	(772)	(707)
Total assets	81,543,623	80,492,247
LIABILITIES:		
Policy reserves and others	74,934,165	74,011,952
Reserve for outstanding claims	635,167	600,176
Policy reserves	72,362,503	71,557,294
Reserve for policyholder dividends	1,936,494	1,854,481
Reinsurance payables	3,377	3,976
Other liabilities	3,878,684	3,876,869
Payables under securities lending transactions	3,648,478	3,681,831
Income taxes payable	75,435	61,655
Lease obligations	1,852	1,617
Asset retirement obligation	15	15
Other liabilities	152,901	131,750
Reserve for employees' retirement benefits	66,675	68,353
Reserve for management board benefit trust	-	82
Reserve for price fluctuations	782,268	752,641
Total liabilities	79,665,171	78,713,874
NET ASSETS:		
Capital stock	500,000	500,000
Capital surplus	500,044	500,044
Legal capital surplus	405,044	405,044
Other capital surplus	95,000	95,000
Retained earnings	472,855	481,859
Legal retained earnings	25,489	32,209
Other retained earnings	447,365	449,649
Retained earnings brought forward	447,365	449,649
Treasury stock	-	(526)
Total shareholders' equity	1,472,899	1,481,376
Net unrealized gains (losses) on available-for-sale securities	405,412	296,885
Net deferred gains (losses) on hedges	140	110
Total valuation and translation adjustments	405,553	296,995
Total net assets	1,878,452	1,778,372
Total liabilities and net assets	81,543,623	80,492,247

5. UNAUDITED NON-CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

Items \ Term	Six months ended September 30, 2015	Six months ended September 30, 2016
	Amount	Amount
ORDINARY INCOME	4,881,333	4,333,876
Insurance premiums and others	2,746,776	2,812,554
[Insurance premiums]	[2,744,988]	[2,809,199]
Investment income	688,854	678,347
[Interest and dividend income]	[661,954]	[614,361]
[Gains on money held in trust]	[26,074]	[22,159]
[Gains on sales of securities]	[236]	[41,795]
[Gains on derivative financial instruments]	[520]	[-]
Other ordinary income	1,445,702	842,974
[Reversal of reserve for outstanding claims]	[30,922]	[34,991]
[Reversal of policy reserves]	[1,412,887]	[805,208]
ORDINARY EXPENSES	4,661,554	4,226,165
Insurance claims and others	4,349,885	3,793,188
[Insurance claims]	[3,896,062]	[3,283,314]
[Annuity payments]	[166,261]	[181,367]
[Benefits]	[22,959]	[27,133]
[Surrender benefits]	[171,816]	[203,068]
[Other refunds]	[88,040]	[91,098]
Provision for policy reserves and others	182	17
Provision for interest on policyholder dividends	182	17
Investment expenses	4,263	105,232
[Interest expenses]	[2,272]	[876]
[Losses on sales of securities]	[934]	[71,061]
[Losses on valuation of securities]	[-]	[20,484]
[Losses on derivative financial instruments]	[-]	[7,432]
Operating expenses	259,867	277,970
Other ordinary expenses	47,355	49,757
ORDINARY PROFIT	219,778	107,711
EXTRAORDINARY GAINS	341	29,627
Gains on sales of fixed assets	341	-
Reversal of reserve for price fluctuations	-	29,627
EXTRAORDINARY LOSSES	31,246	51
Losses on sales and disposal of fixed assets	857	51
Provision for reserve for price fluctuations	30,388	-
Provision for reserve for policyholder dividends	119,559	77,989
Income before income taxes	69,314	59,296
Income taxes - Current	82,155	64,740
Income taxes - Deferred	(62,142)	(48,048)
Total income taxes	20,013	16,692
Net income	49,300	42,604

6. UNAUDITED NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)

(Millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings
						Retained earnings brought forward	
Balance at the beginning of the fiscal year	500,000	405,044	95,000	500,044	20,584	390,459	411,043
Changes in the period							
Cash dividends					4,905	(29,433)	(24,527)
Net income						49,300	49,300
Purchases of treasury stock							
Disposals of treasury stock							
Net changes in items other than shareholders' equity in the period							
Net changes in the period	-	-	-	-	4,905	19,867	24,773
Balance at the end of the period	500,000	405,044	95,000	500,044	25,489	410,327	435,817

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	-	1,411,088	558,033	22	558,055	1,969,143
Changes in the period						
Cash dividends		(24,527)				(24,527)
Net income		49,300				49,300
Purchases of treasury stock	-	-				-
Disposals of treasury stock	-	-				-
Net changes in items other than shareholders' equity in the period			(90,838)	33	(90,805)	(90,805)
Net changes in the period	-	24,773	(90,838)	33	(90,805)	(66,031)
Balance at the end of the period	-	1,435,861	467,194	56	467,250	1,903,111

Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)

(Millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings
						Retained earnings brought forward	
Balance at the beginning of the fiscal year	500,000	405,044	95,000	500,044	25,489	447,365	472,855
Changes in the period							
Cash dividends					6,720	(40,320)	(33,600)
Net income						42,604	42,604
Purchases of treasury stock							
Disposals of treasury stock							
Net changes in items other than shareholders' equity in the period							
Net changes in the period	-	-	-	-	6,720	2,284	9,004
Balance at the end of the period	500,000	405,044	95,000	500,044	32,209	449,649	481,859

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	-	1,472,899	405,412	140	405,553	1,878,452
Changes in the period						
Cash dividends		(33,600)				(33,600)
Net income		42,604				42,604
Purchases of treasury stock	(538)	(538)				(538)
Disposals of treasury stock	11	11				11
Net changes in items other than shareholders' equity in the period			(108,526)	(30)	(108,557)	(108,557)
Net changes in the period	(526)	8,477	(108,526)	(30)	(108,557)	(100,079)
Balance at the end of the period	(526)	1,481,376	296,885	110	296,995	1,778,372

NOTES TO THE UNAUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2016

(Notes to the Unaudited Non-Consolidated Balance Sheet)

1. Significant Accounting Policies

(1) Valuation Criteria and Methods for Securities

Securities including cash and deposits as well as monetary claims bought which are equivalent to securities, and securities invested in money held in trust, are recorded based on the following:

1) Held-to-maturity Bonds

Held-to-maturity bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

2) Policy-reserve-matching Bonds

In accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry" (Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 21), policy-reserve-matching bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

3) Equities of Subsidiaries and Affiliates (stocks issued by subsidiaries as defined in Article 2, Paragraph 12 of the Insurance Business Act and closely related parties (excluding subsidiaries) and affiliates as defined in Article 13-5-2, Paragraph 3 of the Order for Enforcement of the Insurance Business Act)

Carried at cost and the cost of these securities sold is calculated using the moving-average method.

4) Available-for-sale Securities

(i) Available-for-sale Securities, at Fair Value

Available-for-sale securities at fair value are carried at their market price at the end of the first half of the fiscal year, of which average market prices during the final month of the first half of the fiscal year are used to value stocks. Cost of securities sold is calculated using the moving-average method.

(ii) Available-for-sale Securities for Which Fair Values are Deemed Extremely Difficult to Determine

(a) Government and corporate bonds (including foreign bonds) without market price whose premium or discount represents the interest adjustments are carried at amortized cost (the straight-line method) using the moving-average method.

(b) Other securities are carried at cost using the moving-average method.

Net unrealized gains (losses) on available-for-sale securities, net of income taxes, are included in net assets.

(2) Valuation Criteria and Methods for Derivative Transactions

All derivative transactions are valued at fair value.

(3) Depreciation Method for Fixed Assets

1) Tangible Fixed Assets (excluding leased assets)

Depreciation of tangible fixed assets is calculated using the straight-line method based on the following useful lives:

(i) Buildings: 2-60 years

(ii) Other tangible fixed assets: 2-20 years

2) Intangible Fixed Assets (excluding leased assets)

The capitalized development costs of software intended for internal use are amortized over the expected useful life of mainly 5 years using the straight-line method.

3) Leased Assets

Finance lease transactions that do not transfer ownership are depreciated to a residual value of zero using the straight-line method over the lease term.

(4) Recognition of Reserves

1) Reserve for Possible Loan Losses

Reserve for possible loan losses is provided pursuant to the Company's standards for self-assessment of asset quality, and general allowance is provided using a rate based on historical collectability experience. In addition, specific allowances, which are determined based on individual collectability of accounts, are also recorded.

All loans and claims are assessed initially by the relevant departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the relevant departments, reviews these self-assessments. The above reserves and allowances are recorded based on the results of these assessments.

For loans and guaranteed loans that were extended to borrowers that have filed for bankruptcy including legal bankruptcy or civil rehabilitation, or that are considered substantially bankrupt, an allowance is provided for in the amount of loans, net of collateral value or the amounts expected to be recoverable under guarantees. Reserve for possible loan losses also includes amounts set aside for other assets subject to valuation allowance. The amount written off for loans and other assets during the six months ended September 30, 2016 was ¥59 million.

2) Reserve for Employees' Retirement Benefits

In order to provide for payment of retirement benefits to employees, a reserve for employees' retirement benefits is provided in the amount considered to have incurred at the end of the six months ended September 30, 2016 based on the projected amount of retirement benefit obligations at the end of the fiscal year.

(i) Method for Attributing Expected Benefits to Periods

In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit to respective service period.

(ii) Method for Recognizing Actuarial Differences and Prior Service Cost

Actuarial difference is amortized using the straight-line method over a period of 14 years, which is less than the estimated average remaining service period for employees from the fiscal year following the respective fiscal year in which the difference is incurred.

Prior service cost is amortized using the straight-line method over a period of 14 years, which is less than the estimated average remaining service lives for employees in the fiscal year of incurrence.

3) Reserve for Management Board Benefit Trust

In order to provide for the granting of shares of the Company to Executive Officers of the Company in accordance with the Stock Benefit Rules, reserve for management board benefit trust is provided in the projected amount of stock benefit obligations.

(5) Reserve for Price Fluctuations

Reserve for price fluctuations in security investments is calculated based on Article 115 of the Insurance Business Act.

Provision for reserve for price fluctuations for the six months ended September 30, 2016 is calculated at the annually required amount allocated to the accounting period on a pro-rata basis.

(6) Translation of Assets and Liabilities Denominated in Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end.

(7) Hedge Accounting

1) Methods for Hedge Accounting

The Company applies fair value hedge accounting for foreign currency exchange contracts to hedge foreign exchange fluctuation risk for a portion of its foreign-currency-denominated bonds as well as the exceptional treatment and deferred hedge accounting for interest rate swaps to hedge variability in cash flows on a portion of loans in accordance with the "Accounting Standard for Financial Instruments" (Accounting Standard Board of Japan ("ASBJ") Statement No. 10).

2) Hedging Instruments and Hedged Items

(i) Hedging instrument: Foreign currency exchange contracts
Hedged item: Foreign-currency-denominated bonds

(ii) Hedging instrument: Interest rate swaps
Hedged item: Loans

3) Hedging Policies

Foreign currency exchange contracts are used to hedge fluctuations in foreign currency exchange rates of foreign-currency-denominated bonds within a predetermined range. Interest rate swap contracts are used to hedge fluctuations in interest rates of loans within a certain range.

4) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed by comparing the aggregate changes in quotations or cash flows of hedged items and hedging instruments. The evaluation of hedge effectiveness is omitted in cases of foreign exchange contracts where there is a high correlation between hedged items and hedging instruments, or interest rate swap contracts which applied the exceptional treatment for interest rate swaps.

(8) Policy Reserves

Policy reserves are reserves provided in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are recorded based on the following methodology:

1) Reserves for contracts subject to the standard policy reserves are calculated in accordance with the method prescribed by the Commissioner for Financial Services Agency (Ordinance No. 48 issued by the Ministry of Finance in 1996).
2) Reserves for other contracts are calculated based on the net level premium method.

Pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, effective from the fiscal year ended March 31, 2011, additional policy reserves are accumulated, in preparation for future performance of obligations, over a 10-year period for a portion of reinsurance contracts from the Management Organization for Postal Savings and Postal Life Insurance (hereinafter referred to as the "Management Organization"), which is an independent administrative institution. As a result, the amount of provision for policy reserves for the six months ended September 30, 2016 was ¥90,527 million.

(9) Employee's Retirement Benefits Accounting

Unrecognized actuarial differences and unrecognized prior service cost related to retirement benefits are treated differently from the consolidated financial statements.

(10) Consumption Taxes

All figures are net of consumption taxes.

2. Adoption of the Implementation Guidance on Recoverability of Deferred Tax Assets

Effective from the six months ended September 30, 2016, the Company has adopted the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016).

3. Transactions for Granting Shares and Others of the Company to Executive Officers of the Company through Trust

Notes to the transactions for granting shares and others of the Company to Executive Officers of the Company through trust are omitted as they are presented in NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2016 (Notes to the Unaudited Consolidated Balance Sheet).

4. The balance sheet amount, fair value and the outline of the risk management policy of policy-reserve-matching bonds were as follows:

(1) The balance sheet amount and fair value of policy-reserve-matching bonds amount to ¥12,582,759 million and ¥14,043,170 million, respectively.

(2) The outline of the risk management policy of policy-reserve-matching bonds is as follows:

The Company categorizes its insurance products into the following sub-groups based on the attributes of each product in order to manage risks arising from fluctuations in interest rates of assets and liabilities and adopts a management policy whereby the duration gap between policy-reserve-matching bonds and policy reserves by sub-groups are reconciled within a certain range, and the duration gap is periodically checked.

1) Postal Life Insurance Contracts (insurance policies with a remaining period within 20 years)
2) Japan Post Insurance life insurance contracts (general) (all insurance policies)
3) Japan Post Insurance life insurance contracts (lump-sum payment annuity) (excluding some insurance types)

The sub-group covering Japan Post Insurance life insurance contracts (general) was formerly a sub-group consisting of insurance policies with a remaining period within 20 years; however, effective from the six months ended September 30, 2016, the said sub-group has been changed to a sub-group consisting of all general insurance policies due to recent increase in policy reserves for the contracts with a remaining period of more than 20 years. The change has no effect on profit or loss.

5. Securities lent under lending agreements in the amount of ¥3,022,014 million were included in "Securities" in the balance sheets as of September 30, 2016.

6. There were no bankrupt loans, non-interest accrual loans, past due loans for three months or more or restructured loans as of September 30, 2016. Definitions for each of the respective loans are as follows:

   Bankrupt loans refer to non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3-(a) to (e) and Item 4 of the Order for Enforcement of the Corporation Tax Act (Order No. 97 in 1965). Interest accruals of such loans are suspended since the principal or interest on such loans is unlikely to be collected due to delinquency in payments for them for a considerable period of time or other reasons.

   Non-interest accrual loans are those loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their business.

   Past due loans for three months or more are loans for which principal or interest payments are delinquent for three months or more under the term of the loans from the day following the contractual due date, excluding those classified as bankrupt loans and non-accrual loans.

   Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, postponement of principal or interest payments, debt waiver or other arrangements, have been made for the purpose of assisting and supporting the borrowers in the restructuring of their business. This category excludes loans classified as bankrupt loans, non-interest accrual loans and past due loans for three months or more.

7. Accumulated depreciation for tangible fixed assets as of September 30, 2016 was ¥67,479 million.

8. Changes in reserve for policyholder dividends for the six months ended September 30, 2016 were as follows:

a.	Balance at the beginning of the fiscal year	¥1,936,494 million
b.	Policyholder dividends paid during the six months ended September 30, 2016	¥159,871 million
c.	Interest accrual	¥17 million
d.	Reduction due to the acquisition of additional annuity	¥149 million
e.	Provision for reserve for policyholder dividends	¥77,989 million
f.	Balance at the end of the six months ended September 30, 2016	¥1,854,481 million

9. Equities of subsidiaries and affiliates was ¥984 million.

10. Assets pledged as collateral consisted of the following:

    Securities ¥3,022,014 million

    Liabilities corresponding to assets pledged as collateral consisted of the following:

    Payables under securities lending transactions ¥3,681,831 million

    All of the above securities were pledged as collateral for securities lending transactions with cash collateral.

    In addition to the above, the following has been pledged as collateral for the transactions such as exchange settlements.

    Securities ¥726 million

11. Reserve for outstanding claims for reinsured part defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter referred to as "reserve for outstanding claims-ceded"), as of September 30, 2016 was ¥276 million. Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance (hereinafter referred to as "policy reserves-ceded") as of September 30, 2016 was ¥649 million.

12. The Company has the right to sell or pledge securities borrowed under borrowing agreements and securities received as collateral for transactions such as exchange settlements. The fair value of such securities held in hand was ¥3,079,251 million as of September 30, 2016.

13. The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥28,868 million as of September 30, 2016 pursuant to Article 259 of the Insurance Business Act. This obligation is recognized as operating expenses when it is made.

14. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Organization, amounted to ¥44,359,279 million and are provided at amounts calculated based on the statement of calculation procedures for the Company's insurance premiums and policy reserves. The amounts calculated based on the foregoing procedures are not less than the amounts calculated based on the statement of calculation procedures for the Postal Life Insurance policy reserves in accordance with the Act on Management Organization for Postal Savings and Postal Life Insurance (Act No. 101 of 2005).

    In addition, contingency reserve and reserve for price fluctuations are provided in the amount of ¥1,925,137 million and ¥613,095 million, respectively, for the category of the reinsurance.

15. "Other liabilities" in the balance sheet includes ¥51,990 million of deposits from the Management Organization. Deposits from the Management Organization refer to the amounts equivalent to the reserve for outstanding claims and reserve for losses on compensation for damages related to litigation or conciliation of the Management Organization, which was deposited at the time of privatization based on the outsourcing agreements with the Management Organization for the administrative operation of the Postal Life Insurance Policy.

(Notes to the Unaudited Non-Consolidated Statement of Income)

1. Gains on sales of securities comprise domestic bonds of ¥120 million and foreign securities of ¥41,675 million.

2. Losses on sales of securities comprise domestic bonds of ¥116 million and foreign securities of ¥70,944 million.

3. Losses on valuation of securities comprise foreign securities of ¥20,484 million.

4. Gains on money held in trust include losses on valuation of ¥5,091 million.

5. Losses on derivative financial instruments include gains on valuation of ¥44,007 million.

6. The amount of reversal of reserve for outstanding claims-ceded that is deducted to the calculation of reversal of reserve for outstanding claims for the six months ended September 30, 2016 was ¥38 million. The amount of provision for policy reserves-ceded that is added to the calculation of reversal of policy reserves for the six months ended September 30, 2016 was ¥91 million.

7. Net income per share for the six months ended September 30, 2016 was ¥71.03.
   The Company established a Board Benefit Trust (BBT) from the six months ended September 30, 2016, whereby shares of the Company held in trust, which was recorded as treasury stock under the category of shareholders' equity, were included in treasury stock to be deducted from the calculation of the average number of shares during the period, for the purpose of calculating net income per share.
   Average number of treasury stock during the period which were deducted from the calculation of net income per share for the six months ended September 30, 2016 was 168,129 shares.

8. Insurance premiums assumed based on reinsurance contracts with the Management Organization included in insurance premiums and others for the six months ended September 30, 2016 were ¥534,645 million.

9. Insurance claims based on reinsurance contracts with the Management Organization included in insurance claims for the six months ended September 30, 2016 were ¥3,250,282 million.

10. Provision for reserve for policyholder dividends, which is provided for the Management Organization based on gains or losses and others arising in the category of the reinsurance due to the reinsurance contracts with the Management Organization, was ¥75,508 million for the six months ended September 30, 2016.

(Notes to the Unaudited Non-Consolidated Statement of Changes in Net Assets)

Type and Number of Treasury Stock

(Thousands of shares)

	April 1, 2016	Increase	Decrease	September 30, 2016
Treasury stock				
Common stock	-	228	5	223

(*1) Number of treasury stock at the end of the six months ended September 30, 2016 was 223,000 shares of the Company held in the BBT.

(*2) The increase of 228,000 shares in the number of treasury stock is attributable to purchases by the BBT.

(*3) The decrease of 5,000 shares in the number of treasury stock is attributable to the granting of shares via the BBT.

7. Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

Six months ended September 30	2015	2016
Core profit A	239,927	194,418
Capital gains	26,832	63,955
Gains on money held in trust	26,074	22,159
Gains on trading securities	-	-
Gains on sales of securities	236	41,795
Gains on derivative financial instruments	520	-
Gains on foreign exchanges	-	-
Other capital gains	-	-
Capital losses	18,585	120,737
Losses on money held in trust	-	-
Losses on trading securities	-	-
Losses on sales of securities	934	71,061
Losses on valuation of securities	-	20,484
Losses on derivative financial instruments	-	7,432
Losses on foreign exchanges	485	1,678
Other capital losses	17,165	20,080
Net capital gains (losses) B	8,246	(56,782)
Core profit including net capital gains (losses) A+B	248,174	137,636
Other one-time gains	61,235	60,602
Reinsurance income	-	-
Reversal of contingency reserve	61,235	60,602
Reversal of specific reserve for possible loan losses	-	-
Other	-	-
Other one-time losses	89,631	90,527
Reinsurance premiums	-	-
Provision for contingency reserve	-	-
Provision for specific reserve for possible loan losses	-	-
Provision for reserve for specific foreign loans	-	-
Write-off of loans	-	-
Other	89,631	90,527
Other one-time profits (losses) C	(28,395)	(29,925)
Ordinary profit A+B+C	219,778	107,711

Notes: 1. Amount equivalent to income gains associated with money held in trust (¥17,165 million for the six months ended September 30, 2015 and ¥20,046 million for the six months ended September 30, 2016) is recognized as "other capital losses" and included in core profit.

2. Amount equivalent to income gains associated with derivative financial instruments (¥33 million for the six months ended September 30, 2016) is recognized as "other capital losses" and included in core profit.

3. "Other" in "other one-time losses" includes the amount of additional policy reserves accumulated pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act (¥89,631 million for the six months ended September 30, 2015 and ¥90,527 million for the six months ended September 30, 2016).

8. Loans by Borrower Category

(Millions of yen, %)

As of	March 31, 2016	September 30, 2016
Bankrupt or quasi-bankrupt loans	-	-
Doubtful loans	-	-
Substandard loans	-	-
Subtotal	-	-
(Percentage in total)	(-)	(-)
Normal loans	9,197,548	8,864,472
Total	9,197,548	8,864,472

Notes:
1. Bankrupt or quasi-bankrupt loans are loans to borrowers who have fallen into bankruptcy for reasons such as the commencement of bankruptcy proceedings or reorganization proceedings, or the petition for commencement of rehabilitation proceedings, and loans similar to these.
2. Doubtful loans are loans which principal and interest are unlikely to be collected or received as stipulated in an agreement due to the borrower's deteriorating financial conditions and results even though the borrower is not fallen into bankruptcy.
3. Substandard loans are past due loans for three months or more and restructured loans.
"Past due loans for three months or more" are loans for which principal or interest payments are delinquent for three months or more under the term of the loans from the day following the contractual due date (excluding the loans noted in 1 and 2).
"Restructured loans" are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, postponement of principal or interest payments, debt waiver or other arrangements, have been made for the purpose of assisting and supporting the borrowers in the restructuring of their business (excluding the loans noted in 1 and 2, and past due loans for three months or more).
4. Normal loans are loans which do not fall under the loans noted in 1 to 3 above as there are no particular problems found with the borrower's financial conditions and results.

9. Status of Risk-Monitored Loans

Not applicable.

10. Solvency Margin Ratio

(Millions of yen)

As of		March 31, 2016	September 30, 2016
Total amount of solvency margin	(A)	5,541,363	5,382,988
Capital stock, etc.		1,439,299	1,470,364
Reserve for price fluctuations		782,268	752,641
Contingency reserve		2,374,846	2,314,244
General reserve for possible loan losses		71	67
(Net unrealized gains (losses) on available-for-sale securities (before taxes) ・ Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)		505,374	369,066
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		(3,474)	(115)
Excess of continued Zillmerized reserve		442,977	476,584
Capital raised through debt financing		-	-
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin		-	-
Deductions		-	-
Other		-	135
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	(B)	706,716	739,371
Insurance risk	R_1	159,046	156,262
Underwriting risk of third-sector insurance	R_8	78,262	73,569
Anticipated yield risk	R_2	170,717	165,405
Minimum guarantee risk	R_7	-	-
Investment risk	R_3	476,159	518,092
Business management risk	R_4	17,683	18,266
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$		1,568.1%	1,456.0%

Note: These figures are calculated based on the provisions set forth in the public notification No. 50 issued by the Ministry of Finance in 1996 and Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act.

11. Separate Account for the Six Months Ended September 30, 2016

Not applicable.

12. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(Millions of yen)

Six months ended September 30	2015	2016
Ordinary income	4,881,336	4,333,877
Ordinary profit	218,787	107,866
Net income attributable to Japan Post Insurance	48,515	42,526
Comprehensive income (loss)	(42,520)	(66,257)

As of	March 31, 2016	September 30, 2016
Total assets	81,545,182	80,492,230
Consolidated solvency margin ratio	1,570.3%	1,458.0%

(2) Scope of Consolidation and Application of the Equity Method

- Number of consolidated subsidiaries: 1
- Number of non-consolidated subsidiaries accounted for under the equity method: 0
- Number of affiliates accounted for under the equity method: 0

(3) Unaudited Consolidated Balance Sheets

(Millions of yen)

Term / Items	As of March 31, 2016	As of September 30, 2016
	Amount	Amount
ASSETS:		
Cash and deposits	1,862,636	1,352,159
Call loans	360,000	355,000
Receivables under securities borrowing transactions	3,008,591	3,054,016
Monetary claims bought	430,150	197,074
Money held in trust	1,644,547	1,771,607
Securities	63,609,906	63,612,684
Loans	8,978,437	8,571,997
Tangible fixed assets	145,855	142,963
Intangible fixed assets	185,300	192,664
Agency accounts receivable	81,193	54,566
Reinsurance receivables	1,368	1,763
Other assets	525,835	383,355
Deferred tax assets	712,132	803,084
Reserve for possible loan losses	(772)	(707)
Total assets	81,545,182	80,492,230
LIABILITIES:		
Policy reserves and others	74,934,165	74,011,952
Reserve for outstanding claims	635,167	600,176
Policy reserves	72,362,503	71,557,294
Reserve for policyholder dividends	1,936,494	1,854,481
Reinsurance payables	3,377	3,976
Payables under securities lending transactions	3,648,478	3,681,831
Other liabilities	233,106	196,299
Liability for retirement benefits	60,803	62,849
Reserve for management board benefit trust	-	82
Reserve for price fluctuations	782,268	752,641
Total liabilities	79,662,200	78,709,631
NET ASSETS:		
Capital stock	500,000	500,000
Capital surplus	500,044	500,044
Retained earnings	472,362	481,288
Treasury stock	-	(526)
Total shareholders' equity	1,472,406	1,480,806
Net unrealized gains (losses) on available-for-sale securities	405,412	296,885
Net deferred gains (losses) on hedges	140	110
Accumulated adjustments for retirement benefits	5,022	4,795
Total accumulated other comprehensive income	410,575	301,791
Total net assets	1,882,982	1,782,598
Total liabilities and net assets	81,545,182	80,492,230

(4) Unaudited Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Unaudited Consolidated Statements of Income) (Millions of yen)

Term / Items	Six months ended September 30, 2015 Amount	Six months ended September 30, 2016 Amount
ORDINARY INCOME	4,881,336	4,333,877
Insurance premiums and others	2,746,776	2,812,554
Investment income	688,854	678,347
[Interest and dividend income]	[661,954]	[614,361]
[Gains on money held in trust]	[26,074]	[22,159]
[Gains on sales of securities]	[236]	[41,795]
[Gains on derivative financial instruments]	[520]	[-]
Other ordinary income	1,445,705	842,975
[Reversal of reserve for outstanding claims]	[30,922]	[34,991]
[Reversal of policy reserves]	[1,412,887]	[805,208]
ORDINARY EXPENSES	4,662,549	4,226,011
Insurance claims and others	4,349,885	3,793,188
[Insurance claims]	[3,896,062]	[3,283,314]
[Annuity payments]	[166,261]	[181,367]
[Benefits]	[22,959]	[27,133]
[Surrender benefits]	[171,816]	[203,068]
Provision for policy reserves and others	182	17
Provision for interest on policyholder dividends	182	17
Investment expenses	4,263	105,232
[Interest expenses]	[2,272]	[876]
[Losses on sales of securities]	[934]	[71,061]
[Losses on valuation of securities]	[-]	[20,484]
[Losses on derivative financial instruments]	[-]	[7,432]
Operating expenses	260,988	278,049
Other ordinary expenses	47,229	49,523
ORDINARY PROFIT	218,787	107,866
EXTRAORDINARY GAINS	341	29,627
Gains on sales of fixed assets	341	-
Reversal of reserve for price fluctuations	-	29,627
EXTRAORDINARY LOSSES	31,311	51
Losses on sales and disposal of fixed assets	923	51
Provision for reserve for price fluctuations	30,388	-
Provision for reserve for policyholder dividends	119,559	77,989
Income before income taxes	68,257	59,451
Income taxes - Current	82,298	64,850
Income taxes - Deferred	(62,556)	(47,925)
Total income taxes	19,741	16,925
Net income	48,515	42,526
Net income attributable to non-controlling interests	-	-
Net income attributable to Japan Post Insurance	48,515	42,526

(Unaudited Consolidated Statements of Comprehensive Income) (Millions of yen)

Items \ Term	Six months ended September 30, 2015	Six months ended September 30, 2016
	Amount	Amount
Net income	48,515	42,526
Other comprehensive income (loss)	(91,036)	(108,783)
Net unrealized gains (losses) on available-for-sale securities	(90,838)	(108,526)
Net deferred gains (losses) on hedges	33	(30)
Adjustments for retirement benefits	(231)	(226)
Total comprehensive income (loss)	(42,520)	(66,257)
Comprehensive income (loss) attributable to Japan Post Insurance	(42,520)	(66,257)
Comprehensive income (loss) attributable to non-controlling interests	-	-

(5) Unaudited Consolidated Statements of Cash Flows

(Millions of yen)

Items \ Term	Six months ended September 30, 2015	Six months ended September 30, 2016
	Amount	Amount
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income taxes	68,257	59,451
Depreciation and amortization	17,745	18,698
Net change in reserve for outstanding claims	(30,922)	(34,991)
Net change in policy reserves	(1,412,887)	(805,208)
Provision for interest on policyholder dividends	182	17
Provision for reserve for policyholder dividends	119,559	77,989
Net change in reserve for possible loan losses	(140)	(65)
Net change in liability for retirement benefits	1,994	2,046
Net change in reserve for management board benefit trust	-	82
Net change in reserve for price fluctuations	30,388	(29,627)
Interest and dividend income (accrual basis)	(661,954)	(614,361)
Net (gains) losses on securities	774	52,709
Interest expenses (accrual basis)	2,272	876
Net (gains) losses on foreign exchanges	485	1,678
Net (gains) losses on tangible fixed assets	383	29
Net change in agency accounts receivable	6,221	26,627
Net change in reinsurance receivables	(337)	(395)
Net change in other assets (excluding those related to investing activities and financing activities)	33,893	156,140
Net change in reinsurance payables	654	598
Net change in other liabilities (excluding those related to investing activities and financing activities)	(4,405)	(6,123)
Other, net	(27,748)	(15,154)
Subtotal	(1,855,583)	(1,108,980)
Interest and dividend received (cash basis)	684,901	663,157
Interest paid (cash basis)	(2,207)	(909)
Policyholder dividends paid	(161,250)	(159,871)
Income taxes paid	(104,305)	(75,531)
Net cash used in operating activities	(1,438,446)	(682,134)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of call loans	(18,783,586)	(14,005,000)
Proceeds from redemption of call loans	18,552,128	14,010,000
Net change in receivables under securities borrowing transactions	(335,098)	(45,425)
Purchases of monetary claims bought	(1,895,872)	(1,516,999)
Proceeds from sale and redemption of monetary claims bought	1,882,617	1,760,054
Purchases of money held in trust	(360,400)	(150,000)
Purchases of securities	(2,668,876)	(4,549,731)
Proceeds from sale and redemption of securities	2,735,861	4,115,487
Payments for loans	(565,797)	(575,719)
Proceeds from collection of loans	1,103,327	982,152
Net change in payables under securities lending transactions	1,662,178	33,352
Other, net	(273,929)	175,490
Total of net cash provided by investment transactions	1,052,553	233,661
Total of net cash provided by operating activities and investment transactions	(385,892)	(448,472)
Purchases of tangible fixed assets	(22,607)	(1,150)
Purchases of intangible fixed assets	(31,541)	(26,478)
Other, net	30	(39)
Net cash provided by investing activities	998,435	205,993
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease obligations	(281)	(247)
Purchases of treasury stock	-	(538)
Dividends paid	(24,527)	(33,549)
Net cash used in financing activities	(24,808)	(34,335)
Effect of exchange rate changes on cash and cash equivalents	-	-
Net change in cash and cash equivalents	(464,819)	(510,476)
Cash and cash equivalents at the beginning of the fiscal year	2,213,786	1,862,636
Cash and cash equivalents at the end of the period	1,748,967	1,352,159

(6) Unaudited Consolidated Statements of Changes in Net Assets

Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015) (Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	500,000	500,044	411,992	-	1,412,036
Changes in the period					
Cash dividends			(24,527)		(24,527)
Net income attributable to Japan Post Insurance			48,515		48,515
Purchases of treasury stock				-	-
Disposals of treasury stock				-	-
Net changes in items other than shareholders' equity in the period					
Net changes in the period	-	-	23,988	-	23,988
Balance at the end of the period	500,000	500,044	435,980	-	1,436,024

	Accumulated other comprehensive income				Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance at the beginning of the fiscal year	558,033	22	5,635	563,691	1,975,727
Changes in the period					
Cash dividends					(24,527)
Net income attributable to Japan Post Insurance					48,515
Purchases of treasury stock					-
Disposals of treasury stock					-
Net changes in items other than shareholders' equity in the period	(90,838)	33	(231)	(91,036)	(91,036)
Net changes in the period	(90,838)	33	(231)	(91,036)	(67,048)
Balance at the end of the period	467,194	56	5,404	472,655	1,908,679

Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016) (Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	500,000	500,044	472,362	-	1,472,406
Changes in the period					
Cash dividends			(33,600)		(33,600)
Net income attributable to Japan Post Insurance			42,526		42,526
Purchases of treasury stock				(538)	(538)
Disposals of treasury stock				11	11
Net changes in items other than shareholders' equity in the period					
Net changes in the period	-	-	8,926	(526)	8,399
Balance at the end of the period	500,000	500,044	481,288	(526)	1,480,806

	Accumulated other comprehensive income				Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance at the beginning of the fiscal year	405,412	140	5,022	410,575	1,882,982
Changes in the period					
Cash dividends					(33,600)
Net income attributable to Japan Post Insurance					42,526
Purchases of treasury stock					(538)
Disposals of treasury stock					11
Net changes in items other than shareholders' equity in the period	(108,526)	(30)	(226)	(108,783)	(108,783)
Net changes in the period	(108,526)	(30)	(226)	(108,783)	(100,383)
Balance at the end of the period	296,885	110	4,795	301,791	1,782,598

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2016

(Basis for Preparation of the Unaudited Consolidated Financial Statements)

1. Scope of Consolidation

All subsidiaries are consolidated.
Number of consolidated subsidiaries: 1
Name of consolidated subsidiary: JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd.

2. Scope of Application of the Equity Method

Not applicable.

3. End Date of the First Half of the Fiscal Year of Consolidated Subsidiary

The consolidated subsidiary has the same end date of the first half of the fiscal year as that of consolidated financial statements.

(Notes to the Unaudited Consolidated Balance Sheet)

1. Significant Accounting Policies

(1) Valuation Criteria and Methods for Securities

Securities including cash and deposits as well as monetary claims bought which are equivalent to securities, and securities invested in money held in trust, are recorded based on the following:

1) Held-to-maturity Bonds

Held-to-maturity bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

2) Policy-reserve-matching Bonds

In accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry" (Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 21), policy-reserve-matching bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

3) Available-for-sale Securities

(i) Available-for-sale Securities, at Fair Value

Available-for-sale securities, at fair value are carried at their market price at the end of the first half of the fiscal year, of which average market prices during the final month of the first half of the fiscal year are used to value stocks. Cost of securities sold is calculated using the moving-average method.

(ii) Available-for-sale Securities for Which Fair Values are Deemed Extremely Difficult to Determine

(a) Government and corporate bonds (including foreign bonds) without market price whose premium or discount represents the interest adjustments are carried at amortized cost (the straight-line method) using the moving-average method.

(b) Other securities are carried at cost using the moving-average method.

Net unrealized gains (losses) on available-for-sale securities, net of income taxes, are included in net assets.

(2) Valuation Criteria and Methods for Derivative Transactions

All derivative transactions are valued at fair value.

(3) Depreciation Methods for Significant Depreciable Assets

1) Tangible Fixed Assets (excluding leased assets)

Depreciation of tangible fixed assets is calculated using the straight-line method based on the following useful lives:

(i) Buildings: 2-60 years
(ii) Other tangible fixed assets: 2-20 years

2) Intangible Fixed Assets (excluding leased assets)

The capitalized development costs of software intended for internal use are amortized over the expected useful life of mainly 5 years using the straight-line method.

3) Leased Assets

Finance lease transactions that do not transfer ownership are depreciated to a residual value of zero

using the straight-line method over the lease term.

(4) Recognition of Significant Reserves

1) Reserve for Possible Loan Losses

Reserve for possible loan losses is provided pursuant to the Company's standards for self-assessment of asset quality, and general allowance is provided using a rate based on historical collectability experience. In addition, specific allowances, which are determined based on individual collectability of accounts, are also recorded.

All loans and claims are assessed initially by the relevant departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the relevant departments, reviews these self-assessments. The above reserves and allowances are recorded based on the results of these assessments.

For loans and guaranteed loans that were extended to borrowers that have filed for bankruptcy including legal bankruptcy or civil rehabilitation, or that are considered substantially bankrupt, an allowance is provided for in the amount of loans, net of collateral value or the amounts expected to be recoverable under guarantees. Reserve for possible loan losses also includes amounts set aside for other assets subject to valuation allowance. The amount written off for loans and other assets during the six months ended September 30, 2016 was ¥59 million.

2) Reserve for Management Board Benefit Trust

In order to provide for the granting of shares of the Company to Executive Officers of the Company in accordance with the Stock Benefit Rules, reserve for management board benefit trust is provided in the projected amount of stock benefit obligations.

(5) Employee's Retirement Benefits Accounting

1) Method for Attributing Expected Benefits to Periods

In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit to respective service period.

2) Method for Recognizing Actuarial Differences and Prior Service Cost

Actuarial difference is amortized using the straight-line method over a period of 14 years, which is less than the estimated average remaining service period for employees from the fiscal year following the respective fiscal year in which the difference is incurred.

Prior service cost is amortized using the straight-line method over a period of 14 years, which is less than the estimated average remaining service lives for employees in the fiscal year of incurrence.

(6) Reserve for Price Fluctuations

Reserve for price fluctuations in security investments is calculated based on Article 115 of the Insurance Business Act.

Provision for reserve for price fluctuations for the six months ended September 30, 2016 is calculated at the annually required amount allocated to the accounting period on a pro-rata basis.

(7) Translation of Significant Assets and Liabilities Denominated in Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end.

(8) Significant Hedge Accounting

1) Methods for Hedge Accounting

The Company and its subsidiary (the "Group") applies fair value hedge accounting for foreign currency exchange contracts to hedge foreign exchange fluctuation risk for a portion of its foreign-currency-denominated bonds as well as the exceptional treatment and deferred hedge accounting for interest rate swaps to hedge variability in cash flows on a portion of loans in accordance with the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10).

2) Hedging Instruments and Hedged Items

(i) Hedging instrument: Foreign currency exchange contracts
Hedged item: Foreign-currency-denominated bonds

(ii) Hedging instrument: Interest rate swaps
Hedged item: Loans

3) Hedging Policies

Foreign currency exchange contracts are used to hedge fluctuations in foreign currency exchange rates of foreign-currency-denominated bonds within a predetermined range. Interest rate swap contracts are used to hedge fluctuations in interest rates of loans within a certain range.

4) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed by comparing the aggregate changes in quotations or cash flows of hedged items and hedging instruments. The evaluation of hedge effectiveness is omitted in cases of foreign exchange contracts where there is a high correlation between hedged items and hedging instruments, or interest rate swap contracts which applied the exceptional treatment for interest rate swaps.

(9) Policy Reserves

Policy reserves are reserves provided in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are recorded based on the following methodology:

1) Reserves for contracts subject to the standard policy reserves are calculated in accordance with the method prescribed by the Commissioner for Financial Services Agency (Ordinance No. 48 issued by the Ministry of Finance in 1996).
2) Reserves for other contracts are calculated based on the net level premium method.

Pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, effective from the fiscal year ended March 31, 2011, additional policy reserves are accumulated, in preparation for future performance of obligations, over a 10-year period for a portion of reinsurance contracts from the Management Organization for Postal Savings and Postal Life Insurance (hereinafter referred to as the "Management Organization"), which is an independent administrative institution. As a result, the amount of provision for policy reserves for the six months ended September 30, 2016 was ¥90,527 million.

(10) Consumption Taxes

All figures are net of consumption taxes.

2. Adoption of the Implementation Guidance on Recoverability of Deferred Tax Assets

Effective from the six months ended September 30, 2016, the Company has adopted the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016).

3. Transactions for Granting Shares and Others of the Company to Executive Officers of the Company through Trust

The Company has introduced a trust-based performance-linked stock compensation system for Executive Officers of the Company from the six months ended September 30, 2016.

The Company has adopted the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (Practical Issues Task Force ("PITF") No. 30, March 26, 2015) with respect to the accounting treatment of the aforementioned trust agreement.

(1) Outline of the Transaction

In accordance with the predetermined Stock Benefit Rules, the Company shall grant its Executive Officers a certain number of points depending on the performance for the fiscal year, and later shall have the Board Benefit Trust (BBT) grant Executive Officers who meet the requirement for eligibility at the time of their retirement a number of shares of the Company equivalent to the number of such points accumulated up to their retirement, as well as the amount of money equivalent to a certain portion of such number of shares, as calculated by the fair value at the time of their retirement.

Shares to be granted to Executive Officers, including the portion of shares to be granted in the future, are managed separately as trust assets through purchases by the trust bank from the stock market using the fund held in trust in advance by the Company.

(2) Shares of the Company Held in Trust

Shares of the Company held in trust are recorded as treasury stock under the category of net assets at book value in the Trust (excluding accompanying expenses). Book value of such treasury stock at the end of the six months ended September 30, 2016 was ¥526 million, while the number of such treasury stock was 223,000 shares.

4. Financial Instruments

(1) Fair Values of Financial Instruments

Amounts carried on the consolidated balance sheets, fair values and the difference between them as of September 30, 2016 were as follows.

Financial instruments for which the fair values are deemed extremely difficult to determine are not included in the following table, but described in "Note 2" below.

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and deposits	1,352,159	1,352,159	-
Available-for-sale securities (negotiable certificates of deposit)	260,000	260,000	-
2) Call loans	355,000	355,000	-
3) Receivables under securities borrowing transactions	3,054,016	3,054,016	-
4) Monetary claims bought	197,074	197,074	-
Available-for-sale securities	197,074	197,074	-
5) Money held in trust (*1)	1,771,607	1,771,607	-
6) Securities	63,608,444	72,768,743	9,160,298
Held-to-maturity bonds	40,976,543	48,676,430	7,699,886
Policy-reserve-matching bonds	12,582,759	14,043,170	1,460,411
Available-for-sale securities	10,049,141	10,049,141	-
7) Loans	8,571,929	9,394,240	822,311
Policy loans	105,403	105,403	-
Industrial and commercial loans (*2)	908,405	989,261	80,923
Loans to the Management Organization (*2)	7,558,187	8,299,575	741,387
Reserve for possible loan losses (*3)	(67)	-	-
Total assets	78,910,231	88,892,841	9,982,609
Payables under securities lending transactions	3,681,831	3,681,831	-
Total liabilities	3,681,831	3,681,831	-
Derivative transactions (*4)			
Hedge accounting not applied	-	-	-
Hedge accounting applied	44,162	44,162	-
Total derivative transactions	44,162	44,162	-

(*1) Money held in trust classified as other than trading, held-to-maturities and policy-reserve-matching.

(*2) Net unrealized gains (losses) provide the difference between the consolidated balance sheet amount after deduction of reserve for possible loan losses and fair value.

(*3) Reserve for possible loan losses corresponding to loans has been deducted.

(*4) Net receivables and payables arising from derivative transactions are stated at net values, and if the values are negative, they are indicated in parentheses.

Note 1: Calculation methods for fair values of financial instruments

Assets

1) Cash and deposits

Deposits (including negotiable certificates of deposit) mature within a short-term (one year), and their fair value approximates book value.

2) Call loans and 3) Receivables under securities borrowing transactions

These are settled within a short-term (one year), and their fair value approximates book value.

4) Monetary claims bought

The fair value of monetary claims bought accounted for as securities in the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10) is calculated in a similar manner to the method described in "6) Securities" below.

5) Money held in trust

The fair value of money held in trust is based on the price quoted by the exchange for shares and net asset value for mutual funds.

Money held in trust is provided in "(3) Money Held in Trust" in accordance with the purpose of the holdings.

6) Securities

The fair value of bonds is primarily based on the price published by industry associations such as the reference statistical price published by the Japan Securities Dealers Association, or price offered by the financial institutions, while the fair value of mutual funds is based on net asset value.

Securities are described in "(2) Securities" in accordance with the purpose of keeping in possession.

7) Loans

For policy loans and those included in loans to the Management Organization of Postal Life Insurance Contracts, book values are used as fair values because amounts are limited to the values of corresponding cash surrender value and their fair value approximates book value considering their short maturities and interest conditions.

For industrial and commercial loans with floating interest rates, whose future cash flows follow market interest rates, their fair value approximates book value.

For industrial and commercial loans with fixed interest rates or loans to the Management Organization (excluding policy loans), fair value is based on a net discounted present value of future cash flows.

Liabilities

Payables under securities lending transactions

These are settled within a short-term (one year), and their fair value approximates book value.

Derivative transactions

Derivative transactions to which the hedge accounting is applied are as follows:

(i) Currency-related derivatives (foreign currency exchange contracts)

Fair value is calculated using forward exchange rate at the end of the first half of the consolidated fiscal year.

(ii) Interest rate-related derivatives (interest rate swap)

Fair value is calculated using discounted present value.

Interest rate swaps subject to exceptional treatment for interest rate swaps are jointly disclosed with hedged industrial and commercial loans. Therefore, their fair values are included in the relevant industrial and commercial loans.

Note 2: Financial instruments for which the fair values are deemed extremely difficult to determine

(Millions of yen)

	Consolidated balance sheet amount
Unlisted stocks (*)	4,239

(*) Unlisted stocks are not subject to fair value disclosure, as there are no market prices, and are for which the fair values are deemed extremely difficult to determine.

(2) Securities

1) Held-to-maturity Bonds

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds the consolidated balance sheet amount			
Bonds	40,862,941	48,558,971	7,696,030
Japanese government bonds	30,463,739	37,454,207	6,990,468
Japanese local government bonds	7,757,260	8,274,174	516,914
Japanese corporate bonds	2,641,942	2,830,589	188,646
Foreign securities	98,000	102,096	4,096
Other	-	-	-
Subtotal	40,960,941	48,661,068	7,700,126
Those for which fair value does not exceed the consolidated balance sheet amount			
Bonds	15,601	15,361	(239)
Japanese government bonds	-	-	-
Japanese local government bonds	8,101	8,015	(86)
Japanese corporate bonds	7,500	7,346	(153)
Foreign securities	-	-	-
Other	-	-	-
Subtotal	15,601	15,361	(239)
Total	40,976,543	48,676,430	7,699,886

2) Policy-reserve-matching Bonds

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds the consolidated balance sheet amount			
Bonds	12,437,457	13,899,626	1,462,169
Japanese government bonds	11,794,538	13,211,278	1,416,740
Japanese local government bonds	510,280	545,013	34,733
Japanese corporate bonds	132,638	143,334	10,696
Foreign securities	-	-	-
Other	-	-	-
Subtotal	12,437,457	13,899,626	1,462,169
Those for which fair value does not exceed the consolidated balance sheet amount			
Bonds	145,302	143,543	(1,758)
Japanese government bonds	138,102	136,521	(1,580)
Japanese local government bonds	7,200	7,022	(177)
Japanese corporate bonds	-	-	-
Foreign securities	-	-	-
Other	-	-	-
Subtotal	145,302	143,543	(1,758)
Total	12,582,759	14,043,170	1,460,411

3) Available-for-sale Securities

(Millions of yen)

	Consolidated balance sheet amount	Cost	Difference
Those for which the consolidated balance sheet amount exceeds cost			
Stocks	-	-	-
Bonds	4,547,125	4,447,948	99,177
Japanese government bonds	170,170	167,742	2,428
Japanese local government bonds	1,210,570	1,205,977	4,592
Japanese corporate bonds	3,166,383	3,074,228	92,155
Foreign securities	2,762,278	2,541,410	220,867
Foreign bonds	2,762,278	2,541,410	220,867
Other (*1)	356,892	350,900	5,991
Subtotal	7,666,296	7,340,259	326,036
Those for which the consolidated balance sheet amount does not exceed cost			
Stocks	-	-	-
Bonds	229,832	230,626	(793)
Japanese government bonds	-	-	-
Japanese local government bonds	92,464	92,560	(96)
Japanese corporate bonds	137,368	138,066	(697)
Foreign securities	1,807,840	1,843,995	(36,155)
Foreign bonds	1,807,840	1,843,995	(36,155)
Other (*1)	802,246	803,000	(753)
Subtotal	2,839,919	2,877,622	(37,702)
Total	10,506,216	10,217,881	288,334

(*1) "Other" includes financial instruments accounted for as securities in accordance with the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10).

(*2) The Group recognized losses on valuation of ¥20,484 million for the six months ended September 30, 2016.
With regard to bonds among available-for-sale securities denominated in foreign currencies, in the event of significant yen appreciation causing a significant drop in their yen values, their fair values denominated in foreign currencies shall be translated into yen at the exchange rates at the end of each period ending September 30, with translation adjustments recorded as losses on valuation of securities.

Although the existence of "significant yen appreciation" was determined based on the exchange rate at the end of each period so far, the Company decided to make such determination based on the average exchange rate during the final month of the period from the six months ended September 30, 2016. As investments in bonds denominated in foreign currencies are on the rise, this change intends to present business results more appropriately reflecting the Company's investment policy to ensure stable profits over the medium to long term.
This change has no impact on ordinary income or net income for the six months ended September 30, 2016.

(3) Money Held in Trust

Money held in trust classified as other than trading, held-to-maturity and policy-reserve-matching

(Millions of yen)

Consolidated balance sheet amount	Cost	Difference	Those for which the consolidated balance sheet amount exceeds cost	Those for which the consolidated balance sheet amount does not exceed cost
1,771,607	1,649,868	121,739	203,361	81,622

(*) The Group recognized losses on valuation of ¥5,091 million for the six months ended September 30, 2016. With respect to stocks in money held in trust managed as trust assets, losses on valuation are recognized for those with significant decline in fair values below their acquisition costs and no likelihood of fair values recovering to the acquisition costs.

A significant decline in fair values is determined based on the following criteria.

- Stocks with average market prices during the final month of the six months ending September 30 declining by 50% or more of their acquisition costs
- Stocks with average market prices during the final month of the six months ending September 30 declining by more than 30%, but less than 50% of their acquisition costs, and with market prices remaining lower than a certain level

In the past, of the stocks with fair values other than trading securities, those with fair values declining by 30% or more of the acquisition costs, were subject to recognition of losses on valuation based on the understanding that their fair values "declined significantly." Lately, however, given an increase in stock investment balance, the Company has decided to change the method of recognizing losses on valuation from the six months ended September 30, 2016 in order to present business results more appropriately reflecting the Company's investment policy of long term investments. In the new method, in principle, losses on valuation will be recognized for stocks with fair values declining by 50% or more of their acquisition costs. For stocks with fair values declining by 30% or more, but less than 50%, losses on valuation will be recognized after determining whether it falls under "significant decline" including trends of market prices and when there is no likelihood of fair values recovering to the acquisition costs.

As a result of the adoption of the aforementioned method, losses on valuation decreased by ¥1,258 million compared with the figures based on the previous method.

5. The consolidated balance sheet amount, fair value and the outline of risk management policy of policy-reserve-matching bonds were as follows:
   (1) The consolidated balance sheet amount and fair value of policy-reserve-matching bonds amount to ¥12,582,759 million and ¥14,043,170 million, respectively.
   (2) The outline of the risk management policy of policy-reserve-matching bonds is as follows:

   The Company categorizes its insurance products into the following sub-groups based on the attributes of each product in order to manage risks arising from fluctuations in interest rates of assets and liabilities and adopts a management policy whereby the duration gap between policy-reserve-matching bonds and policy reserves by sub-groups are reconciled within a certain range, and the duration gap is periodically checked.

   1) Postal Life Insurance Contracts (insurance policies with a remaining period within 20 years)
   2) Japan Post Insurance life insurance contracts (general) (all insurance policies)
   3) Japan Post Insurance life insurance contracts (lump-sum payment annuity) (excluding some insurance types)

   The sub-group covering Japan Post Insurance life insurance contracts (general) was formerly a sub-group consisting of insurance policies with a remaining period within 20 years; however, effective from the six months ended September 30, 2016, the said sub-group has been changed to a sub-group consisting of all general insurance policies due to recent increase in policy reserves for the contracts with a remaining period of more than 20 years. The change has no effect on profit or loss.

6. Securities lent under lending agreements in the amount of ¥3,022,014 million were included in "Securities" in the consolidated balance sheets as of September 30, 2016.

7. There were no bankrupt loans, non-interest accrual loans, past due loans for three months or more or restructured loans as of September 30, 2016. Definitions for each of the respective loans are as follows:

Bankrupt loans refer to non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3-(a) to (e) and Item 4 of the Order for Enforcement of the Corporation Tax Act (Order No. 97 in 1965). Interest accruals of such loans are suspended since the principal or interest on such loans is unlikely to be collected due to delinquency in payments for them for a considerable period of time or other reasons.

Non-interest accrual loans are those loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their business.

Past due loans for three months or more are loans for which principal or interest payments are delinquent for three months or more under the term of the loans from the day following the contractual due date, excluding those classified as bankrupt loans and non-accrual loans.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, postponement of principal or interest payments, debt waiver or other arrangements, have been made for the purpose of assisting and supporting the borrowers in the restructuring of their business. This category excludes loans classified as bankrupt loans, non-interest accrual loans and past due loans for three months or more.

8. Accumulated depreciation for tangible fixed assets as of September 30, 2016 was ¥67,560 million.

9. Changes in reserve for policyholder dividends for the six months ended September 30, 2016 were as follows:

a.	Balance at the beginning of the fiscal year	¥1,936,494 million
b.	Policyholder dividends paid during the six months ended September 30, 2016	¥159,871 million
c.	Interest accrual	¥17 million
d.	Reduction due to the acquisition of additional annuity	¥149 million
e.	Provision for reserve for policyholder dividends	¥77,989 million
f.	Balance at the end of the six months ended September 30, 2016	¥1,854,481 million

10. Assets pledged as collateral consisted of the following:

Securities ¥3,022,014 million

Liabilities corresponding to assets pledged as collateral consisted of the following:

Payables under securities lending transactions ¥3,681,831 million

All of the above securities were pledged as collateral for securities lending transactions with cash collateral.

In addition to the above, the following has been pledged as collateral for the transactions such as exchange settlements.

Securities ¥726 million

11. Reserve for outstanding claims for reinsured part defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter referred to as "reserve for outstanding claims-ceded"), as of September 30, 2016 was ¥276 million. Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance (hereinafter referred to as "policy reserves-ceded"), as of September 30, 2016 was ¥649 million.

12. Net assets per share were ¥2,972.10.

The Company established a Board Benefit Trust (BBT) from the six months ended September 30, 2016, whereby shares of the Company held in trust, which was recorded as treasury stock under the category of shareholders' equity, were included in treasury stock to be deducted from the calculation of the total number of shares issued at the end of the period, for the purpose of calculating net assets per share.

Total number of treasury stock at the end of the period which were deducted from the calculation of net assets per share for the six months ended September 30, 2016 was 223,600 shares.

13. The Company has the right to sell or pledge securities borrowed under borrowing agreements and securities received as collateral for transactions such as exchange settlements. The fair value of such securities held in hand was ¥3,079,251 million as of September 30, 2016.

14. The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥28,868 million as of September 30, 2016 pursuant to Article 259 of the Insurance Business Act.
    This obligation is recognized as operating expenses when it is made.

15. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Organization, amounted to ¥44,359,279 million and are provided at amounts calculated based on the statement of calculation procedures for the Company's insurance premiums and policy reserves. The amounts calculated based on the foregoing procedures are not less than the amounts calculated based on the statement of calculation procedures for the Postal Life Insurance policy reserves in accordance with the Act on Management Organization for Postal Savings and Postal Life Insurance (Act No. 101 of 2005).
    In addition, contingency reserve and reserve for price fluctuations are provided in the amount of ¥1,925,137 million and ¥613,095 million, respectively, for the category of the reinsurance.

16. "Other liabilities" in the consolidated balance sheet includes ¥51,990 million of deposits from the Management Organization. Deposits from the Management Organization refer to the amounts equivalent to the reserve for outstanding claims and reserve for losses on compensation for damages related to litigation or conciliation of the Management Organization, which was deposited at the time of privatization based on the outsourcing agreements with the Management Organization for the administrative operation of the Postal Life Insurance Policy.

(Notes to the Unaudited Consolidated Statement of Income)

1. The amount of reversal of reserve for outstanding claims-ceded that is deducted to the calculation of reversal of reserve for outstanding claims for the six months ended September 30, 2016 was ¥38 million. The amount of provision for policy reserves-ceded that is added to the calculation of reversal of policy reserves for the six months ended September 30, 2016 was ¥91 million.

2. Net income per share was ¥70.90.
    The Company established a Board Benefit Trust (BBT) from the six months ended September 30, 2016, whereby shares of the Company held in trust, which was recorded as treasury stock under the category of shareholders' equity, were included in treasury stock to be deducted from the calculation of the average number of shares during the period, for the purpose of calculating net income per share.
    Average number of treasury stock during the period which were deducted from the calculation of net income per share for the six months ended September 30, 2016 was 168,129 shares.

3. Insurance premiums assumed based on reinsurance contracts with the Management Organization included in insurance premiums and others for the six months ended September 30, 2016 were ¥534,645 million.

4. Insurance claims based on reinsurance contracts with the Management Organization included in insurance claims for the six months ended September 30, 2016 were ¥3,250,282 million.

5. Provision for reserve for policyholder dividends, which is provided for the Management Organization based on gains or losses and others arising in the category of the reinsurance due to the reinsurance contracts with the Management Organization, was ¥75,508 million for the six months ended September 30, 2016.

(Notes to the Unaudited Consolidated Statement of Cash Flows)

1. Scope of Cash and Cash Equivalents
   Cash and cash equivalents consists of "Cash and deposits" in the consolidated balance sheet.

2. The reconciliation of cash and cash equivalents in the consolidated statement of cash flows to cash and deposits in the consolidated balance sheet as of September 30, 2016 was as follows:

Cash and deposits	¥1,352,159 million
Cash and cash equivalents	¥1,352,159 million

(Notes to the Unaudited Consolidated Statement of Changes in Net Assets)

1. Type and Number of Shares Issued and Treasury Stock

(Thousands of shares)

	April 1, 2016	Increase	Decrease	September 30, 2016
Shares issued				
Common stock	600,000	-	-	600,000
Treasury stock				
Common stock	-	228	5	223

(*1) Number of treasury stock at the end of the six months ended September 30, 2016 was 223,000 shares of the Company held in the BBT.
(*2) The increase of 228,000 shares in the number of treasury stock is attributable to purchases by the BBT.
(*3) The decrease of 5,000 shares in the number of treasury stock is attributable to the granting of shares via the BBT.

2. Stock Acquisition Rights Including Those Owned by the Company
   Not applicable.

3. Information on Dividends
   Dividends Paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors' meeting held on May 13, 2016	Common stock	33,600	56.00	March 31, 2016	June 23, 2016

(7) Consolidated Solvency Margin Ratio

(Millions of yen)

As of		March 31, 2016	September 30, 2016
Total amount of solvency margin	(A)	5,547,846	5,389,079
Capital stock, etc.		1,438,806	1,469,794
Reserve for price fluctuations		782,268	752,641
Contingency reserve		2,374,846	2,314,244
Catastrophe loss reserve		-	-
General reserve for possible loan losses		71	67
(Net unrealized gains (losses) on available-for-sale securities (before taxes) ・ Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)		505,374	369,066
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		(3,474)	(115)
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)		6,975	6,661
Excess of continued Zillmerized reserve		442,977	476,584
Capital raised through debt financing		-	-
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin		-	-
Deductions		-	-
Other		-	135
Total amount of risk $\sqrt{(\sqrt{R_1^2+R_5^2}+R_8+R_9)^2+(R_2+R_3+R_7)^2}+R_4+R_6$	(B)	706,591	739,234
Insurance risk	R_1	159,046	156,262
General insurance risk	R_5	-	-
Catastrophe risk	R_6	-	-
Underwriting risk of third-sector insurance	R_8	78,262	73,569
Small amount and short-term insurance risk	R_9	-	-
Anticipated yield risk	R_2	170,717	165,405
Minimum guarantee risk	R_7	-	-
Investment risk	R_3	476,029	517,950
Business management risk	R_4	17,681	18,263
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$		1,570.3%	1,458.0%

Note: These figures are calculated based on the provisions set forth in the public notification No. 23 issued by the Financial Services Agency in 2011 and Articles 86-2 and 88 of the Ordinance for Enforcement of the Insurance Business Act.

(8) Segment Information

Segment information is omitted as the Company has only one segment.