

**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 9, 2019  
JAPAN POST INSURANCE Co., Ltd.

**Announcement of Financial Results for  
the Three Months Ended June 30, 2019**

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, 2019 (April 1, 2019 to June 30, 2019).

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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, 2019		June 30, 2019			
	Number of policies	Policy amount	Number of policies		Policy amount	
			% of March 31, 2019 total	% of March 31, 2019 total		
Individual insurance	18,095	53,001.8	18,144	100.3	53,022.2	100.0
Individual annuities	1,268	2,329.4	1,244	98.2	2,229.4	95.7
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-

Note: Policy amounts for individual annuities are the total of (a) the accumulated contribution payment as of the date of annuity payment commencement for the annuity before payments commence and (b) 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	2018				2019					
	Number of policies	Policy amount			Number of policies		Policy amount			
		New policies	Net increase arising from the conversion		% of June 30, 2018 total	% of June 30, 2018 total	New policies	Net increase arising from the conversion		
Individual insurance	451	1,440.4	1,440.4	-	426	94.7	1,218.7	84.6	1,218.7	-
Individual annuities	0	0.9	0.9	-	0	224.3	2.7	294.6	2.7	-
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, 2019	June 30, 2019	
			% of March 31, 2019 total
Individual insurance	3,363.9	3,371.1	100.2
Individual annuities	452.4	443.1	97.9
Total	3,816.4	3,814.3	99.9
Medical coverage, living benefits and other	410.9	419.0	102.0

### ▪ New Policies

(Billions of yen, %)

Three months ended June 30	2018	2019	
			% of June 30, 2018 total
Individual insurance	94.6	93.5	98.9
Individual annuities	0.0	0.2	302.4
Total	94.7	93.8	99.0
Medical coverage, living benefits and other	17.0	16.6	97.8

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).

## 2. Investment Performance (General Account)

### (1) Asset Composition

(Billions of yen, %)

As of	March 31, 2019		June 30, 2019	
	Amount	Ratio	Amount	Ratio
Cash, deposits, call loans	1,061.3	1.4	1,009.6	1.4
Receivables under resale agreements	-	-	-	-
Receivables under securities borrowing transactions	2,792.2	3.8	2,857.3	3.9
Monetary claims bought	354.9	0.5	204.7	0.3
Trading account securities	-	-	-	-
Money held in trust	2,787.5	3.8	2,777.2	3.8
Securities	58,452.5	79.1	58,471.5	79.6
Corporate and government bonds	51,128.7	69.2	51,139.5	69.6
Domestic stocks	206.5	0.3	198.5	0.3
Foreign securities	5,284.9	7.2	5,370.1	7.3
Foreign corporate and government bonds	5,108.7	6.9	5,189.0	7.1
Foreign stocks and other securities	176.1	0.2	181.0	0.2
Other securities	1,832.3	2.5	1,763.2	2.4
Loans	6,786.0	9.2	6,428.4	8.8
Real estate	91.0	0.1	90.4	0.1
Deferred tax assets	1,021.9	1.4	1,016.5	1.4
Other	557.2	0.8	598.7	0.8
Reserve for possible loan losses	(0.4)	(0.0)	(0.4)	(0.0)
Total	73,904.5	100.0	73,454.1	100.0
Foreign currency-denominated assets	5,513.1	7.5	5,595.3	7.6

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, 2019					June 30, 2019				
	Book value	Fair value	Net unrealized gains			Book value	Fair value	Net unrealized gains		
			(losses)					(losses)		
			Gains	Losses				Gains	Losses	
Held-to-maturity bonds	36,391.2	43,113.4	6,722.1	6,722.5	0.4	36,385.0	43,568.3	7,183.2	7,183.2	0.0
Policy-reserve matching bonds	10,570.0	11,724.3	1,154.3	1,154.8	0.5	10,662.2	11,886.1	1,223.9	1,223.9	0.0
Equities of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	14,191.1	14,824.6	633.4	776.6	143.1	13,845.3	14,568.7	723.3	850.3	126.9
Corporate and government bonds	4,197.3	4,265.4	68.0	69.7	1.7	4,103.3	4,190.2	86.8	87.0	0.1
Domestic stocks	1,475.6	1,756.0	280.4	355.1	74.6	1,472.9	1,696.8	223.9	326.6	102.6
Foreign securities	5,503.2	5,778.6	275.3	326.3	50.9	5,504.8	5,865.5	360.7	381.4	20.7
Foreign corporate and government bonds	4,826.6	5,010.7	184.1	230.9	46.7	4,819.5	5,091.0	271.4	289.3	17.8
Foreign stocks and other securities	676.5	767.8	91.2	95.4	4.2	685.2	774.4	89.2	92.0	2.8
Other securities	2,257.1	2,264.5	7.4	23.2	15.7	2,156.8	2,206.3	49.5	52.9	3.4
Monetary claims bought	352.7	354.9	2.1	2.1	-	202.4	204.7	2.2	2.2	-
Negotiable certificates of deposit	405.0	405.0	-	-	-	405.0	405.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	61,152.5	69,662.4	8,509.9	8,654.0	144.1	60,892.7	70,023.2	9,130.5	9,257.5	126.9
Corporate and government bonds	51,060.7	59,003.9	7,943.1	7,945.8	2.6	51,052.6	59,545.6	8,492.9	8,493.1	0.2
Domestic stocks	1,475.6	1,756.0	280.4	355.1	74.6	1,472.9	1,696.8	223.9	326.6	102.6
Foreign securities	5,601.2	5,877.9	276.7	327.6	50.9	5,602.8	5,964.6	361.8	382.5	20.7
Foreign corporate and government bonds	4,924.6	5,110.1	185.4	232.2	46.7	4,917.5	5,190.1	272.5	290.4	17.8
Foreign stocks and other securities	676.5	767.8	91.2	95.4	4.2	685.2	774.4	89.2	92.0	2.8
Other securities	2,257.1	2,264.5	7.4	23.2	15.7	2,156.8	2,206.3	49.5	52.9	3.4
Monetary claims bought	352.7	354.9	2.1	2.1	-	202.4	204.7	2.2	2.2	-
Negotiable certificates of deposit	405.0	405.0	-	-	-	405.0	405.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-

Note: This table includes money held in trust other than trading securities and its book value is ¥2,194.9 billion with net unrealized gains of ¥350.1 billion as of June 30, 2019 and ¥2,190.8 billion with net unrealized gains of ¥392.8 billion as of March 31, 2019.

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, 2019	June 30, 2019
Held-to-maturity bonds	-	-
Unlisted foreign bonds	-	-
Other	-	-
Policy-reserve-matching bonds	-	-
Equities of subsidiaries and affiliates	5.9	5.9
Available-for-sale securities	161.1	204.8
Unlisted domestic stocks (excluding OTC traded equities)	4.2	4.2
Unlisted foreign stocks (excluding OTC traded equities)	-	-
Unlisted foreign bonds	-	-
Other	156.9	200.6
<b>Total</b>	<b>167.1</b>	<b>210.8</b>

Notes: 1. This table includes money held in trust other than trading securities (¥200.6 billion as of June 30, 2019 and ¥156.9 billion as of March 31, 2019).

2. Net unrealized gains (losses) based on foreign exchange valuation of the foreign currency-denominated assets classified as securities for which the fair values are deemed extremely difficult to determine are ¥(4.9) billion as of June 30, 2019 and ¥(1.4) billion as of March 31, 2019.

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, 2019					June 30, 2019				
	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	2,627.2	2,627.2	-	-	-	2,578.7	2,578.7	-	-	-

- 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, 2019					June 30, 2019				
	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	2,234.3	2,627.2	392.8	454.9	62.0	2,228.6	2,578.7	350.1	431.0	80.9

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 (¥198.5 billion as of June 30, 2019 and ¥160.3 billion as of March 31, 2019).

### 3. Unaudited Non-Consolidated Balance Sheets

(Millions of yen)

Items	Term	As of March 31, 2019	As of June 30, 2019
		Amount	Amount
<b>ASSETS:</b>			
Cash and deposits		911,343	869,679
Call loans		150,000	140,000
Receivables under securities borrowing transactions		2,792,202	2,857,359
Monetary claims bought		354,958	204,734
Money held in trust		2,787,555	2,777,286
Securities		58,452,565	58,471,522
[Japanese government bonds]		[38,041,414]	[38,095,181]
[Japanese local government bonds]		[7,524,415]	[7,422,684]
[Japanese corporate bonds]		[5,562,928]	[5,621,722]
[Stocks]		[206,568]	[198,594]
[Foreign securities]		[5,284,936]	[5,370,137]
Loans		6,786,074	6,428,414
Policy loans		144,566	145,795
Industrial and commercial loans		991,309	1,026,862
Loans to the Management Organization		5,650,198	5,255,756
Tangible fixed assets		107,865	111,602
Intangible fixed assets		158,574	149,462
Agency accounts receivable		21,960	32,882
Reinsurance receivables		3,872	3,898
Other assets		356,063	391,268
Deferred tax assets		1,021,999	1,016,550
Reserve for possible loan losses		(459)	(490)
<b>Total assets</b>		<b>73,904,576</b>	<b>73,454,169</b>
<b>LIABILITIES:</b>			
Policy reserves and others		67,093,751	66,459,054
Reserve for outstanding claims		519,568	482,758
Policy reserves		65,060,549	64,491,815
Reserve for policyholder dividends		1,513,634	1,484,480
Reinsurance payables		6,470	6,527
Bonds payable		100,000	100,000
Other liabilities		3,605,644	3,852,091
Payables under securities lending transactions		3,422,810	3,722,868
Income taxes payable		44,161	29,734
Lease obligations		2,140	1,983
Asset retirement obligation		5	5
Other liabilities		136,525	97,498
Reserve for employees' retirement benefits		68,450	69,404
Reserve for management board benefit trust		203	192
Reserve for price fluctuations		897,492	881,822
<b>Total liabilities</b>		<b>71,772,012</b>	<b>71,369,093</b>
<b>NET ASSETS:</b>			
Capital stock		500,000	500,000
Capital surplus		500,044	405,044
Legal capital surplus		405,044	405,044
Other capital surplus		95,000	-
Retained earnings		676,242	661,745
Legal retained earnings		47,569	56,209
Other retained earnings		628,672	605,535
Reserve for reduction entry of real estate		5,805	5,740
Retained earnings brought forward		622,867	599,795
Treasury stock		(450)	(445)
Total shareholders' equity		1,675,836	1,566,344
Net unrealized gains (losses) on available-for-sale securities		456,694	518,696
Net deferred gains (losses) on hedges		33	35
Total valuation and translation adjustments		456,727	518,731
<b>Total net assets</b>		<b>2,132,564</b>	<b>2,085,076</b>
<b>Total liabilities and net assets</b>		<b>73,904,576</b>	<b>73,454,169</b>

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

(Millions of yen)

Items	Term	Three months ended June 30, 2018	Three months ended June 30, 2019
		Amount	Amount
<b>ORDINARY INCOME</b>		1,978,687	1,818,986
Insurance premiums and others		1,014,865	935,876
[Insurance premiums]		[1,011,376]	[932,026]
Investment income		307,614	276,919
[Interest and dividend income]		[280,454]	[267,698]
[Gains on money held in trust]		[20,471]	[25]
[Gains on sales of securities]		[6,625]	[8,979]
Other ordinary income		656,208	606,190
[Reversal of reserve for outstanding claims]		[32,997]	[36,809]
[Reversal of policy reserves]		[621,392]	[568,733]
<b>ORDINARY EXPENSES</b>		1,903,634	1,763,106
Insurance claims and others		1,715,070	1,576,681
[Insurance claims]		[1,370,343]	[1,268,765]
[Annuity payments]		[100,952]	[100,110]
[Benefits]		[20,222]	[25,292]
[Surrender benefits]		[157,730]	[137,282]
[Other refunds]		[60,141]	[39,292]
Provision for policy reserves and others		1	2
Provision for interest on policyholder dividends		1	2
Investment expenses		34,891	31,112
[Interest expenses]		[233]	[502]
[Losses on sales of securities]		[18,952]	[9,905]
[Losses on derivative financial instruments]		[13,235]	[18,601]
Operating expenses		124,993	127,805
Other ordinary expenses		28,677	27,504
<b>ORDINARY PROFIT</b>		75,053	55,880
<b>EXTRAORDINARY GAINS</b>		-	15,669
Reversal of reserve for price fluctuations		-	15,669
<b>EXTRAORDINARY LOSSES</b>		330	5
Losses on sales and disposal of fixed assets		63	5
Provision for reserve for price fluctuations		267	-
Provision for reserve for policyholder dividends		26,832	20,745
Income before income taxes		47,890	50,799
Income taxes - Current		38,459	36,022
Income taxes - Deferred		(24,501)	(18,895)
Total income taxes		13,957	17,126
Net income		33,933	33,672



## NOTES TO THE UNAUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE THREE MONTHS ENDED JUNE 30, 2019

1. Securities lent under lending agreements in the amount of ¥3,950,883 million were included in “Securities” in the balance sheet as of June 30, 2019.

2. Changes in reserve for policyholder dividends for the three months ended June 30, 2019 were as follows:

Balance at the beginning of the fiscal year	¥1,513,634 million
Policyholder dividends paid during the three months ended June 30, 2019	¥49,820 million
Interest accrual	¥2 million
Reduction due to the acquisition of additional annuity	¥81 million
Provision for reserve for policyholder dividends	¥20,745 million
Balance at the end of the three months ended June 30, 2019	¥1,484,480 million

3. 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, 2019	Common stock	43,200	72.00	March 31, 2019	June 18, 2019	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.

4. Treasury stock increased by ¥99,999 million due to the acquisition of 37,411 thousand shares of treasury stock on April 8, 2019, based on the resolution at the Board of Directors meeting held on April 4, 2019.

Meanwhile, other capital surplus and treasury stock each decreased by ¥99,970 million, due to the cancellation of 37,400 thousand shares of treasury stock on May 31, 2019, based on the resolution at the Board of Directors meeting held on May 15, 2019.

Since the balance of other capital surplus amounted to ¥(4,970) million at the end of the three months ended June 30, 2019 due to the cancellation of treasury stock, other capital surplus was reduced to nil whereby the aforementioned negative value was deducted from retained earnings brought forward, pursuant to “Accounting Standard for Treasury Shares and Appropriation of Legal Reserve, etc.” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 1, March 26, 2015).

Retained earnings brought forward at the end of the three months ended June 30, 2019 decreased ¥23,072 million from the end of the previous fiscal year, to ¥599,795 million, while treasury stock decreased ¥5 million to ¥445 million.

5. The Company promotes thoroughgoing customer-first business operation as one of its critical management priorities. However, following the internal investigation into the handling of customers’ revision of their insurance coverage, it was discovered that in some cases, such revision was carried out in a manner that may have caused disadvantages to customers, not in line with their intentions. As a result, the Company decided to investigate all the Company’s policies (approximately 30 million policies including cancelled policies in the past five years for a total of approximately 20 million policyholders).

We will reinstate insurance policies or take other measures in accordance with the intent and circumstances of our customers by specifically investigating whether there were any identifiable types of cases that caused disadvantages to customers not in line with their intentions, namely, the following: cases in which the previous policy was cancelled but the new policy underwriting was declined; cases in which subsequent benefit payments were declined as a result of cancellation of the new policy due to breach of the duty to disclose important matters; cases in which sales personnel could have made more reasonable proposals such as switching riders or decreasing insurance amounts; cases in which the policy coverage and period did not change after rewriting, but the assumed rate of return decreased; and cases of overlapping insurance because the previous policy was cancelled after the rewriting period (cancelled during the period seven to nine months after date of writing of the new policy).

As it is difficult to reasonably estimate the impact of these measures on the financial results of the Company at this point in time, such impact has been reflected on neither financial statements for the first quarter of the fiscal year ending March 31, 2020 nor those for the three months ended June 30, 2019. However, such impact may materialize in the future financial periods depending on the progress in the implementation of these measures.

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

Net income per share for the three months ended June 30, 2019 was ¥59.40.

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

(Millions of yen)

Three months ended June 30		2018	2019
Core profit	A	98,852	90,866
Capital gains		27,096	9,092
Gains on money held in trust		20,471	25
Gains on trading securities		-	-
Gains on sales of securities		6,625	8,979
Gains on derivative financial instruments		-	-
Gains on foreign exchanges		-	87
Other capital gains		-	-
Capital losses		42,731	40,744
Losses on money held in trust		-	-
Losses on trading securities		-	-
Losses on sales of securities		18,952	9,905
Losses on valuation of securities		-	-
Losses on derivative financial instruments		13,235	18,601
Losses on foreign exchanges		570	-
Other capital losses		9,973	12,237
Net capital gains (losses)	B	(15,635)	(31,652)
Core profit including net capital gains (losses)	A+B	83,217	59,214
Other one-time gains		36,671	41,346
Reinsurance income		-	-
Reversal of contingency reserve		36,671	41,346
Reversal of specific reserve for possible loan losses		-	-
Other		-	-
Other one-time losses		44,835	44,679
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		44,835	44,679
Other one-time profits (losses)	C	(8,163)	(3,333)
Ordinary profit	A+B+C	75,053	55,880

- 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 ¥12,237 million for the three months ended June 30, 2019) 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 ¥44,679 million for the three months ended June 30, 2019).

## 6. Solvency Margin Ratio

(Millions of yen)

As of		March 31, 2019	June 30, 2019
Total amount of solvency margin	(A)	5,649,027	5,594,191
Capital stock, etc.		1,632,636	1,559,138
Reserve for price fluctuations		897,492	881,822
Contingency reserve		1,962,755	1,921,409
General reserve for possible loan losses		45	36
(Net unrealized gains (losses) on available-for-sale securities (before taxes) • Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)		568,785	646,495
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		(2,336)	(2,336)
Excess of continued Zillmerized reserve		489,649	487,390
Capital raised through debt financing		100,000	100,000
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin		-	-
Deductions		-	-
Other		-	235
Total amount of risk	(B)	950,952	934,937
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$			
Insurance risk	R <sub>1</sub>	142,209	141,059
Underwriting risk of third-sector insurance	R <sub>8</sub>	59,172	58,324
Anticipated yield risk	R <sub>2</sub>	141,866	140,576
Minimum guarantee risk	R <sub>7</sub>	-	-
Investment risk	R <sub>3</sub>	764,830	750,517
Business management risk	R <sub>4</sub>	22,161	21,809
Solvency margin ratio			
$\frac{(A)}{(1/2) \times (B)} \times 100$		1,188.0%	1,196.6%

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, 2019

Not applicable.

## 8. Consolidated Financial Summary

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

(Millions of yen)

Three months ended June 30	2018	2019
Ordinary income	1,978,688	1,818,987
Ordinary profit	75,249	56,002
Net income attributable to Japan Post Insurance	34,087	33,778
Comprehensive income (loss)	76,920	95,676

As of	March 31, 2019	June 30, 2019
Total assets	73,905,017	73,455,756
Consolidated solvency margin ratio	1,189.8%	1,198.5%

### (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, 2019	As of June 30, 2019
		Amount	Amount
<b>ASSETS:</b>			
Cash and deposits		917,708	875,611
Call loans		150,000	140,000
Receivables under securities borrowing transactions		2,792,202	2,857,359
Monetary claims bought		354,958	204,734
Money held in trust		2,787,555	2,777,286
Securities		58,451,581	58,470,538
Loans		6,786,074	6,428,414
Tangible fixed assets		108,422	112,155
Intangible fixed assets		153,271	145,719
Agency accounts receivable		21,960	32,882
Reinsurance receivables		3,872	3,898
Other assets		355,776	390,978
Deferred tax assets		1,022,091	1,016,668
Reserve for possible loan losses		(459)	(490)
<b>Total assets</b>		<b>73,905,017</b>	<b>73,455,756</b>
<b>LIABILITIES:</b>			
Policy reserves and others		67,093,751	66,459,054
Reserve for outstanding claims		519,568	482,758
Policy reserves		65,060,549	64,491,815
Reserve for policyholder dividends		1,513,634	1,484,480
Reinsurance payables		6,470	6,527
Bonds payable		100,000	100,000
Payables under securities lending transactions		3,422,810	3,722,868
Other liabilities		183,889	131,248
Liability for retirement benefits		65,262	66,391
Reserve for management board benefit trust		203	192
Reserve for price fluctuations		897,492	881,822
<b>Total liabilities</b>		<b>71,769,880</b>	<b>71,368,107</b>
<b>NET ASSETS:</b>			
Capital stock		500,000	500,000
Capital surplus		500,044	405,044
Retained earnings		675,526	661,134
Treasury stock		(450)	(445)
Total shareholders' equity		1,675,120	1,565,733
Net unrealized gains (losses) on available-for-sale securities		456,694	518,696
Net deferred gains (losses) on hedges		33	35
Accumulated adjustments for retirement benefits		3,289	3,183
Total accumulated other comprehensive income		460,017	521,915
<b>Total net assets</b>		<b>2,135,137</b>	<b>2,087,648</b>
<b>Total liabilities and net assets</b>		<b>73,905,017</b>	<b>73,455,756</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, 2018	Three months ended June 30, 2019
	Amount	Amount
<b>ORDINARY INCOME</b>	1,978,688	1,818,987
Insurance premiums and others	1,014,865	935,876
Investment income	307,614	276,919
[Interest and dividend income]	[280,454]	[267,698]
[Gains on money held in trust]	[20,471]	[25]
[Gains on sales of securities]	[6,625]	[8,979]
Other ordinary income	656,209	606,191
[Reversal of reserve for outstanding claims]	[32,997]	[36,809]
[Reversal of policy reserves]	[621,392]	[568,733]
<b>ORDINARY EXPENSES</b>	1,903,439	1,762,984
Insurance claims and others	1,715,070	1,576,681
[Insurance claims]	[1,370,343]	[1,268,765]
[Annuity payments]	[100,952]	[100,110]
[Benefits]	[20,222]	[25,292]
[Surrender benefits]	[157,730]	[137,282]
Provision for policy reserves and others	1	2
Provision for interest on policyholder dividends	1	2
Investment expenses	34,891	31,113
[Interest expenses]	[233]	[502]
[Losses on sales of securities]	[18,952]	[9,905]
[Losses on derivative financial instruments]	[13,235]	[18,601]
Operating expenses	125,072	128,010
Other ordinary expenses	28,403	27,177
<b>ORDINARY PROFIT</b>	75,249	56,002
<b>EXTRAORDINARY GAINS</b>	-	15,669
Reversal of reserve for price fluctuations	-	15,669
<b>EXTRAORDINARY LOSSES</b>	330	5
Losses on sales and disposal of fixed assets	63	5
Provision for reserve for price fluctuations	267	-
Provision for reserve for policyholder dividends	26,832	20,745
Income before income taxes	48,086	50,921
Income taxes - Current	38,460	36,022
Income taxes - Deferred	(24,461)	(18,878)
Total income taxes	13,998	17,143
Net income	34,087	33,778
Net income attributable to non-controlling interests	-	-
Net income attributable to Japan Post Insurance	34,087	33,778

(Unaudited Consolidated Statements of Comprehensive Income)

(Millions of yen)

Term Items	Three months ended June 30, 2018	Three months ended June 30, 2019
	Amount	Amount
Net income	34,087	33,778
Other comprehensive income (loss)	42,832	61,898
Net unrealized gains (losses) on available-for-sale securities	42,943	62,001
Net deferred gains (losses) on hedges	(3)	2
Adjustments for retirement benefits	(106)	(105)
Total comprehensive income (loss)	76,920	95,676
Comprehensive income (loss) attributable to Japan Post Insurance	76,920	95,676
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, 2019

### (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 ¥3,950,883 million were included in “Securities” in the consolidated balance sheet as of June 30, 2019.

2. Changes in reserve for policyholder dividends for the three months ended June 30, 2019 were as follows:

Balance at the beginning of the fiscal year	¥1,513,634 million
Policyholder dividends paid during the three months ended June 30, 2019	¥49,820 million
Interest accrual	¥2 million
Reduction due to the acquisition of additional annuity	¥81 million
Provision for reserve for policyholder dividends	¥20,745 million
Balance at the end of the three months ended June 30, 2019	¥1,484,480 million

3. 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, 2019	Common stock	43,200	72.00	March 31, 2019	June 18, 2019	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.

4. Treasury stock increased by ¥99,999 million due to the acquisition of 37,411 thousand shares of treasury stock on April 8, 2019, based on the resolution at the Board of Directors meeting held on April 4, 2019.

Meanwhile, capital surplus and treasury stock each decreased by ¥99,970 million, due to the cancellation of 37,400 thousand shares of treasury stock on May 31, 2019, based on the resolution at the Board of Directors meeting held on May 15, 2019.

Since the balance of other capital surplus under the heading of capital surplus amounted to ¥(4,970) million at the end of the three months ended June 30, 2019 due to the cancellation of treasury stock, other capital surplus was reduced to nil whereby the aforementioned negative value was deducted from other retained earnings, pursuant to “Accounting Standard for Treasury Shares and Appropriation of Legal Reserve, etc.” (ASBJ Statement No. 1, March 26, 2015).

Capital surplus at the end of the three months ended June 30, 2019 decreased ¥95,000 million from the end of the previous fiscal year, to ¥405,044 million. Likewise, retained earnings decreased ¥14,392 million to ¥661,134 million, while treasury stock decreased ¥5 million to ¥445 million.

5. The Company promotes thoroughgoing customer-first business operation as one of its critical management priorities. However, following the internal investigation into the handling of customers’ revision of their insurance coverage, it was discovered that in some cases, such revision was carried out in a manner that may have caused disadvantages to customers, not in line with their intentions. As a result, the Company decided to investigate all the Company’s policies (approximately 30 million policies including cancelled policies in the past five years for a total of approximately 20 million policyholders).

We will reinstate insurance policies or take other measures in accordance with the intent and circumstances of our customers by specifically investigating whether there were any identifiable types of cases that caused disadvantages to customers not in line with their intentions, namely, the following: cases in which the previous policy was cancelled but the new policy underwriting was declined; cases in which subsequent benefit payments were declined as a result of cancellation of the new policy due to breach of the duty to disclose important matters; cases in which sales personnel could have made more reasonable proposals such as switching riders or decreasing insurance amounts; cases in which the policy coverage and period did not change after rewriting, but the assumed rate of return decreased; and cases of overlapping insurance because the previous policy was cancelled after the rewriting period (cancelled during the period seven to nine months after date of writing of the new policy).

As it is difficult to reasonably estimate the impact of these measures on the financial results of the Company at this point in time, such impact has been reflected on neither consolidated financial statements for the first quarter of the fiscal year ending March 31, 2020 nor those for the three months ended June 30, 2019. However, such

impact may materialize in the future financial periods depending on the progress in the implementation of these measures.

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

1. Net income per share for the three months ended June 30, 2019 was ¥59.59.
2. Depreciation and amortization for the three months ended June 30, 2019 was ¥13,913 million.



## (5) Consolidated Solvency Margin Ratio

(Millions of yen)

As of	March 31, 2019	June 30, 2019
Total amount of solvency margin (A)	5,647,874	5,593,031
Capital stock, etc.	1,631,920	1,558,527
Reserve for price fluctuations	897,492	881,822
Contingency reserve	1,962,755	1,921,409
Catastrophe loss reserve	-	-
General reserve for possible loan losses	45	36
(Net unrealized gains (losses) on available-for-sale securities (before taxes) • Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)	568,785	646,495
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	(2,336)	(2,336)
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)	4,569	4,422
Excess of continued Zillmerized reserve	489,649	487,390
Capital raised through debt financing	100,000	100,000
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin	-	-
Deductions	(5,006)	(4,971)
Other	-	235
Total amount of risk (B)	949,323	933,315
$\sqrt{(\sqrt{R_1^2 + R_5^2} + R_8 + R_9)^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$		
Insurance risk R <sub>1</sub>	142,209	141,059
General insurance risk R <sub>5</sub>	-	-
Catastrophe risk R <sub>6</sub>	-	-
Underwriting risk of third-sector insurance R <sub>8</sub>	59,172	58,324
Small amount and short-term insurance risk R <sub>9</sub>	-	-
Anticipated yield risk R <sub>2</sub>	141,866	140,576
Minimum guarantee risk R <sub>7</sub>	-	-
Investment risk R <sub>3</sub>	763,194	748,888
Business management risk R <sub>4</sub>	22,128	21,776
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,189.8%	1,198.5%

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.