

UNOFFICIAL TRANSLATION

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August 10, 2022
JAPAN POST INSURANCE Co., Ltd.

**Announcement of Financial Results for
the Three Months Ended June 30, 2022**

JAPAN POST INSURANCE Co., Ltd. (the “Company”; SENDA Tetsuya, Director and President, CEO, Representative Executive Officer) hereby announces its financial results for the three months ended June 30, 2022 (April 1, 2022 to June 30, 2022).

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1. Business Highlights

(1) Policies in Force and New Policies

▪ Policies in Force

(Thousands of policies, billions of yen, %)

As of	March 31, 2022		June 30, 2022			
	Number of policies	Policy amount	Number of policies		Policy amount	
				% of March 31, 2022 total		% of March 31, 2022 total
Individual insurance	14,740	42,283.8	14,463	98.1	41,393.2	97.9
Individual annuities	850	1,242.7	796	93.6	1,169.6	94.1
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) the amount of policy reserves for the annuity after payments have commenced.

▪ New Policies

(Thousands of policies, billions of yen, %)

Three months ended June 30	2021				2022					
	Number of policies	Policy amount			Number of policies		Policy amount			
		New policies	Net increase by conversion			% of June 30, 2021 total	% of June 30, 2021 total	New policies	Net increase by conversion	
Individual insurance	41	140.7	140.6	0.0	70	170.4	200.4	142.4	200.4	0.0
Individual annuities	0	0.0	0.0	-	0	287.5	0.1	238.5	0.1	-
Group insurance	-	-	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-	-	-

Notes: 1. Number of policies includes policies after conversion.

2. 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, 2022	June 30, 2022	
			% of March 31, 2022 total
Individual insurance	2,584.3	2,522.7	97.6
Individual annuities	301.8	282.9	93.7
Total	2,886.2	2,805.7	97.2
Medical coverage, living benefits and other	339.8	334.4	98.4

▪ New Policies

(Billions of yen, %)

Three months ended June 30	2021	2022	
			% of June 30, 2021 total
Individual insurance	11.6	16.6	142.0
Individual annuities	0.0	0.0	220.7
Total	11.7	16.6	142.1
Medical coverage, living benefits and other	0.4	1.2	257.8

- 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. New policies include net increase by conversion.

2. Investment Performance (General Account)

(1) Asset Composition

(Billions of yen, %)

As of	March 31, 2022		June 30, 2022	
	Amount	Ratio	Amount	Ratio
Cash, deposits, call loans	1,305.0	1.9	814.5	1.2
Receivables under resale agreements	2,120.1	3.2	1,673.6	2.6
Receivables under securities borrowing transactions	-	-	-	-
Monetary claims bought	39.5	0.1	38.8	0.1
Trading account securities	-	-	-	-
Money held in trust	4,521.9	6.7	4,619.0	7.1
Securities	53,418.5	79.5	52,529.8	80.2
Corporate and government bonds	46,747.9	69.6	46,087.3	70.4
Domestic stocks	425.5	0.6	405.8	0.6
Foreign securities	4,332.5	6.4	4,252.4	6.5
Foreign corporate and government bonds	4,181.5	6.2	4,095.6	6.3
Foreign stocks and other securities	150.9	0.2	156.7	0.2
Other securities	1,912.5	2.8	1,784.2	2.7
Loans	4,251.9	6.3	4,223.0	6.4
Real estate	80.5	0.1	80.0	0.1
Deferred tax assets	1,005.3	1.5	1,049.6	1.6
Other	432.1	0.6	471.9	0.7
Reserve for possible loan losses	(0.3)	(0.0)	(0.4)	(0.0)
Total	67,174.8	100.0	65,500.2	100.0
Foreign currency-denominated assets	5,466.7	8.1	5,644.3	8.6

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

(2) Fair Value Information of Securities (Other Than Trading Securities)

(Billions of yen)

As of	March 31, 2022					June 30, 2022						
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)				
					Gains			Losses			Gains	Losses
			Gains	Losses					Gains	Losses		
Held-to-maturity bonds	34,126.2	38,143.1	4,016.9	4,218.5	201.6	33,700.3	36,864.2	3,163.9	3,639.6	475.7		
Policy-reserve-matching bonds	8,604.7	9,106.0	501.2	593.1	91.8	8,558.2	8,869.6	311.3	527.5	216.1		
Equities of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-		
Available-for-sale securities	13,658.4	14,812.6	1,154.2	1,424.2	269.9	13,970.0	15,029.7	1,059.6	1,627.9	568.3		
Corporate and government bonds	4,043.7	4,016.9	(26.7)	19.4	46.1	3,946.5	3,828.7	(117.8)	14.0	131.8		
Domestic stocks	1,853.5	2,614.5	761.0	819.8	58.8	1,874.8	2,534.8	660.0	716.1	56.1		
Foreign securities	4,809.4	5,208.6	399.2	487.1	87.9	5,340.3	5,917.7	577.3	794.0	216.6		
Foreign corporate and government bonds	4,096.2	4,181.5	85.2	170.7	85.4	4,098.9	4,095.6	(3.2)	208.4	211.6		
Foreign stocks and other securities	713.2	1,027.1	313.9	316.4	2.5	1,241.4	1,822.0	580.5	585.5	5.0		
Other securities	2,508.3	2,527.9	19.6	96.5	76.9	2,455.3	2,394.5	(60.7)	102.8	163.6		
Monetary claims bought	38.3	39.5	1.1	1.1	-	37.9	38.8	0.9	0.9	-		
Negotiable certificates of deposit	405.0	405.0	-	-	-	315.0	315.0	-	-	-		
Other	-	-	-	-	-	-	-	-	-	-		
Total	56,389.4	62,061.9	5,672.4	6,235.8	563.3	56,228.6	60,763.6	4,535.0	5,795.1	1,260.1		
Corporate and government bonds	46,774.6	51,266.1	4,491.4	4,831.0	339.5	46,205.1	49,562.6	3,357.5	4,181.2	823.7		
Domestic stocks	1,853.5	2,614.5	761.0	819.8	58.8	1,874.8	2,534.8	660.0	716.1	56.1		
Foreign securities	4,809.4	5,208.6	399.2	487.1	87.9	5,340.3	5,917.7	577.3	794.0	216.6		
Foreign corporate and government bonds	4,096.2	4,181.5	85.2	170.7	85.4	4,098.9	4,095.6	(3.2)	208.4	211.6		
Foreign stocks and other securities	713.2	1,027.1	313.9	316.4	2.5	1,241.4	1,822.0	580.5	585.5	5.0		
Other securities	2,508.3	2,527.9	19.6	96.5	76.9	2,455.3	2,394.5	(60.7)	102.8	163.6		
Monetary claims bought	38.3	39.5	1.1	1.1	-	37.9	38.8	0.9	0.9	-		
Negotiable certificates of deposit	405.0	405.0	-	-	-	315.0	315.0	-	-	-		
Other	-	-	-	-	-	-	-	-	-	-		

- Notes: 1. This table includes money held in trust other than trading securities and its book value is ¥2,682.2 billion with net unrealized gains of ¥1,026.6 billion as of March 31, 2022 and ¥3,224.1 billion with net unrealized gains of ¥1,211.6 billion as of June 30, 2022.
2. Stocks, etc. with no market price and investments in partnerships are not included in this table.

The book values of stocks, etc. with no market price and investments in partnerships are as follows:

(Billions of yen)

As of	March 31, 2022	June 30, 2022
Equities of subsidiaries and affiliates	24.0	26.9
Available-for-sale securities	635.2	81.5
Domestic stocks	4.2	4.2
Foreign stocks	-	-
Other	630.9	77.2
Total	659.3	108.4

Notes: 1. This table includes money held in trust other than trading securities (¥630.9 billion as of March 31, 2022 and ¥77.2 billion as of June 30, 2022).
2. Net unrealized gains (losses) based on foreign exchange valuation of the foreign currency-denominated assets classified as stocks, etc. with no market price and investments in partnerships are ¥51.8 billion as of March 31, 2022.

Note: Fair value information of securities includes the handling of securities under the Financial Instruments and Exchange Act.

(3) Fair Value of Money Held in Trust

(Billions of yen)

As of	March 31, 2022					June 30, 2022				
	Balance sheet amount	Fair value	Net unrealized gains (losses)			Balance sheet amount	Fair value	Net unrealized gains (losses)		
			Gains	Losses				Gains	Losses	
Money held in trust	3,820.4	3,820.4	-	-	-	4,538.8	4,538.8	-	-	-

- 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, 2022					June 30, 2022				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)		
			Gains	Losses				Gains	Losses	
Assets held-to-maturity in trust	-	-	-	-	-	-	-	-	-	-
Assets held for reserves in trust	-	-	-	-	-	-	-	-	-	-
Other money held in trust	2,793.7	3,820.4	1,026.6	1,100.9	74.2	3,327.1	4,538.8	1,211.6	1,288.7	77.0

Note: Other money held in trust, which is not subject to fair value disclosure, is ¥701.4 billion as of March 31, 2022 and ¥80.2 billion as of June 30, 2022.

3. Unaudited Non-Consolidated Balance Sheets

(Millions of yen)

Items	Term	As of March 31, 2022	As of June 30, 2022
		Amount	Amount
ASSETS:			
Cash and deposits		1,265,070	774,578
Call loans		40,000	40,000
Receivables under resale agreements		2,120,137	1,673,688
Monetary claims bought		39,543	38,869
Money held in trust		4,521,912	4,619,070
Securities		53,418,564	52,529,848
[Japanese government bonds]		[37,408,974]	[37,383,434]
[Japanese local government bonds]		[4,472,466]	[4,011,206]
[Japanese corporate bonds]		[4,866,504]	[4,692,669]
[Stocks]		[425,553]	[405,825]
[Foreign securities]		[4,332,519]	[4,252,439]
Loans		4,251,956	4,223,035
Policy loans		140,980	134,886
Industrial and commercial loans		965,872	954,788
Loans to the Management Network		3,145,103	3,133,361
Tangible fixed assets		94,165	93,997
Intangible fixed assets		98,291	93,466
Agency accounts receivable		47,287	38,235
Reinsurance receivables		3,914	4,287
Other assets		269,025	322,015
Deferred tax assets		1,005,357	1,049,621
Reserve for possible loan losses		(379)	(494)
Total assets		67,174,848	65,500,220
LIABILITIES:			
Policy reserves and others		58,196,072	57,393,238
Reserve for outstanding claims		402,608	387,497
Policy reserves		56,533,454	55,773,936
Reserve for policyholder dividends		1,260,009	1,231,805
Reinsurance payables		6,256	6,178
Bonds payable		300,000	300,000
Other liabilities		5,210,469	4,475,471
Payables under repurchase agreements		2,570,899	2,012,290
Payables under securities lending transactions		2,236,696	2,128,559
Income taxes payable		39,068	8,862
Lease obligations		2,734	3,584
Other liabilities		361,071	322,174
Reserve for employees' retirement benefits		70,470	71,287
Reserve for management board benefit trust		230	256
Reserve for price fluctuations		972,606	946,178
Total liabilities		64,756,105	63,192,611
NET ASSETS:			
Capital stock		500,000	500,000
Capital surplus		405,044	405,044
Legal capital surplus		405,044	405,044
Retained earnings		640,289	633,610
Legal retained earnings		76,909	80,506
Other retained earnings		563,379	553,103
Reserve for reduction entry of real estate		5,026	4,962
Retained earnings brought forward		558,353	548,141
Treasury stock		(355)	(1,094)
Total shareholders' equity		1,544,978	1,537,560
Net unrealized gains (losses) on available-for-sale securities		873,764	770,048
Total valuation and translation adjustments		873,764	770,048
Total net assets		2,418,743	2,307,608
Total liabilities and net assets		67,174,848	65,500,220

4. Unaudited Non-Consolidated Statements of Income

(Millions of yen)

Term Items	Three months ended	Three months ended
	June 30, 2021	June 30, 2022
	Amount	Amount
ORDINARY INCOME	1,665,101	1,608,948
Insurance premiums and others	644,021	576,947
[Insurance premiums]	[640,179]	[572,673]
Investment income	280,978	255,889
[Interest and dividend income]	[252,435]	[237,737]
[Gains on money held in trust]	[25,912]	[8,354]
[Gains on sales of securities]	[2,325]	[9,424]
Other ordinary income	740,102	776,111
[Reversal of reserve for outstanding claims]	[3,465]	[15,111]
[Reversal of policy reserves]	[736,158]	[759,518]
ORDINARY EXPENSES	1,573,434	1,595,862
Insurance claims and others	1,437,805	1,421,999
[Insurance claims]	[1,165,498]	[1,155,445]
[Annuity payments]	[84,194]	[73,056]
[Benefits]	[31,452]	[47,690]
[Surrender benefits]	[118,729]	[118,931]
[Other refunds]	[32,329]	[21,449]
Provision for policy reserves and others	2	2
Provision for interest on policyholder dividends	2	2
Investment expenses	13,820	42,738
[Interest expenses]	[696]	[501]
[Losses on sales of securities]	[7,863]	[27,119]
[Losses on valuation of securities]	[-]	[11,406]
[Losses on derivative financial instruments]	[2,392]	[2,438]
Operating expenses	94,290	110,642
Other ordinary expenses	27,515	20,479
ORDINARY PROFIT	91,667	13,085
EXTRAORDINARY GAINS	-	26,428
Reversal of reserve for price fluctuations	-	26,428
EXTRAORDINARY LOSSES	18,925	2
Losses on sales and disposal of fixed assets	2	2
Provision for reserve for price fluctuations	18,923	-
Provision for reserve for policyholder dividends	15,404	11,533
Income before income taxes	57,337	27,978
Income taxes - Current	28,486	19,395
Income taxes - Deferred	(12,040)	(2,724)
Total income taxes	16,445	16,671
Net income	40,891	11,306

NOTES TO THE UNAUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE THREE MONTHS ENDED JUNE 30, 2022

(Notes to the Unaudited Non-Consolidated Balance Sheet and Notes Related to Changes in Net Assets)

1. Changes in Accounting Policies

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (Accounting Standards Board of Japan (“ASBJ”) Guidance No. 31, June 17, 2021; hereinafter referred to as “Fair Value Measurement Implementation Guidance”) from the beginning of the first quarter of the fiscal year ending March 31, 2023. In accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance, the Company decided to apply a new accounting policy prescribed in the Fair Value Measurement Implementation Guidance into the future. Accordingly, while the moving-average method was previously adopted for mutual funds with no transaction price on the market, from the first quarter of the fiscal year ending March 31, 2023, the fair value method based on the market price as of the quarterly non-consolidated balance sheet date is adopted.

2. Securities lent under lending agreements in the amount of ¥2,966,061 million were included in “Securities” in the balance sheet as of June 30, 2022.

3. Changes in reserve for policyholder dividends for the three months ended June 30, 2022 were as follows:

Balance at the beginning of the three months ended June 30, 2022	¥1,260,009 million
Policyholder dividends paid during the three months ended June 30, 2022	¥39,693 million
Interest accrual	¥2 million
Reduction due to the acquisition of additional annuity	¥46 million
Provision for reserve for policyholder dividends	¥11,533 million
Balance at the end of the three months ended June 30, 2022	¥1,231,805 million

4. Information on dividends was as follows:

(1) Dividends paid

Resolution	Class of shares	Total amount (Millions of yen)	Per share amount (Yen)	Record date	Effective date	Source of dividends
Board of Directors’ meeting held on May 13, 2022	Common stock	17,985	45.00	March 31, 2022	June 16, 2022	Retained earnings

(*) Total amount of dividends includes ¥6 million of dividends paid to shares of the Company held in the Board Benefit Trust (BBT).

(2) Dividends whose effective date falls after the end of the three months ended June 30, 2022

Not applicable.

5. Notes to subsequent events are as follows:

(Acquisition of Treasury Stock)

The Company resolved matters related to the acquisition of its treasury stock based on Article 39, Paragraph 1 of the Company's Articles of Incorporation complying with Article 459, Paragraph 1, Item 1 of the Companies Act at a meeting of the Board of Directors held on August 10, 2022.

(1) Reason for the acquisition of treasury stock

The Company's shareholder return policies during the period of the Medium-term Management Plan aim for a medium-term average total payout ratio of 40 to 50%, through acquisition of treasury stock and other timely measures. Accordingly, the Company will consider acquiring treasury stock assuming that the total payout ratio for the fiscal year ended March 31, 2022 will be approximately 45% of the Company's profit for such fiscal year.

The acquisition of treasury stock will be conducted with the aim of improving capital efficiency and enhancing shareholder returns in accordance with the intent of the Postal Service Privatization Act and the Company's shareholder return policies above.

(2) Details of the acquisition

- | | |
|--|--|
| 1) Class of shares to be acquired | Common stock of the Company |
| 2) Total number of shares to be acquired | 30,000,000 shares (maximum)
(The ratio of the total number of shares to be acquired to the total number of shares issued (excluding treasury stock): 7.5%) |
| 3) Total amount of shares to be acquired | 35,000,000,000 yen (maximum) |
| 4) Acquisition period | From August 12, 2022 to March 31, 2023 |
| 5) Method of acquisition | Purchases through the Off-auction Own Share Repurchase Trading system (ToSTNeT-3) and trading on the auction market of the Tokyo Stock Exchange, Inc. |
| 6) | In addition to the matters described above, any matters required for the acquisition of treasury stock shall be determined at the sole discretion of the President, CEO, Representative Executive Officer of the Company or a person appointed by the President, CEO, Representative Executive Officer of the Company. |

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

Net income per share for the three months ended June 30, 2022 was ¥28.31.

5. Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

Three months ended June 30		2021	2022
Core profit	A	100,074	62,200
Capital gains		30,739	19,165
Gains on money held in trust		25,912	8,354
Gains on trading securities		-	-
Gains on sales of securities		2,325	9,424
Gains on derivative financial instruments		-	-
Gains on foreign exchanges		51	-
Other capital gains		2,449	1,386
Capital losses		25,357	60,228
Losses on money held in trust		-	-
Losses on trading securities		-	-
Losses on sales of securities		7,863	27,119
Losses on valuation of securities		-	11,406
Losses on derivative financial instruments		2,392	2,438
Losses on foreign exchanges		-	75
Other capital losses		15,101	19,189
Net capital gains (losses)	B	5,382	(41,063)
Core profit including net capital gains (losses)	A+B	105,456	21,136
Other one-time gains		-	-
Reinsurance income		-	-
Reversal of contingency reserve		-	-
Reversal of specific reserve for possible loan losses		-	-
Other		-	-
Other one-time losses		13,788	8,050
Reinsurance premiums		-	-
Provision for contingency reserve		13,788	8,050
Provision for specific reserve for possible loan losses		-	-
Provision for reserve for specific foreign loans		-	-
Write-off of loans		-	-
Other		-	-
Other one-time profits (losses)	C	(13,788)	(8,050)
Ordinary profit	A+B+C	91,667	13,085

Note: From the perspective of reflecting the economic situation and encouraging consistency in the handling among companies, partial amendments (including costs for hedging currency fluctuations in the calculation of core profit and excluding gains on cancellation of mutual funds from the calculation) have been made to the calculation method for core profit, and the Company has applied these changes from the first quarter of the fiscal year ending March 31, 2023.

These figures for 2021 are calculated by applying the calculation method for 2022 to 2021.

(Reference) Breakdown of Other Items

(Millions of yen)

Three months ended June 30	2021	2022
Impact on core profit	12,651	17,802
Gains on cancellation of mutual funds	(8)	(50)
Amount equivalent to income gains associated with money held in trust	15,101	19,189
Costs for hedging currency fluctuations	(2,441)	(1,336)
Other capital gains	2,449	1,386
Gains on cancellation of mutual funds	8	50
Amount equivalent to income gains associated with money held in trust	-	-
Costs for hedging currency fluctuations	2,441	1,336
Other capital losses	15,101	19,189
Amount equivalent to income gains associated with money held in trust	15,101	19,189
Costs for hedging currency fluctuations	-	-
Other one-time losses – Other	-	-
Provision for additional policy reserves	-	-

**(Reference) Breakdown of Ordinary Profit According to the Standard before Amendments
(Core Profit)**

		(Millions of yen)
Three months ended June 30		2021
Core profit	A	102,523
Capital gains		28,289
Gains on money held in trust		25,912
Gains on trading securities		-
Gains on sales of securities		2,325
Gains on derivative financial instruments		-
Gains on foreign exchanges		51
Other capital gains		-
Capital losses		25,357
Losses on money held in trust		-
Losses on trading securities		-
Losses on sales of securities		7,863
Losses on valuation of securities		-
Losses on derivative financial instruments		2,392
Losses on foreign exchanges		-
Other capital losses		15,101
Net capital gains (losses)	B	2,932
Core profit including net capital gains (losses)	A+B	105,456
Other one-time gains		-
Reinsurance income		-
Reversal of contingency reserve		-
Reversal of specific reserve for possible loan losses		-
Other		-
Other one-time losses		13,788
Reinsurance premiums		-
Provision for contingency reserve		13,788
Provision for specific reserve for possible loan losses		-
Provision for reserve for specific foreign loans		-
Write-off of loans		-
Other		-
Other one-time profits (losses)	C	(13,788)
Ordinary profit	A+B+C	91,667

Note: These figures are based on the calculation method used in the fiscal year ended March 31, 2022.

(Reference) Breakdown of Other Items According to the Standard before Amendments

Three months ended June 30		(Millions of yen)
		2021
Impact on core profit		15,101
	Amount equivalent to income gains associated with money held in trust	15,101
Other capital gains		-
	Amount equivalent to income gains associated with money held in trust	-
Other capital losses		15,101
	Amount equivalent to income gains associated with money held in trust	15,101
Other one-time losses – Other		-
	Provision for additional policy reserves	-

6. Solvency Margin Ratio

(Millions of yen)

As of		March 31, 2022	June 30, 2022
Total amount of solvency margin	(A)	5,878,221	5,719,386
Capital stock, etc.		1,526,993	1,530,815
Reserve for price fluctuations		972,606	946,178
Contingency reserve		1,690,994	1,699,045
General reserve for possible loan losses		32	35
(Net unrealized gains (losses) on available-for-sale securities (before taxes) • Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)		1,086,306	955,576
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		1,809	1,809
Excess of continued Zillmerized reserve		299,478	285,706
Capital raised through debt financing		300,000	300,000
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin		-	-
Deductions		-	-
Other		-	219
Total amount of risk	(B)	1,127,788	1,123,857
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$			
Insurance risk	R ₁	125,154	123,686
Underwriting risk of third-sector insurance	R ₈	44,708	43,639
Anticipated yield risk	R ₂	125,089	123,457
Minimum guarantee risk	R ₇	-	-
Investment risk	R ₃	964,350	962,518
Business management risk	R ₄	25,186	25,066
Solvency margin ratio			
$\frac{(A)}{(1/2) \times (B)} \times 100$		1,042.4 %	1,017.8 %

Note: These figures are calculated based on the provisions set forth in the Public Notice 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. However, figures for certain items are calculated based on methods deemed reasonable by the Company according to the provisions of the Ordinance for Enforcement of the Insurance Business Act, etc.

7. Separate Account for the Three Months Ended June 30, 2022

Not applicable.

8. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(Millions of yen)

Three months ended June 30	2021	2022
Ordinary income	1,665,111	1,608,948
Ordinary profit	92,077	13,450
Net income attributable to Japan Post Insurance	41,215	11,630
Comprehensive income (loss)	136,315	(92,204)

As of	March 31, 2022	June 30, 2022
Total assets	67,174,796	65,502,522
Consolidated solvency margin ratio	1,045.5 %	1,021.0 %

(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
- Changes in significant subsidiaries during the period: None

(3) Unaudited Consolidated Balance Sheets

(Millions of yen)

Items	Term	As of March 31, 2022	As of June 30, 2022
		Amount	Amount
ASSETS:			
Cash and deposits		1,270,762	781,458
Call loans		40,000	40,000
Receivables under resale agreements		2,120,137	1,673,688
Monetary claims bought		39,543	38,869
Money held in trust		4,521,912	4,619,070
Securities		53,417,580	52,528,864
Loans		4,251,956	4,223,035
Tangible fixed assets		94,497	94,316
Intangible fixed assets		93,609	89,802
Agency accounts receivable		47,287	38,235
Reinsurance receivables		3,914	4,287
Other assets		268,626	321,772
Deferred tax assets		1,005,346	1,049,616
Reserve for possible loan losses		(379)	(494)
Total assets		67,174,796	65,502,522
LIABILITIES:			
Policy reserves and others		58,196,072	57,393,238
Reserve for outstanding claims		402,608	387,497
Policy reserves		56,533,454	55,773,936
Reserve for policyholder dividends		1,260,009	1,231,805
Reinsurance payables		6,256	6,178
Bonds payable		300,000	300,000
Payables under repurchase agreements		2,570,899	2,012,290
Payables under securities lending transactions		2,236,696	2,128,559
Other liabilities		402,658	336,353
Liability for retirement benefits		68,313	69,331
Reserve for management board benefit trust		230	256
Reserve for price fluctuations		972,606	946,178
Total liabilities		64,753,732	63,192,388
NET ASSETS:			
Capital stock		500,000	500,000
Capital surplus		405,044	405,044
Retained earnings		639,822	633,467
Treasury stock		(355)	(1,094)
Total shareholders' equity		1,544,511	1,537,417
Net unrealized gains (losses) on available-for-sale securities		873,764	770,048
Accumulated adjustments for retirement benefits		2,786	2,667
Total accumulated other comprehensive income		876,551	772,716
Total net assets		2,421,063	2,310,133
Total liabilities and net assets		67,174,796	65,502,522

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

(Unaudited Consolidated Statements of Income)

(Millions of yen)

Term Items	Three months ended	Three months ended
	June 30, 2021	June 30, 2022
	Amount	Amount
ORDINARY INCOME	1,665,111	1,608,948
Insurance premiums and others	644,021	576,947
Investment income	280,978	255,889
[Interest and dividend income]	[252,435]	[237,737]
[Gains on money held in trust]	[25,912]	[8,354]
[Gains on sales of securities]	[2,325]	[9,424]
Other ordinary income	740,111	776,111
[Reversal of reserve for outstanding claims]	[3,465]	[15,111]
[Reversal of policy reserves]	[736,158]	[759,518]
ORDINARY EXPENSES	1,573,034	1,595,498
Insurance claims and others	1,437,805	1,421,999
[Insurance claims]	[1,165,498]	[1,155,445]
[Annuity payments]	[84,194]	[73,056]
[Benefits]	[31,452]	[47,690]
[Surrender benefits]	[118,729]	[118,931]
Provision for policy reserves and others	2	2
Provision for interest on policyholder dividends	2	2
Investment expenses	13,820	42,739
[Interest expenses]	[696]	[501]
[Losses on sales of securities]	[7,863]	[27,119]
[Losses on valuation of securities]	[-]	[11,406]
[Losses on derivative financial instruments]	[2,392]	[2,438]
Operating expenses	94,314	110,642
Other ordinary expenses	27,090	20,115
ORDINARY PROFIT	92,077	13,450
EXTRAORDINARY GAINS	-	26,428
Reversal of reserve for price fluctuations	-	26,428
EXTRAORDINARY LOSSES	18,925	2
Losses on sales and disposal of fixed assets	2	2
Provision for reserve for price fluctuations	18,923	-
Provision for reserve for policyholder dividends	15,404	11,533
Income before income taxes	57,746	28,342
Income taxes - Current	28,486	19,395
Income taxes - Deferred	(11,955)	(2,684)
Total income taxes	16,531	16,711
Net income	41,215	11,630
Net income attributable to non-controlling interests	-	-
Net income attributable to Japan Post Insurance	41,215	11,630

(Unaudited Consolidated Statements of Comprehensive Income)

(Millions of yen)

Term Items	Three months ended	Three months ended
	June 30, 2021	June 30, 2022
	Amount	Amount
Net income	41,215	11,630
Other comprehensive income (loss)	95,100	(103,835)
Net unrealized gains (losses) on available-for-sale securities	95,268	(103,716)
Net deferred gains (losses) on hedges	(42)	-
Adjustments for retirement benefits	(125)	(118)
Total comprehensive income (loss)	136,315	(92,204)
Comprehensive income (loss) attributable to Japan Post Insurance	136,315	(92,204)
Comprehensive income (loss) attributable to non-controlling interests	-	-

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE THREE MONTHS ENDED JUNE 30, 2022

(Notes to the Unaudited Consolidated Balance Sheet and Notes Related to Changes in Net Assets)

1. Changes in Accounting Policies

The Company has applied the Fair Value Measurement Implementation Guidance from the beginning of the first quarter of the fiscal year ending March 31, 2023. In accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance, the Company decided to apply a new accounting policy prescribed in the Fair Value Measurement Implementation Guidance into the future. Accordingly, while the moving-average method was previously adopted for mutual funds with no transaction price on the market, from the first quarter of the fiscal year ending March 31, 2023, the fair value method based on the market price as of the quarterly consolidated balance sheet date is adopted.

2. Securities lent under lending agreements in the amount of ¥2,966,061 million were included in “Securities” in the consolidated balance sheet as of June 30, 2022.

3. Changes in reserve for policyholder dividends for the three months ended June 30, 2022 were as follows:

Balance at the beginning of the three months ended June 30, 2022	¥1,260,009 million
Policyholder dividends paid during the three months ended June 30, 2022	¥39,693 million
Interest accrual	¥2 million
Reduction due to the acquisition of additional annuity	¥46 million
Provision for reserve for policyholder dividends	¥11,533 million
Balance at the end of the three months ended June 30, 2022	¥1,231,805 million

4. Information on dividends was as follows:

(1) Dividends paid

Resolution	Class of shares	Total amount (Millions of yen)	Per share amount (Yen)	Record date	Effective date	Source of dividends
Board of Directors' meeting held on May 13, 2022	Common stock	17,985	45.00	March 31, 2022	June 16, 2022	Retained earnings

(*) Total amount of dividends includes ¥6 million of dividends paid to shares of the Company held in the Board Benefit Trust (BBT).

(2) Dividends whose effective date falls after the end of the three months ended June 30, 2022

Not applicable.

5. Notes on subsequent events are as follows:

(Acquisition of Treasury Stock)

The Company resolved matters related to the acquisition of its treasury stock based on Article 39, Paragraph 1 of the Company's Articles of Incorporation complying with Article 459, Paragraph 1, Item 1 of the Companies Act at a meeting of the Board of Directors held on August 10, 2022.

(1) Reason for the acquisition of treasury stock

The Company's shareholder return policies during the period of the Medium-term Management Plan aim for a medium-term average total payout ratio of 40 to 50%, through acquisition of treasury stock and other timely measures. Accordingly, the Company will consider acquiring treasury stock assuming that the total payout ratio for the fiscal year ended March 31, 2022 will be approximately 45% of the Company's profit for such fiscal year.

The acquisition of treasury stock will be conducted with the aim of improving capital efficiency and enhancing shareholder returns in accordance with the intent of the Postal Service Privatization Act and the Company's shareholder return policies.

(2) Details of the acquisition

- | | |
|--|--|
| 1) Class of shares to be acquired | Common stock of the Company |
| 2) Total number of shares to be acquired | 30,000,000 shares (maximum)
(The ratio of the total number of shares to be acquired to the total number of shares issued (excluding treasury stock): 7.5%) |
| 3) Total amount of shares to be acquired | 35,000,000,000 yen (maximum) |
| 4) Acquisition period | From August 12, 2022 to March 31, 2023 |
| 5) Method of acquisition | Purchases through the Off-auction Own Share Repurchase Trading system (ToSTNeT-3) and trading on the auction market of the Tokyo Stock Exchange, Inc. |
| 6) | In addition to the matters described above, any matters required for the acquisition of treasury stock shall be determined at the sole discretion of the President, CEO, Representative Executive Officer of the Company or a person appointed by the President, CEO, Representative Executive Officer of the Company. |

(Notes to the Unaudited Consolidated Statement of Income)

1. Net income per share for the three months ended June 30, 2022 was ¥29.12.
2. Depreciation and amortization for the three months ended June 30, 2022 was ¥9,932 million.

(5) Consolidated Solvency Margin Ratio

(Millions of yen)

As of	March 31, 2022	June 30, 2022
Total amount of solvency margin (A)	5,858,523	5,697,020
Capital stock, etc.	1,526,526	1,530,672
Reserve for price fluctuations	972,606	946,178
Contingency reserve	1,690,994	1,699,045
Catastrophe loss reserve	-	-
General reserve for possible loan losses	32	35
(Net unrealized gains (losses) on available-for-sale securities (before taxes) • Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)	1,086,306	955,576
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	1,809	1,809
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)	3,873	3,708
Excess of continued Zillmerized reserve	299,478	285,706
Capital raised through debt financing	300,000	300,000
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin	-	-
Deductions	(23,104)	(25,931)
Other	-	219
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)	1,120,660	1,115,885
Insurance risk R ₁	125,154	123,686
General insurance risk R ₅	-	-
Catastrophe risk R ₆	-	-
Underwriting risk of third-sector insurance R ₈	44,708	43,639
Small amount and short-term insurance risk R ₉	-	-
Anticipated yield risk R ₂	125,089	123,457
Minimum guarantee risk R ₇	-	-
Investment risk R ₃	957,278	954,611
Business management risk R ₄	25,044	24,907
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,045.5 %	1,021.0 %

Note: These figures are calculated based on the provisions set forth in the Public Notice 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. However, figures for certain items are calculated based on methods deemed reasonable by the Company according to the provisions of the Ordinance for Enforcement of the Insurance Business Act, etc.

(6) Segment Information

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