

**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, 2018  
JAPAN POST INSURANCE Co., Ltd.

**Announcement of Financial Results for  
the Three Months Ended June 30, 2018**

JAPAN POST INSURANCE Co., Ltd. (the “Company”; Mitsuhiro Uehira, Director and President, CEO, Representative Executive Officer) hereby announces its financial results for the three months ended June 30, 2018 (April 1, 2018 to June 30, 2018).

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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, 2018		June 30, 2018			
	Number of policies	Policy amount	Number of policies		Policy amount	
				% of March 31, 2018 total		% of March 31, 2018 total
Individual insurance	17,921	52,359.7	18,000	100.4	52,602.6	100.5
Individual annuities	1,333	2,742.5	1,315	98.7	2,638.7	96.2
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	2017				2018					
	Number of policies	Policy amount			Number of policies		Policy amount			
			New policies	Net increase arising from the conversion		% of June 30, 2017 total	% of June 30, 2017 total	New policies	Net increase arising from the conversion	
Individual insurance	462	1,474.7	1,474.7	-	451	97.6	1,440.4	97.7	1,440.4	-
Individual annuities	-	-	-	-	0	-	0.9	-	0.9	-
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, 2018	June 30, 2018	
			% of March 31, 2018 total
Individual insurance	3,367.3	3,377.4	100.3
Individual annuities	491.1	472.2	96.1
Total	3,858.5	3,849.7	99.8
Medical coverage, living benefits and other	382.1	391.9	102.6

### ▪ New Policies

(Billions of yen, %)

Three months ended June 30	2017	2018	
			% of June 30, 2017 total
Individual insurance	104.5	94.6	90.5
Individual annuities	-	0.0	-
Total	104.5	94.7	90.6
Medical coverage, living benefits and other	13.2	17.0	128.0

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, 2018		June 30, 2018	
	Amount	Ratio	Amount	Ratio
Cash, deposits, call loans	1,159.1	1.5	1,719.9	2.3
Receivables under resale agreements	-	-	-	-
Receivables under securities borrowing transactions	3,296.2	4.3	2,126.8	2.8
Monetary claims bought	176.0	0.2	325.6	0.4
Trading account securities	-	-	-	-
Money held in trust	2,814.8	3.7	2,916.6	3.9
Securities	60,131.8	78.3	59,050.6	78.8
Corporate and government bonds	53,576.4	69.7	52,174.2	69.6
Domestic stocks	196.3	0.3	209.6	0.3
Foreign securities	4,347.5	5.7	4,867.1	6.5
Foreign corporate and government bonds	4,235.4	5.5	4,756.6	6.3
Foreign stocks and other securities	112.0	0.1	110.5	0.1
Other securities	2,011.5	2.6	1,799.5	2.4
Loans	7,627.1	9.9	7,170.1	9.6
Real estate	83.9	0.1	90.3	0.1
Deferred tax assets	954.1	1.2	962.0	1.3
Other	589.7	0.8	595.8	0.8
Reserve for possible loan losses	(0.6)	(0.0)	(0.6)	(0.0)
Total	76,832.5	100.0	74,957.5	100.0
Foreign currency-denominated assets	4,748.5	6.2	5,199.7	6.9

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, 2018					June 30, 2018					
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)			
			(losses)		Gains			(losses)		Gains	Losses
			Gains	Losses				Gains	Losses		
Held-to-maturity bonds	38,490.0	44,608.7	6,118.6	6,160.2	41.5	37,276.9	43,377.8	6,100.8	6,135.9	35.0	
Policy-reserve-matching bonds	10,676.3	11,769.6	1,093.2	1,103.9	10.6	10,619.1	11,694.6	1,075.5	1,084.0	8.5	
Equities of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-	
Available-for-sale securities	13,667.1	14,225.6	558.4	758.5	200.1	14,011.2	14,628.7	617.4	821.1	203.7	
Corporate and government bonds	4,474.1	4,508.0	33.8	55.1	21.2	4,338.3	4,376.1	37.7	52.8	15.0	
Domestic stocks	1,587.4	2,040.6	453.1	491.9	38.8	1,620.5	2,105.8	485.2	525.6	40.4	
Foreign securities	4,835.1	4,923.0	87.9	202.1	114.1	5,324.2	5,460.9	136.6	237.3	100.6	
Foreign corporate and government bonds	4,129.0	4,137.4	8.4	122.5	114.1	4,614.4	4,658.6	44.1	144.3	100.2	
Foreign stocks and other securities	706.0	785.6	79.5	79.5	0.0	709.8	802.3	92.4	92.9	0.4	
Other securities	2,176.5	2,157.7	(18.7)	7.1	25.9	2,004.4	1,960.2	(44.2)	3.2	47.5	
Monetary claims bought	173.9	176.0	2.1	2.1	-	323.5	325.6	2.1	2.1	-	
Negotiable certificates of deposit	420.0	420.0	-	-	-	400.0	400.0	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	
Total	62,833.5	70,603.9	7,770.3	8,022.7	252.3	61,907.4	69,701.2	7,793.8	8,041.2	247.3	
Corporate and government bonds	53,542.5	60,786.2	7,243.6	7,317.1	73.4	52,136.4	59,348.7	7,212.2	7,270.9	58.6	
Domestic stocks	1,587.4	2,040.6	453.1	491.9	38.8	1,620.5	2,105.8	485.2	525.6	40.4	
Foreign securities	4,933.1	5,023.2	90.1	204.2	114.1	5,422.2	5,560.8	138.5	239.2	100.6	
Foreign corporate and government bonds	4,227.0	4,237.6	10.5	124.7	114.1	4,712.4	4,758.5	46.0	146.3	100.2	
Foreign stocks and other securities	706.0	785.6	79.5	79.5	0.0	709.8	802.3	92.4	92.9	0.4	
Other securities	2,176.5	2,157.7	(18.7)	7.1	25.9	2,004.4	1,960.2	(44.2)	3.2	47.5	
Monetary claims bought	173.9	176.0	2.1	2.1	-	323.5	325.6	2.1	2.1	-	
Negotiable certificates of deposit	420.0	420.0	-	-	-	400.0	400.0	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	

Note: This table includes money held in trust other than trading securities and its book value is ¥2,196.1 billion with net unrealized gains of ¥559.3 billion as of June 30, 2018 and ¥2,153.2 billion with net unrealized gains of ¥516.4 billion as of March 31, 2018.

- 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, 2018	June 30, 2018
Held-to-maturity bonds	-	-
Unlisted foreign bonds	-	-
Other	-	-
Policy-reserve-matching bonds	-	-
Equities of subsidiaries and affiliates	1.4	2.6
Available-for-sale securities	61.6	76.3
Unlisted domestic stocks (excluding OTC traded equities)	4.2	4.2
Unlisted foreign stocks (excluding OTC traded equities)	-	-
Unlisted foreign bonds	-	-
Other	57.3	72.0
<b>Total</b>	<b>63.1</b>	<b>78.9</b>

Notes: 1. This table includes money held in trust other than trading securities (¥72.0 billion as of June 30, 2018 and ¥57.3 billion as of March 31, 2018).

2. Net unrealized gains (losses) based on foreign exchange valuation of foreign currency-denominated assets classified as securities for which the fair values are deemed extremely difficult to determine are ¥(0.3) billion as of June 30, 2018 and ¥(0.8) billion as of March 31, 2018.

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, 2018					June 30, 2018				
	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	2,755.3	2,755.3	-	-	-	2,834.8	2,834.8	-	-	-

- 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, 2018					June 30, 2018				
	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	2,238.8	2,755.3	516.4	555.5	39.0	2,275.4	2,834.8	559.3	602.2	42.9

Note: Fair value information of money held in trust does not include other money held in trust for which the fair value is deemed extremely difficult to determine (¥81.8 billion as of June 30, 2018 and ¥59.5 billion as of March 31, 2018).

### 3. Unaudited Non-Consolidated Balance Sheets

(Millions of yen)

Items	Term	As of March 31, 2018	As of June 30, 2018
		Amount	Amount
<b>ASSETS:</b>			
Cash and deposits		894,191	974,931
Call loans		265,000	745,000
Receivables under securities borrowing transactions		3,296,222	2,126,851
Monetary claims bought		176,069	325,690
Money held in trust		2,814,873	2,916,696
Securities		60,131,893	59,050,653
[Japanese government bonds]		[39,589,896]	[38,331,635]
[Japanese local government bonds]		[8,513,583]	[8,323,346]
[Japanese corporate bonds]		[5,472,945]	[5,519,260]
[Stocks]		[196,379]	[209,664]
[Foreign securities]		[4,347,564]	[4,867,159]
Loans		7,627,147	7,170,180
Policy loans		135,314	136,108
Industrial and commercial loans		919,051	963,291
Loans to the Management Organization		6,572,781	6,070,780
Tangible fixed assets		100,568	106,879
Intangible fixed assets		167,763	159,450
Agency accounts receivable		33,715	28,535
Reinsurance receivables		3,227	3,527
Other assets		368,394	387,838
Deferred tax assets		954,136	962,033
Reserve for possible loan losses		(695)	(699)
<b>Total assets</b>		<b>76,832,508</b>	<b>74,957,570</b>
<b>LIABILITIES:</b>			
Policy reserves and others		69,948,383	69,261,833
Reserve for outstanding claims		548,196	515,199
Policy reserves		67,777,297	67,155,904
Reserve for policyholder dividends		1,622,889	1,590,728
Reinsurance payables		6,033	6,112
Other liabilities		3,893,916	2,668,190
Payables under securities lending transactions		3,663,547	2,525,600
Income taxes payable		99,290	33,242
Lease obligations		2,327	2,291
Asset retirement obligation		5	5
Other liabilities		128,746	107,050
Reserve for employees' retirement benefits		67,649	68,574
Reserve for management board benefit trust		172	152
Reserve for price fluctuations		916,743	917,010
<b>Total liabilities</b>		<b>74,832,900</b>	<b>72,921,873</b>
<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		596,084	589,217
Legal retained earnings		39,409	47,569
Other retained earnings		556,674	541,647
Reserve for reduction entry of real estate		6,163	6,163
Retained earnings brought forward		550,511	535,484
Treasury stock		(466)	(450)
Total shareholders' equity		1,595,661	1,588,810
Net unrealized gains (losses) on available-for-sale securities		403,913	446,856
Net deferred gains (losses) on hedges		32	29
Total valuation and translation adjustments		403,946	446,885
<b>Total net assets</b>		<b>1,999,608</b>	<b>2,035,696</b>
<b>Total liabilities and net assets</b>		<b>76,832,508</b>	<b>74,957,570</b>

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

(Millions of yen)

Items	Term	Three months ended June 30, 2017	Three months ended June 30, 2018
		Amount	Amount
<b>ORDINARY INCOME</b>		2,113,562	1,978,687
Insurance premiums and others		1,123,687	1,014,865
[Insurance premiums]		[1,121,165]	[1,011,376]
Investment income		321,389	307,614
[Interest and dividend income]		[298,400]	[280,454]
[Gains on money held in trust]		[21,137]	[20,471]
[Gains on sales of securities]		[1,659]	[6,625]
Other ordinary income		668,484	656,208
[Reversal of reserve for outstanding claims]		[26,696]	[32,997]
[Reversal of policy reserves]		[640,489]	[621,392]
<b>ORDINARY EXPENSES</b>		2,030,460	1,903,634
Insurance claims and others		1,850,749	1,715,070
[Insurance claims]		[1,567,283]	[1,370,343]
[Annuity payments]		[97,808]	[100,952]
[Benefits]		[15,628]	[20,222]
[Surrender benefits]		[118,391]	[157,730]
[Other refunds]		[46,920]	[60,141]
Provision for policy reserves and others		1	1
Provision for interest on policyholder dividends		1	1
Investment expenses		16,340	34,891
[Interest expenses]		[630]	[233]
[Losses on sales of securities]		[9,083]	[18,952]
[Losses on derivative financial instruments]		[4,907]	[13,235]
Operating expenses		130,775	124,993
Other ordinary expenses		32,592	28,677
<b>ORDINARY PROFIT</b>		83,101	75,053
<b>EXTRAORDINARY GAINS</b>		-	-
<b>EXTRAORDINARY LOSSES</b>		16,078	330
Losses on sales and disposal of fixed assets		8	63
Provision for reserve for price fluctuations		16,070	267
Provision for reserve for policyholder dividends		32,558	26,832
Income before income taxes		34,464	47,890
Income taxes - Current		40,056	38,459
Income taxes - Deferred		(29,664)	(24,501)
Total income taxes		10,391	13,957
Net income		24,072	33,933



## NOTES TO THE UNAUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE THREE MONTHS ENDED JUNE 30, 2018

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

1. 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 30 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 remaining period of insurance policies comprising the sub-group Postal Life Insurance Contracts used to be within 20 years, but has been changed to 30 years from the three months ended June 30, 2018, as the issuance of 30- and 40-year Japanese government bonds has expanded to facilitate duration gap adjustment of long-term insurance contracts. This change has no impact on profit or loss.

2. Securities lent under lending agreements in the amount of ¥3,067,312 million were included in “Securities” in the balance sheet as of June 30, 2018.

3. Changes in reserve for policyholder dividends for the three months ended June 30, 2018 were as follows:

a. Balance at the beginning of the fiscal year	¥1,622,889 million
b. Policyholder dividends paid during the three months ended June 30, 2018	¥58,913 million
c. Interest accrual	¥1 million
d. Reduction due to the acquisition of additional annuity	¥81 million
e. Provision for reserve for policyholder dividends	¥26,832 million
f. Balance at the end of the three months ended June 30, 2018	¥1,590,728 million

4. Dividends paid were as follows:

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, 2018	Common stock	40,800	68.00	March 31, 2018	June 19, 2018	Retained earnings

(\*1) Total amount of dividends includes ¥13 million of dividends paid to shares of the Company held in the Board Benefit Trust (BBT).

(\*2) The amount of dividends per share includes a special dividend of ¥4 per share.

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

Net income per share for the three months ended June 30, 2018 was ¥56.57.

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

(Millions of yen)

Three months ended June 30		2017	2018
Core profit	A	93,639	98,852
Capital gains		22,796	27,096
Gains on money held in trust		21,137	20,471
Gains on trading securities		-	-
Gains on sales of securities		1,659	6,625
Gains on derivative financial instruments		-	-
Gains on foreign exchanges		-	-
Other capital gains		-	-
Capital losses		21,559	42,731
Losses on money held in trust		-	-
Losses on trading securities		-	-
Losses on sales of securities		9,083	18,952
Losses on valuation of securities		-	-
Losses on derivative financial instruments		4,907	13,235
Losses on foreign exchanges		109	570
Other capital losses		7,458	9,973
Net capital gains (losses)	B	1,237	(15,635)
Core profit including net capital gains (losses)	A+B	94,877	83,217
Other one-time gains		33,435	36,671
Reinsurance income		-	-
Reversal of contingency reserve		33,435	36,671
Reversal of specific reserve for possible loan losses		-	-
Other		-	-
Other one-time losses		45,210	44,835
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		45,210	44,835
Other one-time profits (losses)	C	(11,775)	(8,163)
Ordinary profit	A+B+C	83,101	75,053

- Notes: 1. The amount equivalent to income gains associated with money held in trust (¥9,973 million for the three months ended June 30, 2018 and ¥7,458 million for the three months ended June 30, 2017) is recognized as "other capital losses" and included in core profit.
2. "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 (¥44,835 million for the three months ended June 30, 2018 and ¥45,210 million for the three months ended June 30, 2017).

## 6. Solvency Margin Ratio

(Millions of yen)

As of		March 31, 2018	June 30, 2018
Total amount of solvency margin	(A)	5,591,395	5,633,266
Capital stock, etc.		1,554,861	1,586,194
Reserve for price fluctuations		916,743	917,010
Contingency reserve		2,114,348	2,077,676
General reserve for possible loan losses		60	54
(Net unrealized gains (losses) on available-for-sale securities (before taxes) • Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)		501,809	555,402
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		(2,896)	(4,588)
Excess of continued Zillmerized reserve		506,467	501,237
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		-	277
Total amount of risk	(B)	989,104	990,668
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$			
Insurance risk	R <sub>1</sub>	147,403	146,042
Underwriting risk of third-sector insurance	R <sub>8</sub>	63,087	62,161
Anticipated yield risk	R <sub>2</sub>	150,450	148,453
Minimum guarantee risk	R <sub>7</sub>	-	-
Investment risk	R <sub>3</sub>	792,377	796,486
Business management risk	R <sub>4</sub>	23,066	23,062
Solvency margin ratio			
$\frac{(A)}{(1/2) \times (B)} \times 100$		1,130.5%	1,137.2%

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 Three Months Ended June 30, 2018

Not applicable.

## 8. Consolidated Financial Summary

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

(Millions of yen)

Three months ended June 30	2017	2018
Ordinary income	2,113,563	1,978,688
Ordinary profit	83,220	75,249
Net income attributable to Japan Post Insurance	24,161	34,087
Comprehensive income (loss)	117,892	76,920

As of	March 31, 2018	June 30, 2018
Total assets	76,831,261	74,958,332
Consolidated solvency margin ratio	1,131.8%	1,138.6%

### (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, 2018	As of June 30, 2018
		Amount	Amount
<b>ASSETS:</b>			
Cash and deposits		898,504	980,054
Call loans		265,000	745,000
Receivables under securities borrowing transactions		3,296,222	2,126,851
Monetary claims bought		176,069	325,690
Money held in trust		2,814,873	2,916,696
Securities		60,130,909	59,049,669
Loans		7,627,147	7,170,180
Tangible fixed assets		100,915	107,226
Intangible fixed assets		163,265	156,113
Agency accounts receivable		33,715	28,535
Reinsurance receivables		3,227	3,527
Other assets		368,020	387,500
Deferred tax assets		954,085	961,984
Reserve for possible loan losses		(695)	(699)
<b>Total assets</b>		<b>76,831,261</b>	<b>74,958,332</b>
<b>LIABILITIES:</b>			
Policy reserves and others		69,948,383	69,261,833
Reserve for outstanding claims		548,196	515,199
Policy reserves		67,777,297	67,155,904
Reserve for policyholder dividends		1,622,889	1,590,728
Reinsurance payables		6,033	6,112
Payables under securities lending transactions		3,663,547	2,525,600
Other liabilities		229,514	143,525
Liability for retirement benefits		63,739	64,835
Reserve for management board benefit trust		172	152
Reserve for price fluctuations		916,743	917,010
<b>Total liabilities</b>		<b>74,828,135</b>	<b>72,919,069</b>
<b>NET ASSETS:</b>			
Capital stock		500,000	500,000
Capital surplus		500,044	500,044
Retained earnings		595,846	589,134
Treasury stock		(466)	(450)
Total shareholders' equity		1,595,424	1,588,727
Net unrealized gains (losses) on available-for-sale securities		403,913	446,856
Net deferred gains (losses) on hedges		32	29
Accumulated adjustments for retirement benefits		3,755	3,648
Total accumulated other comprehensive income		407,701	450,534
<b>Total net assets</b>		<b>2,003,126</b>	<b>2,039,262</b>
<b>Total liabilities and net assets</b>		<b>76,831,261</b>	<b>74,958,332</b>

#### (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, 2017	Three months ended June 30, 2018
	Amount	Amount
<b>ORDINARY INCOME</b>	2,113,563	1,978,688
Insurance premiums and others	1,123,687	1,014,865
Investment income	321,389	307,614
[Interest and dividend income]	[298,400]	[280,454]
[Gains on money held in trust]	[21,137]	[20,471]
[Gains on sales of securities]	[1,659]	[6,625]
Other ordinary income	668,485	656,209
[Reversal of reserve for outstanding claims]	[26,696]	[32,997]
[Reversal of policy reserves]	[640,489]	[621,392]
<b>ORDINARY EXPENSES</b>	2,030,342	1,903,439
Insurance claims and others	1,850,749	1,715,070
[Insurance claims]	[1,567,283]	[1,370,343]
[Annuity payments]	[97,808]	[100,952]
[Benefits]	[15,628]	[20,222]
[Surrender benefits]	[118,391]	[157,730]
Provision for policy reserves and others	1	1
Provision for interest on policyholder dividends	1	1
Investment expenses	16,340	34,891
[Interest expenses]	[630]	[233]
[Losses on sales of securities]	[9,083]	[18,952]
[Losses on derivative financial instruments]	[4,907]	[13,235]
Operating expenses	130,885	125,072
Other ordinary expenses	32,365	28,403
<b>ORDINARY PROFIT</b>	83,220	75,249
<b>EXTRAORDINARY GAINS</b>	-	-
<b>EXTRAORDINARY LOSSES</b>	16,078	330
Losses on sales and disposal of fixed assets	8	63
Provision for reserve for price fluctuations	16,070	267
Provision for reserve for policyholder dividends	32,558	26,832
Income before income taxes	34,582	48,086
Income taxes - Current	40,056	38,460
Income taxes - Deferred	(29,635)	(24,461)
Total income taxes	10,421	13,998
Net income	24,161	34,087
Net income attributable to non-controlling interests	-	-
Net income attributable to Japan Post Insurance	24,161	34,087

(Unaudited Consolidated Statements of Comprehensive Income)

(Millions of yen)

Term Items	Three months ended June 30, 2017	Three months ended June 30, 2018
	Amount	Amount
Net income	24,161	34,087
Other comprehensive income (loss)	93,731	42,832
Net unrealized gains (losses) on available-for-sale securities	93,845	42,943
Net deferred gains (losses) on hedges	(4)	(3)
Adjustments for retirement benefits	(109)	(106)
Total comprehensive income (loss)	117,892	76,920
Comprehensive income (loss) attributable to Japan Post Insurance	117,892	76,920
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, 2018

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

1. 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 30 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 remaining period of insurance policies comprising the sub-group Postal Life Insurance Contracts used to be within 20 years, but has been changed to 30 years from the three months ended June 30, 2018, as the issuance of 30- and 40-year Japanese government bonds has expanded to facilitate duration gap adjustment of long-term insurance contracts. This change has no impact on profit or loss.

2. Securities lent under lending agreements in the amount of ¥3,067,312 million were included in “Securities” in the consolidated balance sheet as of June 30, 2018.

3. Changes in reserve for policyholder dividends for the three months ended June 30, 2018 were as follows:

a. Balance at the beginning of the fiscal year	¥1,622,889 million
b. Policyholder dividends paid during the three months ended June 30, 2018	¥58,913 million
c. Interest accrual	¥1 million
d. Reduction due to the acquisition of additional annuity	¥81 million
e. Provision for reserve for policyholder dividends	¥26,832 million
f. Balance at the end of the three months ended June 30, 2018	¥1,590,728 million

4. Dividends paid were as follows:

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, 2018	Common stock	40,800	68.00	March 31, 2018	June 19, 2018	Retained earnings

(\*1) Total amount of dividends includes ¥13 million of dividends paid to shares of the Company held in the Board Benefit Trust (BBT).

(\*2) The amount of dividends per share includes a special dividend of ¥4 per share.

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

1. Net income per share for the three months ended June 30, 2018 was ¥56.83.

2. Depreciation and amortization for the three months ended June 30, 2018 was ¥14,604 million.

## (5) Consolidated Solvency Margin Ratio

(Millions of yen)

As of	March 31, 2018	June 30, 2018
Total amount of solvency margin (A)	5,595,880	5,636,550
Capital stock, etc.	1,554,624	1,586,111
Reserve for price fluctuations	916,743	917,010
Contingency reserve	2,114,348	2,077,676
Catastrophe loss reserve	-	-
General reserve for possible loan losses	60	54
(Net unrealized gains (losses) on available-for-sale securities (before taxes) • Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)	501,809	555,402
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	(2,896)	(4,588)
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)	5,218	5,070
Excess of continued Zillmerized reserve	506,467	501,237
Capital raised through debt financing	-	-
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin	-	-
Deductions	(495)	(1,702)
Other	-	277
Total amount of risk	988,803	990,014
$\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2 + R_4 + R_6}$ (B)		
Insurance risk R <sub>1</sub>	147,403	146,042
General insurance risk R <sub>5</sub>	-	-
Catastrophe risk R <sub>6</sub>	-	-
Underwriting risk of third-sector insurance R <sub>8</sub>	63,087	62,161
Small amount and short-term insurance risk R <sub>9</sub>	-	-
Anticipated yield risk R <sub>2</sub>	150,450	148,453
Minimum guarantee risk R <sub>7</sub>	-	-
Investment risk R <sub>3</sub>	792,075	795,830
Business management risk R <sub>4</sub>	23,060	23,049
Solvency margin ratio		
$\frac{(A)}{(1/2) \times (B)} \times 100$	1,131.8%	1,138.6%

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.