

**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.

February 14, 2017  
JAPAN POST INSURANCE Co., Ltd.

**Announcement of Financial Results for  
the Nine Months Ended December 31, 2016**

JAPAN POST INSURANCE Co., Ltd. (the “Company”; Masami Ishii, Director and President, CEO, Representative Executive Officer) hereby announces its financial results for the nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016).

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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, 2016		December 31, 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	16,695	108.8	48,707.1	109.7
Individual annuities	1,367	3,476.4	1,366	100.0	3,225.4	92.8
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) amount of policy reserves for the annuity after payments have commenced.

### ▪ New Policies

(Thousands of policies, billions of yen, %)

Nine months ended December 31	2015				2016					
	Number of policies	Policy amount			Number of policies		Policy amount			
		New policies	Net increase arising from the conversion		% of December 31, 2015 total	% of December 31, 2015 total	New policies	Net increase arising from the conversion		
Individual insurance	1,792	5,353.8	5,353.8	-	1,821	101.6	5,887.8	110.0	5,887.8	-
Individual annuities	50	176.9	176.9	-	10	20.9	39.7	22.5	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	December 31, 2016	
			% of March 31, 2016 total
Individual insurance	2,863.5	3,128.9	109.3
Individual annuities	656.0	586.2	89.4
Total	3,519.6	3,715.1	105.6
Medical coverage, living benefits and other	293.4	321.9	109.7

### ▪ New Policies

(Billions of yen, %)

Nine months ended December 31	2015	2016	
			% of December 31, 2015 total
Individual insurance	363.7	383.7	105.5
Individual annuities	84.0	19.4	23.1
Total	447.7	403.1	90.0
Medical coverage, living benefits and other	37.7	39.7	105.4

- 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).

## 2. Investment Performance (General Account)

### (1) Asset Composition

(Billions of yen, %)

As of	March 31, 2016		December 31, 2016	
	Amount	Ratio	Amount	Ratio
Cash, deposits, call loans	2,216.0	2.7	995.8	1.2
Receivables under resale agreements	-	-	-	-
Receivables under securities borrowing transactions	3,008.5	3.7	2,705.0	3.4
Monetary claims bought	430.1	0.5	88.1	0.1
Trading account securities	-	-	-	-
Money held in trust	1,644.5	2.0	2,045.4	2.5
Securities	63,610.8	78.0	64,292.2	80.1
Corporate and government bonds	59,821.0	73.4	58,362.5	72.7
Domestic stocks	0.9	0.0	56.6	0.1
Foreign securities	3,688.8	4.5	4,614.3	5.7
Foreign corporate and government bonds	3,688.8	4.5	4,614.3	5.7
Foreign stocks and other securities	-	-	-	-
Other securities	100.0	0.1	1,258.7	1.6
Loans	8,978.4	11.0	8,557.8	10.7
Real estate	123.7	0.2	121.5	0.2
Deferred tax assets	712.6	0.9	807.8	1.0
Other	819.3	1.0	687.1	0.9
Reserve for possible loan losses	(0.7)	(0.0)	(0.7)	(0.0)
Total	81,543.6	100.0	80,300.3	100.0
Foreign currency-denominated assets	3,949.4	4.8	5,001.3	6.2

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

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

(Billions of yen)

As of	March 31, 2016					December 31, 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	40,975.4	47,540.6	6,565.1	6,603.2	38.1
Policy-reserve-matching bonds	13,563.4	15,062.1	1,498.7	1,498.7	-	12,559.7	13,820.6	1,260.8	1,279.2	18.3
Equities of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	9,918.1	10,479.6	561.5	658.1	96.6	12,698.1	13,200.8	502.7	692.1	189.4
Corporate and government bonds	4,012.9	4,115.7	102.8	103.5	0.7	4,872.0	4,925.2	53.2	78.7	25.5
Domestic stocks	1,065.4	1,202.5	137.0	195.3	58.2	1,250.1	1,544.2	294.1	310.1	16.0
Foreign securities	3,682.7	4,001.1	318.3	355.8	37.5	4,825.3	4,994.3	169.0	296.6	127.6
Foreign corporate and government bonds	3,299.3	3,590.8	291.4	319.3	27.9	4,406.9	4,516.3	109.3	233.3	123.9
Foreign stocks and other securities	383.4	410.3	26.9	36.5	9.6	418.3	478.0	59.6	63.3	3.6
Other securities	100.0	100.0	0.0	0.1	0.1	1,275.0	1,258.7	(16.2)	3.9	20.2
Monetary claims bought	426.9	430.1	3.1	3.1	-	85.6	88.1	2.5	2.5	-
Negotiable certificates of deposit	630.0	630.0	-	-	-	390.0	390.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	65,721.3	75,294.7	9,573.3	9,669.9	96.6	66,233.3	74,562.0	8,328.7	8,574.7	245.9
Corporate and government bonds	59,718.1	68,828.4	9,110.2	9,111.0	0.7	58,309.2	66,185.1	7,875.8	7,957.9	82.0
Domestic stocks	1,065.4	1,202.5	137.0	195.3	58.2	1,250.1	1,544.2	294.1	310.1	16.0
Foreign securities	3,780.7	4,103.5	322.7	360.2	37.5	4,923.3	5,095.7	172.3	300.0	127.6
Foreign corporate and government bonds	3,397.3	3,693.2	295.8	323.7	27.9	4,504.9	4,617.7	112.7	236.7	123.9
Foreign stocks and other securities	383.4	410.3	26.9	36.5	9.6	418.3	478.0	59.6	63.3	3.6
Other securities	100.0	100.0	0.0	0.1	0.1	1,275.0	1,258.7	(16.2)	3.9	20.2
Monetary claims bought	426.9	430.1	3.1	3.1	-	85.6	88.1	2.5	2.5	-
Negotiable certificates of deposit	630.0	630.0	-	-	-	390.0	390.0	-	-	-
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 ¥1,618.5 billion with net unrealized gains of ¥352.2 billion as of December 31, 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	December 31, 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

### (3) Fair Value of Money Held in Trust

(Billions of yen)

As of	March 31, 2016					December 31, 2016				
	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	1,644.5	1,644.5	-	-	-	2,045.4	2,045.4	-	-	-

- 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					December 31, 2016				
	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	1,480.5	1,644.5	163.9	231.8	67.8	1,693.1	2,045.4	352.2	371.8	19.6

### 3. Unaudited Non-Consolidated Balance Sheets

(Millions of yen)

Items	Terms	As of March 31, 2016	As of December 31, 2016
		Amount	Amount
<b>ASSETS:</b>			
Cash and deposits		1,856,037	795,886
Call loans		360,000	200,000
Receivables under securities borrowing transactions		3,008,591	2,705,046
Monetary claims bought		430,150	88,169
Money held in trust		1,644,547	2,045,409
Securities		63,610,890	64,292,269
[Japanese government bonds]		[44,178,631]	[43,075,386]
[Japanese local government bonds]		[9,405,494]	[9,471,997]
[Japanese corporate bonds]		[6,236,913]	[5,815,125]
[Stocks]		[984]	[56,677]
[Foreign securities]		[3,688,822]	[4,614,358]
Loans		8,978,437	8,557,808
Policy loans		95,629	111,532
Industrial and commercial loans		829,027	913,039
Loans to the Management Organization		8,053,780	7,533,236
Tangible fixed assets		145,495	141,828
Intangible fixed assets		188,868	197,786
Agency accounts receivable		81,193	55,095
Reinsurance receivables		1,368	2,054
Other assets		526,199	411,997
Deferred tax assets		712,615	807,824
Reserve for possible loan losses		(772)	(777)
Total assets		81,543,623	80,300,398
<b>LIABILITIES:</b>			
Policy reserves and others		74,934,165	73,238,818
Reserve for outstanding claims		635,167	565,242
Policy reserves		72,362,503	70,852,658
Reserve for policyholder dividends		1,936,494	1,820,917
Reinsurance payables		3,377	4,378
Other liabilities		3,878,684	4,328,081
Payables under securities lending transactions		3,648,478	4,092,918
Income taxes payable		75,435	32,873
Lease obligations		1,852	1,499
Asset retirement obligation		15	15
Other liabilities		152,901	200,775
Reserve for employees' retirement benefits		66,675	69,188
Reserve for management board benefit trust		-	82
Reserve for price fluctuations		782,268	787,929
Total liabilities		79,665,171	78,428,478
<b>NET ASSETS:</b>			
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	507,427
Legal retained earnings		25,489	32,209
Other retained earnings		447,365	475,217
Retained earnings brought forward		447,365	475,217
Treasury stock		-	(526)
Total shareholders' equity		1,472,899	1,506,944
Net unrealized gains (losses) on available-for-sale securities		405,412	364,913
Net deferred gains (losses) on hedges		140	62
Total valuation and translation adjustments		405,553	364,975
Total net assets		1,878,452	1,871,920
Total liabilities and net assets		81,543,623	80,300,398

#### 4. Unaudited Non-Consolidated Statements of Income

(Millions of yen)

Items	Terms	Nine months ended December 31, 2015	Nine months ended December 31, 2016
		Amount	Amount
ORDINARY INCOME		7,293,731	6,498,145
Insurance premiums and others		4,003,912	3,877,753
[Insurance premiums]		[4,000,986]	[3,872,397]
Investment income		1,035,358	1,037,017
[Interest and dividend income]		[990,686]	[926,425]
[Gains on money held in trust]		[43,334]	[37,807]
[Gains on sales of securities]		[1,241]	[72,738]
Other ordinary income		2,254,460	1,583,374
[Reversal of reserve for outstanding claims]		[91,222]	[69,924]
[Reversal of policy reserves]		[2,160,597]	[1,509,844]
ORDINARY EXPENSES		6,965,306	6,277,746
Insurance claims and others		6,495,487	5,663,800
[Insurance claims]		[5,781,608]	[4,882,434]
[Annuity payments]		[253,622]	[276,189]
[Benefits]		[36,042]	[42,070]
[Surrender benefits]		[273,193]	[313,442]
[Other refunds]		[143,419]	[138,371]
Provision for policy reserves and others		118	22
Provision for interest on policyholder dividends		118	22
Investment expenses		7,221	129,974
[Interest expenses]		[3,583]	[1,467]
[Losses on sales of securities]		[1,592]	[109,955]
[Losses on derivative financial instruments]		[648]	[8,816]
Operating expenses		390,127	411,652
Other ordinary expenses		72,351	72,296
ORDINARY PROFIT		328,424	220,398
EXTRAORDINARY GAINS		341	-
Gains on sales of fixed assets		341	-
EXTRAORDINARY LOSSES		52,933	5,785
Losses on sales and disposal of fixed assets		1,011	125
Provision for reserve for price fluctuations		51,921	5,660
Provision for reserve for policyholder dividends		172,253	122,992
Income before income taxes		103,579	91,619
Income taxes - Current		125,099	100,326
Income taxes - Deferred		(94,988)	(76,878)
Total income taxes		30,111	23,447
Net income		73,468	68,171



## NOTES TO THE UNAUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2016

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

#### 1. Adoption of the Implementation Guidance on Recoverability of Deferred Tax Assets

Effective from the three months ended June 30, 2016, the Company has adopted the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (“ASBJ”) Guidance No. 26, March 28, 2016).

#### 2. Policy-reserve-matching bonds

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 three months ended June 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.

#### 3. Securities lent under lending agreements in the amount of ¥3,525,324 million were included in “Securities” in the balance sheet as of December 31, 2016.

#### 4. Changes in reserve for policyholder dividends for the nine months ended December 31, 2016 were as follows:

a. Balance at the beginning of the fiscal year	¥1,936,494 million
b. Policyholder dividends paid during the nine months ended December 31, 2016	¥238,381 million
c. Interest accrual	¥22 million
d. Reduction due to the acquisition of additional annuity	¥211 million
e. Provision for reserve for policyholder dividends	¥122,992 million
f. Balance at the end of the nine months ended December 31, 2016	¥1,820,917 million

#### 5. Dividends paid are as follows:

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

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

Net income per share was ¥113.66.

## 5. Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

Nine months ended December 31		2015	2016
Core profit	A	352,357	302,502
Capital gains		44,576	110,546
Gains on money held in trust		43,334	37,807
Gains on trading securities		-	-
Gains on sales of securities		1,241	72,738
Gains on derivative financial instruments		-	-
Gains on foreign exchanges		-	-
Other capital gains		-	-
Capital losses		25,877	147,817
Losses on money held in trust		-	-
Losses on trading securities		-	-
Losses on sales of securities		1,592	109,955
Losses on valuation of securities		-	-
Losses on derivative financial instruments		648	8,816
Losses on foreign exchanges		524	2,568
Other capital losses		23,112	26,477
Net capital gains (losses)	B	18,698	(37,271)
Core profit including net capital gains (losses)	A+B	371,056	265,231
Other one-time gains		91,980	90,855
Reinsurance income		-	-
Reversal of contingency reserve		91,980	90,855
Reversal of specific reserve for possible loan losses		-	-
Other		-	-
Other one-time losses		134,611	135,687
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		134,611	135,687
Other one-time profits (losses)	C	(42,631)	(44,832)
Ordinary profit	A+B+C	328,424	220,398

- Notes: 1. Amount equivalent to income gains associated with money held in trust (¥23,112 million for the nine months ended December 31, 2015 and ¥26,443 million for the nine months ended December 31, 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 nine months ended December 31, 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 (¥134,611 million for the nine months ended December 31, 2015 and ¥135,687 million for the nine months ended December 31, 2016).

## 6. Solvency Margin Ratio

(Millions of yen)

As of		March 31, 2016	December 31, 2016
Total amount of solvency margin	(A)	5,541,363	5,504,369
Capital stock, etc.		1,439,299	1,496,434
Reserve for price fluctuations		782,268	787,929
Contingency reserve		2,374,846	2,283,991
General reserve for possible loan losses		71	66
(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	452,455
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		(3,474)	(115)
Excess of continued Zillmerized reserve		442,977	483,434
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		-	172
Total amount of risk			
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	(B)	706,716	804,365
Insurance risk	R <sub>1</sub>	159,046	154,606
Underwriting risk of third-sector insurance	R <sub>8</sub>	78,262	71,345
Anticipated yield risk	R <sub>2</sub>	170,717	162,413
Minimum guarantee risk	R <sub>7</sub>	-	-
Investment risk	R <sub>3</sub>	476,159	589,171
Business management risk	R <sub>4</sub>	17,683	19,550
Solvency margin ratio			
$\frac{(A)}{(1/2) \times (B)} \times 100$		1,568.1%	1,368.6%

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. 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 Nine Months Ended December 31, 2016

Not applicable.

## 8. Consolidated Financial Summary

### (1) Selected Financial Data and Other Information

(Millions of yen)

Nine months ended December 31	2015	2016
Ordinary income	7,293,734	6,498,146
Ordinary profit	327,735	220,576
Net income attributable to Japan Post Insurance	72,774	68,032
Comprehensive income (loss)	20,223	27,115

As of	March 31, 2016	December 31, 2016
Total assets	81,545,182	80,300,690
Consolidated solvency margin ratio	1,570.3%	1,370.3%

### (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)

Items	Terms	As of March 31, 2016	As of December 31, 2016
		Amount	Amount
<b>ASSETS:</b>			
Cash and deposits		1,862,636	801,677
Call loans		360,000	200,000
Receivables under securities borrowing transactions		3,008,591	2,705,046
Monetary claims bought		430,150	88,169
Money held in trust		1,644,547	2,045,409
Securities		63,609,906	64,291,285
Loans		8,978,437	8,557,808
Tangible fixed assets		145,855	142,171
Intangible fixed assets		185,300	193,887
Agency accounts receivable		81,193	55,095
Reinsurance receivables		1,368	2,054
Other assets		525,835	411,611
Deferred tax assets		712,132	807,252
Reserve for possible loan losses		(772)	(777)
<b>Total assets</b>		<b>81,545,182</b>	<b>80,300,690</b>
<b>LIABILITIES:</b>			
Policy reserves and others		74,934,165	73,238,818
Reserve for outstanding claims		635,167	565,242
Policy reserves		72,362,503	70,852,658
Reserve for policyholder dividends		1,936,494	1,820,917
Reinsurance payables		3,377	4,378
Payables under securities lending transactions		3,648,478	4,092,918
Other liabilities		233,106	236,725
Liability for retirement benefits		60,803	63,867
Reserve for management board benefit trust		-	82
Reserve for price fluctuations		782,268	787,929
<b>Total liabilities</b>		<b>79,662,200</b>	<b>78,424,719</b>
<b>NET ASSETS:</b>			
Capital stock		500,000	500,000
Capital surplus		500,044	500,044
Retained earnings		472,362	506,795
Treasury stock		-	(526)
Total shareholders' equity		1,472,406	1,506,312
Net unrealized gains (losses) on available-for-sale securities		405,412	364,913
Net deferred gains (losses) on hedges		140	62
Accumulated adjustments for retirement benefits		5,022	4,682
Total accumulated other comprehensive income		410,575	369,658
<b>Total net assets</b>		<b>1,882,982</b>	<b>1,875,970</b>
<b>Total liabilities and net assets</b>		<b>81,545,182</b>	<b>80,300,690</b>

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

##### (Unaudited Consolidated Statements of Income)

(Millions of yen)

Items	Terms	Nine months ended December 31, 2015	Nine months ended December 31, 2016
		Amount	Amount
<b>ORDINARY INCOME</b>		7,293,734	6,498,146
Insurance premiums and others		4,003,912	3,877,753
Investment income		1,035,358	1,037,017
[Interest and dividend income]		[990,686]	[926,425]
[Gains on money held in trust]		[43,334]	[37,807]
[Gains on sales of securities]		[1,241]	[72,738]
Other ordinary income		2,254,463	1,583,376
[Reversal of reserve for outstanding claims]		[91,222]	[69,924]
[Reversal of policy reserves]		[2,160,597]	[1,509,844]
<b>ORDINARY EXPENSES</b>		6,965,999	6,277,570
Insurance claims and others		6,495,487	5,663,800
[Insurance claims]		[5,781,608]	[4,882,434]
[Annuity payments]		[253,622]	[276,189]
[Benefits]		[36,042]	[42,070]
[Surrender benefits]		[273,193]	[313,442]
Provision for policy reserves and others		118	22
Provision for interest on policyholder dividends		118	22
Investment expenses		7,221	129,974
[Interest expenses]		[3,583]	[1,467]
[Losses on sales of securities]		[1,592]	[109,955]
[Losses on derivative financial instruments]		[648]	[8,816]
Operating expenses		391,045	411,854
Other ordinary expenses		72,125	71,918
<b>ORDINARY PROFIT</b>		327,735	220,576
<b>EXTRAORDINARY GAINS</b>		341	-
Gains on sales of fixed assets		341	-
<b>EXTRAORDINARY LOSSES</b>		53,000	5,785
Losses on sales and disposal of fixed assets		1,079	125
Provision for reserve for price fluctuations		51,921	5,660
Provision for reserve for policyholder dividends		172,253	122,992
Income before income taxes		102,822	91,797
Income taxes - Current		125,263	100,421
Income taxes - Deferred		(95,215)	(76,656)
Total income taxes		30,047	23,764
Net income		72,774	68,032
Net income attributable to non-controlling interests		-	-
Net income attributable to Japan Post Insurance		72,774	68,032

##### (Unaudited Consolidated Statements of Comprehensive Income)

(Millions of yen)

Items	Terms	Nine months ended December 31, 2015	Nine months ended December 31, 2016
		Amount	Amount
Net income		72,774	68,032
Other comprehensive income (loss)		(52,551)	(40,917)
Net unrealized gains (losses) on available-for-sale securities		(52,247)	(40,498)
Net deferred gains (losses) on hedges		43	(78)
Adjustments for retirement benefits		(346)	(339)
Total comprehensive income (loss)		20,223	27,115
Comprehensive income (loss) attributable to Japan Post Insurance		20,223	27,115
Comprehensive income (loss) attributable to non-controlling interests		-	-

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2016

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

1. Adoption of the Implementation Guidance on Recoverability of Deferred Tax Assets  
Effective from the three months ended June 30, 2016, the Company has adopted the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016).
2. Policy-reserve-matching bonds  
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 three months ended June 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.
3. Securities lent under lending agreements in the amount of ¥3,525,324 million were included in “Securities” in the consolidated balance sheet as of December 31, 2016.
4. Changes in reserve for policyholder dividends for the nine months ended December 31, 2016 were as follows:
 

a. Balance at the beginning of the fiscal year	¥1,936,494 million
b. Policyholder dividends paid during the nine months ended December 31, 2016	¥238,381 million
c. Interest accrual	¥22 million
d. Reduction due to the acquisition of additional annuity	¥211 million
e. Provision for reserve for policyholder dividends	¥122,992 million
f. Balance at the end of the nine months ended December 31, 2016	¥1,820,917 million
5. Dividends paid are as follows:

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

### (Notes to the Unaudited Consolidated Statement of Income)

1. Net income per share was ¥113.42.
2. Depreciation and amortization for the nine months ended December 31, 2016 was ¥27,731 million.

**(5) Consolidated Solvency Margin Ratio**

(Millions of yen)

As of	March 31, 2016	December 31, 2016
Total amount of solvency margin (A)	5,547,846	5,510,241
Capital stock, etc.	1,438,806	1,495,802
Reserve for price fluctuations	782,268	787,929
Contingency reserve	2,374,846	2,283,991
Catastrophe loss reserve	-	-
General reserve for possible loan losses	71	66
(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	452,455
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	6,503
Excess of continued Zillmerized reserve	442,977	483,434
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	-	172
Total amount of risk (B)	706,591	804,230
$\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2 + R_4 + R_6}$		
Insurance risk R <sub>1</sub>	159,046	154,606
General insurance risk R <sub>5</sub>	-	-
Catastrophe risk R <sub>6</sub>	-	-
Underwriting risk of third-sector insurance R <sub>8</sub>	78,262	71,345
Small amount and short-term insurance risk R <sub>9</sub>	-	-
Anticipated yield risk R <sub>2</sub>	170,717	162,413
Minimum guarantee risk R <sub>7</sub>	-	-
Investment risk R <sub>3</sub>	476,029	589,032
Business management risk R <sub>4</sub>	17,681	19,547
Solvency margin ratio		
$\frac{(A)}{(1/2) \times (B)} \times 100$	1,570.3%	1,370.3%

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. 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.