

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.

August 10, 2023
JAPAN POST INSURANCE Co., Ltd.

**Announcement of Financial Results for
the Three Months Ended June 30, 2023**

JAPAN POST INSURANCE Co., Ltd. (the “Company”; TANIGAKI Kunio, Director and President, CEO, Representative Executive Officer) hereby announces its financial results for the three months ended June 30, 2023 (April 1, 2023 to June 30, 2023).

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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, 2023		June 30, 2023			
	Number of policies	Policy amount	Number of policies		Policy amount	
			% of March 31, 2023 Total	% of March 31, 2023 total		
Individual insurance	13,722	38,950.9	13,512	98.5	38,250.3	98.2
Individual annuities	686	972.9	637	92.9	913.0	93.8
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	2022				2023					
	Number of policies	Policy amount			Number of policies		Policy amount			
		New policies	Net increase by conversion		% of June 30, 2022 total	% of June 30, 2022 total	New policies	Net increase by conversion		
Individual insurance	70	200.4	200.4	0.0	126	180.5	314.7	157.0	314.7	0.0
Individual annuities	0	0.1	0.1	-	0	339.1	0.3	313.6	0.3	-
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, 2023	June 30, 2023	
			% of March 31, 2023 total
Individual insurance	2,353.9	2,304.0	97.9
Individual annuities	244.6	227.5	93.0
Total	2,598.6	2,531.5	97.4
Medical coverage, living benefits and other	322.1	318.2	98.8

▪ New Policies

(Billions of yen, %)

Three months ended June 30	2022	2023	
			% of June 30, 2022 total
Individual insurance	16.6	23.0	138.9
Individual annuities	0.0	0.0	343.1
Total	16.6	23.1	139.0
Medical coverage, living benefits and other	1.2	2.5	200.5

- 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. New policies include net increase by conversion.

2. Investment Performance (General Account)

(1) Asset Composition

(Billions of yen, %)

As of	March 31, 2023		June 30, 2023	
	Amount	Ratio	Amount	Ratio
Cash, deposits, call loans	1,468.4	2.3	1,175.1	1.9
Receivables under resale agreements	1,384.7	2.2	1,317.4	2.1
Receivables under securities borrowing transactions	-	-	-	-
Monetary claims bought	47.3	0.1	26.8	0.0
Trading account securities	-	-	-	-
Money held in trust	4,772.3	7.6	5,378.8	8.6
Securities	49,842.4	79.5	49,694.8	79.3
Corporate and government bonds	44,743.7	71.4	44,710.4	71.4
Domestic stocks	410.0	0.7	466.7	0.7
Foreign securities	2,949.2	4.7	2,667.3	4.3
Foreign corporate and government bonds	2,787.1	4.4	2,503.7	4.0
Foreign stocks and other securities	162.1	0.3	163.6	0.3
Other securities	1,739.4	2.8	1,850.2	3.0
Loans	3,605.8	5.8	3,592.2	5.7
Real estate	78.7	0.1	78.0	0.1
Deferred tax assets	1,028.6	1.6	878.8	1.4
Other	456.9	0.7	498.2	0.8
Reserve for possible loan losses	(0.3)	(0.0)	(0.4)	(0.0)
Total	62,685.2	100.0	62,640.1	100.0
Foreign currency-denominated assets	4,343.3	6.9	4,249.3	6.8

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, 2023					June 30, 2023				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)		
				Gains	Losses				Gains	Losses
Held-to-maturity bonds	32,935.5	35,502.3	2,566.8	3,130.5	563.7	32,814.4	35,432.0	2,617.5	3,149.3	531.7
Policy-reserve-matching bonds	8,075.0	8,237.6	162.6	447.6	285.0	8,180.2	8,362.5	182.2	442.9	260.6
Equities of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	12,776.7	13,873.3	1,096.5	1,638.6	542.0	12,629.5	14,309.0	1,679.4	2,168.4	489.0
Corporate and government bonds	3,878.7	3,733.1	(145.5)	11.5	157.0	3,861.9	3,735.7	(126.1)	12.1	138.3
Domestic stocks	1,800.8	2,596.7	795.8	832.0	36.1	1,758.2	2,910.2	1,152.0	1,168.8	16.8
Foreign securities	4,101.2	4,654.3	553.0	725.2	172.1	3,833.0	4,575.7	742.6	887.5	144.9
Foreign corporate and government bonds	2,801.8	2,787.1	(14.7)	155.2	169.9	2,473.8	2,483.7	9.8	153.8	143.9
Foreign stocks and other securities	1,299.4	1,867.1	567.7	569.9	2.2	1,359.2	2,091.9	732.7	733.7	0.9
Other securities	2,424.3	2,316.7	(107.5)	69.0	176.5	2,525.2	2,435.4	(89.8)	99.1	188.9
Monetary claims bought	46.5	47.3	0.7	0.7	-	26.1	26.8	0.7	0.7	-
Negotiable certificates of deposit	525.0	525.0	-	-	-	625.0	625.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	53,787.2	57,613.3	3,826.0	5,216.8	1,390.8	53,624.2	58,103.5	4,479.3	5,760.7	1,281.4
Corporate and government bonds	44,889.2	47,473.1	2,583.8	3,589.7	1,005.8	44,836.5	47,510.3	2,673.7	3,604.4	930.6
Domestic stocks	1,800.8	2,596.7	795.8	832.0	36.1	1,758.2	2,910.2	1,152.0	1,168.8	16.8
Foreign securities	4,101.2	4,654.3	553.0	725.2	172.1	3,853.0	4,595.6	742.5	887.5	145.0
Foreign corporate and government bonds	2,801.8	2,787.1	(14.7)	155.2	169.9	2,493.8	2,503.6	9.8	153.8	144.0
Foreign stocks and other securities	1,299.4	1,867.1	567.7	569.9	2.2	1,359.2	2,091.9	732.7	733.7	0.9
Other securities	2,424.3	2,316.7	(107.5)	69.0	176.5	2,525.2	2,435.4	(89.8)	99.1	188.9
Monetary claims bought	46.5	47.3	0.7	0.7	-	26.1	26.8	0.7	0.7	-
Negotiable certificates of deposit	525.0	525.0	-	-	-	625.0	625.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-

- Notes: 1. This table includes money held in trust other than trading securities and its book value is ¥3,231.8 billion with net unrealized gains of ¥1,295.2 billion as of March 31, 2023 and ¥3,246.3 billion with net unrealized gains of ¥1,775.4 billion as of June 30, 2023.
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, 2023	June 30, 2023
Equities of subsidiaries and affiliates	53.7	60.6
Available-for-sale securities	102.6	103.7
Domestic stocks	4.2	4.2
Foreign stocks	-	-
Other	98.3	99.4
Total	156.3	164.3

Note: This table includes money held in trust other than trading securities (¥98.3 billion as of March 31, 2023 and ¥99.4 billion as of June 30, 2023).

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, 2023					June 30, 2023				
	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	4,672.0	4,672.0	-	-	-	5,273.5	5,273.5	-	-	-

- 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, 2023					June 30, 2023				
	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	3,376.7	4,672.0	1,295.2	1,364.3	69.1	3,498.1	5,273.5	1,775.4	1,828.2	52.7

Note: Other money held in trust, which is not subject to fair value disclosure, is ¥100.2 billion as of March 31, 2023 and ¥105.3 billion as of June 30, 2023.

3. Unaudited Non-Consolidated Balance Sheets

(Millions of yen)

Items	Term	As of March 31, 2023	As of June 30, 2023
		Amount	Amount
ASSETS:			
Cash and deposits		1,428,483	1,135,196
Call loans		40,000	40,000
Receivables under resale agreements		1,384,764	1,317,406
Monetary claims bought		47,345	26,866
Money held in trust		4,772,321	5,378,888
Securities		49,842,478	49,694,858
[Japanese government bonds]		[37,114,603]	[37,260,055]
[Japanese local government bonds]		[3,400,150]	[3,263,216]
[Japanese corporate bonds]		[4,228,952]	[4,187,155]
[Stocks]		[410,088]	[466,799]
[Foreign securities]		[2,949,260]	[2,667,383]
Loans		3,605,832	3,592,274
Policy loans		140,355	141,808
Industrial and commercial loans		916,374	906,555
Loans to the Management Network		2,549,102	2,543,910
Tangible fixed assets		92,429	90,702
Intangible fixed assets		97,347	94,362
Agency accounts receivable		41,307	9,983
Reinsurance receivables		4,049	4,400
Other assets		300,588	376,814
Deferred tax assets		1,028,662	878,864
Reserve for possible loan losses		(379)	(430)
Total assets		62,685,230	62,640,188
LIABILITIES:			
Policy reserves and others		55,103,778	54,364,470
Reserve for outstanding claims		410,387	378,260
Policy reserves		53,518,219	52,830,032
Reserve for policyholder dividends		1,175,171	1,156,177
Reinsurance payables		6,297	6,248
Bonds payable		300,000	300,000
Other liabilities		3,940,404	4,182,794
Payables under repurchase agreements		3,740,688	3,963,428
Income taxes payable		-	7,133
Lease obligations		4,609	4,416
Other liabilities		195,106	207,816
Reserve for employees' retirement benefits		70,806	98,416
Reserve for management board benefit trust		315	244
Reserve for price fluctuations		889,960	887,198
Total liabilities		60,311,562	59,839,374
NET ASSETS:			
Capital stock		500,000	500,000
Capital surplus		405,044	405,044
Legal capital surplus		405,044	405,044
Retained earnings		702,185	671,512
Legal retained earnings		84,089	87,614
Other retained earnings		618,096	583,898
Reserve for reduction entry of real estate		4,767	4,702
Retained earnings brought forward		613,328	579,195
Treasury stock		(36,082)	(1,064)
Total shareholders' equity		1,571,147	1,575,492
Net unrealized gains (losses) on available-for-sale securities		797,912	1,220,613
Net deferred gains (losses) on hedges		4,607	4,707
Total valuation and translation adjustments		802,520	1,225,321
Total net assets		2,373,667	2,800,814
Total liabilities and net assets		62,685,230	62,640,188

4. Unaudited Non-Consolidated Statements of Income

(Millions of yen)

Items	Term	Three months ended June 30, 2022	Three months ended June 30, 2023
		Amount	Amount
ORDINARY INCOME		1,608,948	1,594,981
Insurance premiums and others		576,947	548,411
[Insurance premiums]		[572,673]	[544,134]
Investment income		255,889	324,102
[Interest and dividend income]		[237,737]	[221,065]
[Gains on money held in trust]		[8,354]	[58,482]
[Gains on sales of securities]		[9,424]	[44,507]
Other ordinary income		776,111	722,467
[Reversal of reserve for outstanding claims]		[15,111]	[32,127]
[Reversal of policy reserves]		[759,518]	[688,187]
ORDINARY EXPENSES		1,595,862	1,550,838
Insurance claims and others		1,421,999	1,334,273
[Insurance claims]		[1,155,445]	[1,090,108]
[Annuity payments]		[73,056]	[59,986]
[Benefits]		[47,690]	[50,548]
[Surrender benefits]		[118,931]	[112,184]
[Other refunds]		[21,449]	[16,259]
Provision for policy reserves and others		2	26
Provision for interest on policyholder dividends		2	26
Investment expenses		42,738	88,163
[Interest expenses]		[501]	[1,055]
[Losses on sales of securities]		[27,119]	[60,023]
[Losses on valuation of securities]		[11,406]	[-]
[Losses on derivative financial instruments]		[2,438]	[25,516]
Operating expenses		110,642	108,216
Other ordinary expenses		20,479	20,158
ORDINARY PROFIT		13,085	44,142
EXTRAORDINARY GAINS		26,428	2,761
Reversal of reserve for price fluctuations		26,428	2,761
EXTRAORDINARY LOSSES		2	18
Losses on sales and disposal of fixed assets		2	18
Provision for reserve for policyholder dividends		11,533	15,743
Income before income taxes		27,978	31,141
Income taxes - Current		19,395	21,022
Income taxes - Deferred		(2,724)	(11,836)
Total income taxes		16,671	9,186
Net income		11,306	21,954

NOTES TO THE UNAUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE THREE MONTHS ENDED JUNE 30, 2023

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

- Securities lent under lending agreements in the amount of ¥763,813 million were included in “Securities” in the balance sheet as of June 30, 2023.
- Changes in reserve for policyholder dividends for the three months ended June 30, 2023 were as follows:

Balance at the beginning of the fiscal year	¥1,175,171 million
Policyholder dividends paid during the three months ended June 30, 2023	¥34,735 million
Interest accrual	¥26 million
Reduction due to the acquisition of additional annuity	¥28 million
Provision for reserve for policyholder dividends	¥15,743 million
Balance at the end of the three months ended June 30, 2023	¥1,156,177 million

- 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 15, 2023	Common stock	17,626	46.00	March 31, 2023	June 20, 2023	Retained earnings

(*) Total amount of dividends includes ¥21 million of dividends paid to shares of the Company held in the Board Benefit Trust (BBT).

- Dividends whose effective date falls after the end of the three months ended June 30, 2023
Not applicable.

- The Company cancelled 16,501 thousand shares of its treasury stock based on the resolution at the Board of Directors’ meeting held on April 17, 2023, as a result of which, other capital surplus and treasury stock decreased by ¥35,000 million, respectively.

Since the balance of other capital surplus amounted to ¥(35,000) million due to the cancellation of treasury stock, other capital surplus was set to zero and the negative value was subtracted from retained earnings brought forward.

At the end of the three months ended June 30, 2023, retained earnings brought forward decreased by ¥34,133 million to ¥579,195 million, and treasury stock decreased by ¥35,017 million to ¥1,064 million from the end of the previous fiscal year.

- Notes on subsequent events are as follows:

The Company adopted a resolution at a meeting of the Board of Directors on the issuance of subordinated unsecured bonds on August 10, 2023 and filed an amended shelf registration statement for the issuance of subordinated unsecured bonds by way of domestic public offering with the Director-General of the Kanto Local Finance Bureau.

The maximum principal amount is ¥200.0 billion. Proceeds from the public offering will be used mainly for general working capital.

Note that a concrete issue date, principal amount, interest rate, etc., will be determined hereafter based fully upon considerations of levels of demand, changes in interest rate, etc.

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

Net income per share for the three months ended June 30, 2023 was ¥57.37.

5. Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

Three months ended June 30		2022	2023
Core profit	A	62,200	57,632
Capital gains		19,165	121,871
Gains on money held in trust		8,354	58,482
Gains on trading securities		-	-
Gains on sales of securities		9,424	44,507
Gains on derivative financial instruments		-	-
Gains on foreign exchanges		-	-
Other capital gains		1,386	18,882
Capital losses		60,228	119,791
Losses on money held in trust		-	-
Losses on trading securities		-	-
Losses on sales of securities		27,119	60,023
Losses on valuation of securities		11,406	-
Losses on derivative financial instruments		2,438	25,516
Losses on foreign exchanges		75	729
Other capital losses		19,189	33,522
Net capital gains (losses)	B	(41,063)	2,080
Core profit including net capital gains (losses)	A+B	21,136	59,713
Other one-time gains		-	-
Reinsurance income		-	-
Reversal of contingency reserve		-	-
Reversal of specific reserve for possible loan losses		-	-
Other		-	-
Other one-time losses		8,050	15,570
Reinsurance premiums		-	-
Provision for contingency reserve		8,050	15,570
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	(8,050)	(15,570)
Ordinary profit	A+B+C	13,085	44,142

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 procedures for core profit in the fiscal year ended March 31, 2023, and the Company has applied the amendments from the three months ended June 30, 2022.

(Reference) Breakdown of Other Items

(Millions of yen)

Three months ended June 30	2022	2023
Impact on core profit	17,802	14,640
Gains on cancellation of mutual funds	(50)	(0)
Amount equivalent to income gains associated with money held in trust	19,189	33,522
Costs for hedging currency fluctuations	(1,336)	(18,881)
Other capital gains	1,386	18,882
Gains on cancellation of mutual funds	50	0
Amount equivalent to income gains associated with money held in trust	-	-
Costs for hedging currency fluctuations	1,336	18,881
Other capital losses	19,189	33,522
Amount equivalent to income gains associated with money held in trust	19,189	33,522
Costs for hedging currency fluctuations	-	-
Other one-time losses – Other	-	-
Provision for additional policy reserves	-	-

6. Solvency Margin Ratio

(Millions of yen)

As of	March 31, 2023	June 30, 2023
Total amount of solvency margin (A)	5,687,107	6,237,969
Capital stock, etc.	1,553,520	1,575,492
Reserve for price fluctuations	889,960	887,198
Contingency reserve	1,701,877	1,717,448
General reserve for possible loan losses	31	35
(Net unrealized gains (losses) on available-for-sale securities (before taxes) • Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)	989,508	1,515,374
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	2,534	2,534
Excess of continued Zillmerized reserve	249,674	239,678
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	-	207
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	1,133,215	1,198,537
Insurance risk R ₁	119,580	118,194
Underwriting risk of third-sector insurance R ₈	40,824	40,044
Anticipated yield risk R ₂	118,481	116,918
Minimum guarantee risk R ₇	-	-
Investment risk R ₃	977,926	1,044,495
Business management risk R ₄	25,136	26,393
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,003.7 %	1,040.9 %

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, 2023

Not applicable.

8. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(Millions of yen)

Three months ended June 30	2022	2023
Ordinary income	1,608,948	1,593,781
Ordinary profit	13,450	43,245
Net income attributable to Japan Post Insurance	11,630	21,038
Comprehensive income (loss)	(92,204)	443,723

As of	March 31, 2023	June 30, 2023
Total assets	62,687,388	62,643,737
Consolidated solvency margin ratio	1,009.1 %	1,047.1 %

(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, 2023	As of June 30, 2023
		Amount	Amount
ASSETS:			
Cash and deposits		1,436,524	1,143,197
Call loans		40,000	40,000
Receivables under resale agreements		1,384,764	1,317,406
Monetary claims bought		47,345	26,866
Money held in trust		4,772,321	5,378,888
Securities		49,841,494	49,694,074
Loans		3,605,832	3,592,274
Tangible fixed assets		92,717	90,967
Intangible fixed assets		92,326	90,278
Agency accounts receivable		41,307	9,983
Reinsurance receivables		4,049	4,400
Other assets		300,299	376,817
Deferred tax assets		1,028,784	879,013
Reserve for possible loan losses		(379)	(430)
Total assets		62,687,388	62,643,737
LIABILITIES:			
Policy reserves and others		55,103,778	54,364,470
Reserve for outstanding claims		410,387	378,260
Policy reserves		53,518,219	52,830,032
Reserve for policyholder dividends		1,175,171	1,156,177
Reinsurance payables		6,297	6,248
Bonds payable		300,000	300,000
Payables under repurchase agreements		3,740,688	3,963,428
Other liabilities		201,639	223,513
Liability for retirement benefits		69,331	97,140
Reserve for management board benefit trust		315	244
Reserve for price fluctuations		889,960	887,198
Total liabilities		60,312,010	59,842,245
NET ASSETS:			
Capital stock		500,000	500,000
Capital surplus		405,044	405,044
Retained earnings		701,540	669,951
Treasury stock		(36,082)	(1,064)
Total shareholders' equity		1,570,502	1,573,930
Net unrealized gains (losses) on available-for-sale securities		797,912	1,220,613
Net deferred gains (losses) on hedges		4,607	4,707
Accumulated adjustments for retirement benefits		2,354	2,238
Total accumulated other comprehensive income		804,875	1,227,560
Total net assets		2,375,377	2,801,491
Total liabilities and net assets		62,687,388	62,643,737

(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 June 30, 2022	Three months ended June 30, 2023
	Amount	Amount
ORDINARY INCOME	1,608,948	1,593,781
Insurance premiums and others	576,947	548,411
Investment income	255,889	322,902
[Interest and dividend income]	[237,737]	[219,865]
[Gains on money held in trust]	[8,354]	[58,482]
[Gains on sales of securities]	[9,424]	[44,507]
Other ordinary income	776,111	722,467
[Reversal of reserve for outstanding claims]	[15,111]	[32,127]
[Reversal of policy reserves]	[759,518]	[688,187]
ORDINARY EXPENSES	1,595,498	1,550,536
Insurance claims and others	1,421,999	1,334,273
[Insurance claims]	[1,155,445]	[1,090,108]
[Annuity payments]	[73,056]	[59,986]
[Benefits]	[47,690]	[50,548]
[Surrender benefits]	[118,931]	[112,184]
Provision for policy reserves and others	2	26
Provision for interest on policyholder dividends	2	26
Investment expenses	42,739	88,163
[Interest expenses]	[501]	[1,055]
[Losses on sales of securities]	[27,119]	[60,023]
[Losses on valuation of securities]	[11,406]	[-]
[Losses on derivative financial instruments]	[2,438]	[25,516]
Operating expenses	110,642	108,295
Other ordinary expenses	20,115	19,776
ORDINARY PROFIT	13,450	43,245
EXTRAORDINARY GAINS	26,428	2,761
Reversal of reserve for price fluctuations	26,428	2,761
EXTRAORDINARY LOSSES	2	18
Losses on sales and disposal of fixed assets	2	18
Provision for reserve for policyholder dividends	11,533	15,743
Income before income taxes	28,342	30,244
Income taxes - Current	19,395	21,023
Income taxes - Deferred	(2,684)	(11,816)
Total income taxes	16,711	9,206
Net income	11,630	21,038
Net income attributable to non-controlling interests	-	-
Net income attributable to Japan Post Insurance	11,630	21,038

(Unaudited Consolidated Statements of Comprehensive Income)

(Millions of yen)

Term Items	Three months ended June 30, 2022	Three months ended June 30, 2023
	Amount	Amount
Net income	11,630	21,038
Other comprehensive income (loss)	(103,835)	422,685
Net unrealized gains (losses) on available-for-sale securities	(103,716)	422,701
Net deferred gains (losses) on hedges	-	100
Adjustments for retirement benefits	(118)	(115)
Total comprehensive income (loss)	(92,204)	443,723
Comprehensive income (loss) attributable to Japan Post Insurance	(92,204)	443,723
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, 2023

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

1. Securities lent under lending agreements in the amount of ¥763,813 million were included in “Securities” in the consolidated balance sheet as of June 30, 2023.

2. Changes in reserve for policyholder dividends for the three months ended June 30, 2023 were as follows:

Balance at the beginning of the fiscal year	¥1,175,171 million
Policyholder dividends paid during the three months ended June 30, 2023	¥34,735 million
Interest accrual	¥26 million
Reduction due to the acquisition of additional annuity	¥28 million
Provision for reserve for policyholder dividends	¥15,743 million
Balance at the end of the three months ended June 30, 2023	¥1,156,177 million

3. 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 15, 2023	Common stock	17,626	46.00	March 31, 2023	June 20, 2023	Retained earnings

(*) Total amount of dividends includes ¥21 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, 2023

Not applicable.

4. The Company cancelled 16,501 thousand shares of its treasury stock based on the resolution at the Board of Directors' meeting held on April 17, 2023, as a result of which, capital surplus and treasury stock decreased by ¥35,000 million, respectively.

Since the balance of other capital surplus included in capital surplus amounted to ¥ (35,000) million due to the cancellation of treasury stock, other capital surplus was set to zero and the negative value was subtracted from other retained earnings.

At the end of the three months ended June 30, 2023, retained earnings decreased by ¥31,589 million to ¥669,951 million, and treasury stock decreased by ¥35,017 million to ¥1,064 million from the end of the previous fiscal year.

5. Notes on subsequent events are as follows:

The Company adopted a resolution at a meeting of the Board of Directors on the issuance of subordinated unsecured bonds on August 10, 2023 and filed an amended shelf registration statement for the issuance of subordinated unsecured bonds by way of domestic public offering with the Director-General of the Kanto Local Finance Bureau.

The maximum principal amount is ¥200.0 billion. Proceeds from the public offering will be used mainly for general working capital.

Note that a concrete issue date, principal amount, interest rate, etc., will be determined hereafter based fully upon considerations of levels of demand, changes in interest rate, etc.

(Notes to the Unaudited Consolidated Statement of Income)

1. Net income per share for the three months ended June 30, 2023 was ¥54.97.

2. Depreciation and amortization for the three months ended June 30, 2023 was ¥10,086 million.

(5) Consolidated Solvency Margin Ratio

(Millions of yen)

As of	March 31, 2023	June 30, 2023
Total amount of solvency margin (A)	5,636,995	6,179,851
Capital stock, etc.	1,552,875	1,573,930
Reserve for price fluctuations	889,960	887,198
Contingency reserve	1,701,877	1,717,448
Catastrophe loss reserve	-	-
General reserve for possible loan losses	31	35
(Net unrealized gains (losses) on available-for-sale securities (before taxes) • Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)	989,508	1,515,374
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	2,534	2,534
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)	3,273	3,112
Excess of continued Zillmerized reserve	249,674	239,678
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	(52,740)	(59,668)
Other	-	207
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)	1,117,128	1,180,363
Insurance risk R ₁	119,580	118,194
General insurance risk R ₅	-	-
Catastrophe risk R ₆	-	-
Underwriting risk of third-sector insurance R ₈	40,824	40,044
Small amount and short-term insurance risk R ₉	-	-
Anticipated yield risk R ₂	118,481	116,918
Minimum guarantee risk R ₇	-	-
Investment risk R ₃	961,987	1,026,514
Business management risk R ₄	24,817	26,033
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,009.1 %	1,047.1 %

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.