

**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 12, 2016

JAPAN POST INSURANCE Co., Ltd.

**Announcement of Financial Results for  
the Three Months Ended June 30, 2016**

JAPAN POST INSURANCE Co., Ltd. (the “Company”; Masami Ishii, Director and President, CEO, Representative Executive Officer) hereby announces its financial results for the three months ended June 30, 2016 (April 1, 2016 to June 30, 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		June 30, 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	15,864	103.3	46,090.6	103.8
Individual annuities	1,367	3,476.4	1,374	100.5	3,420.1	98.4
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, %)

Three months ended June 30	2015				2016					
	Number of policies	Policy amount			Number of policies		Policy amount			
			New policies	Net increase arising from the conversion		% of June 30, 2015 total		% of June 30, 2015 total	New policies	Net increase arising from the conversion
Individual insurance	577	1,720.1	1,720.1	-	673	116.6	2,218.3	129.0	2,218.3	-
Individual annuities	20	72.2	72.2	-	10	52.2	39.7	55.1	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	June 30, 2016	
			% of March 31, 2016 total
Individual insurance	2,863.5	2,968.9	103.7
Individual annuities	656.0	640.3	97.6
Total	3,519.6	3,609.2	102.5
Medical coverage, living benefits and other	293.4	301.6	102.8

### ▪ New Policies

(Billions of yen, %)

Three months ended June 30	2015	2016	
			% of June 30, 2015 total
Individual insurance	119.4	144.1	120.7
Individual annuities	33.4	19.4	58.0
Total	152.9	163.5	107.0
Medical coverage, living benefits and other	12.6	12.1	96.0

- 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, 2016		June 30, 2016	
	Amount	Ratio	Amount	Ratio
Cash, deposits, call loans	2,216.0	2.7	1,793.7	2.2
Receivables under resale agreements	-	-	-	-
Receivables under securities borrowing transactions	3,008.5	3.7	3,375.0	4.2
Monetary claims bought	430.1	0.5	432.1	0.5
Trading account securities	-	-	-	-
Money held in trust	1,644.5	2.0	1,705.5	2.1
Securities	63,610.8	78.0	62,608.3	77.4
Corporate and government bonds	59,821.0	73.4	58,680.6	72.5
Domestic stocks	0.9	0.0	0.9	0.0
Foreign securities	3,688.8	4.5	3,725.2	4.6
Foreign corporate and government bonds	3,688.8	4.5	3,725.2	4.6
Foreign stocks and other securities	-	-	-	-
Other securities	100.0	0.1	201.5	0.2
Loans	8,978.4	11.0	9,020.9	11.2
Real estate	123.7	0.2	123.0	0.2
Deferred tax assets	712.6	0.9	790.8	1.0
Other	819.3	1.0	1,056.7	1.3
Reserve for possible loan losses	(0.7)	(0.0)	(0.7)	(0.0)
Total	81,543.6	100.0	80,905.7	100.0
Foreign currency-denominated assets	3,949.4	4.8	3,949.8	4.9

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)

(Billions of yen)

As of		March 31, 2016					June 30, 2016						
		Book value	Fair value	Net unrealized gains			Book value	Fair value	Net unrealized gains				
				(losses)		Gains			Losses	(losses)		Gains	Losses
	Held-to-maturity bonds	42,239.8	49,752.9	7,513.0	7,513.0	0.0	41,476.6	50,669.4	9,192.7	9,192.7	-		
	Policy-reserve-matching bonds	13,563.4	15,062.1	1,498.7	1,498.7	-	12,902.5	14,585.7	1,683.1	1,683.1	-		
	Equities of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-		
	Available-for-sale securities	9,918.1	10,479.6	561.5	658.1	96.6	10,249.0	10,639.6	390.6	538.1	147.4		
	Corporate and government bonds	4,012.9	4,115.7	102.8	103.5	0.7	4,287.6	4,399.4	111.7	111.7	0.0		
	Domestic stocks	1,065.4	1,202.5	137.0	195.3	58.2	1,160.4	1,227.0	66.5	166.8	100.2		
	Foreign securities	3,682.7	4,001.1	318.3	355.8	37.5	3,812.4	4,019.4	207.0	254.1	47.1		
	Foreign corporate and government bonds	3,299.3	3,590.8	291.4	319.3	27.9	3,419.2	3,627.2	207.9	236.7	28.7		
	Foreign stocks and other securities	383.4	410.3	26.9	36.5	9.6	393.1	392.2	(0.8)	17.4	18.3		
	Other securities	100.0	100.0	0.0	0.1	0.1	200.0	201.5	1.5	1.6	0.0		
	Monetary claims bought	426.9	430.1	3.1	3.1	-	428.4	432.1	3.7	3.7	-		
	Negotiable certificates of deposit	630.0	630.0	-	-	-	360.0	360.0	-	-	-		
	Other	-	-	-	-	-	-	-	-	-	-		
	Total	65,721.3	75,294.7	9,573.3	9,669.9	96.6	64,628.2	75,894.8	11,266.6	11,414.0	147.4		
	Corporate and government bonds	59,718.1	68,828.4	9,110.2	9,111.0	0.7	58,568.8	69,552.0	10,983.2	10,983.2	0.0		
	Domestic stocks	1,065.4	1,202.5	137.0	195.3	58.2	1,160.4	1,227.0	66.5	166.8	100.2		
	Foreign securities	3,780.7	4,103.5	322.7	360.2	37.5	3,910.4	4,121.9	211.5	258.6	47.1		
	Foreign corporate and government bonds	3,397.3	3,693.2	295.8	323.7	27.9	3,517.2	3,729.7	212.4	241.2	28.7		
	Foreign stocks and other securities	383.4	410.3	26.9	36.5	9.6	393.1	392.2	(0.8)	17.4	18.3		
	Other securities	100.0	100.0	0.0	0.1	0.1	200.0	201.5	1.5	1.6	0.0		
	Monetary claims bought	426.9	430.1	3.1	3.1	-	428.4	432.1	3.7	3.7	-		
	Negotiable certificates of deposit	630.0	630.0	-	-	-	360.0	360.0	-	-	-		
	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 and its book value is ¥1,553.6 billion with net unrealized gains of ¥65.7 billion as of June 30, 2016 and ¥1,448.8 billion with net unrealized gains of ¥163.9 billion as of March 31, 2016.

- The book values for securities that fair values are deemed extremely difficult to determine are as follows:

(Billions of yen)

As of	March 31, 2016	June 30, 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	-	-
Unlisted domestic stocks (excluding OTC traded equities)	-	-
Unlisted foreign stocks (excluding OTC traded equities)	-	-
Unlisted foreign bonds	-	-
Other	-	-
Total	0.9	0.9

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

(Billions of yen)

As of	March 31, 2016					June 30, 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	-	-	-	1,705.5	1,705.5	-	-	-

- Money held in trust for trading purposes

The Company does not hold money held in trust for trading purposes.

- Assets held-to-maturity in trust/assets held for reserves in trust/other money held in trust

(Billions of yen)

As of	March 31, 2016					June 30, 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	1,639.7	1,705.5	65.7	184.2	118.5

### 3. UNAUDITED NON-CONSOLIDATED BALANCE SHEETS

(Millions of yen)

Term		(in millions of yen)	
Items	As of March 31, 2016	As of June 30, 2016	
	Amount	Amount	
ASSETS:			
Cash and deposits	1,856,037	853,727	
Call loans	360,000	940,000	
Receivables under securities borrowing transactions	3,008,591	3,375,089	
Monetary claims bought	430,150	432,176	
Money held in trust	1,644,547	1,705,510	
Securities	63,610,890	62,608,378	
[Japanese government bonds]	[44,178,631]	[43,048,474]	
[Japanese local government bonds]	[9,405,494]	[9,559,184]	
[Japanese corporate bonds]	[6,236,913]	[6,072,978]	
[Stocks]	[984]	[984]	
[Foreign securities]	[3,688,822]	[3,725,220]	
Loans	8,978,437	9,020,995	
Policy loans	95,629	100,348	
Industrial and commercial loans	829,027	896,112	
Loans to the Management Organization	8,053,780	8,024,534	
Tangible fixed assets	145,495	144,310	
Intangible fixed assets	188,868	189,151	
Agency accounts receivable	81,193	55,835	
Reinsurance receivables	1,368	1,644	
Other assets	526,199	788,854	
Deferred tax assets	712,615	790,853	
Reserve for possible loan losses	(772)	(784)	
Total assets	81,543,623	80,905,744	
LIABILITIES:			
Policy reserves and others	74,934,165	74,389,957	
Reserve for outstanding claims	635,167	623,504	
Policy reserves	72,362,503	71,872,997	
Reserve for policyholder dividends	1,936,494	1,893,455	
Reinsurance payables	3,377	3,636	
Other liabilities	3,878,684	3,944,757	
Payables under securities lending transactions	3,648,478	3,700,030	
Income taxes payable	75,435	34,349	
Lease obligations	1,852	1,735	
Asset retirement obligation	15	15	
Other liabilities	152,901	208,627	
Reserve for employees' retirement benefits	66,675	67,502	
Reserve for management board benefit trust	-	82	
Reserve for price fluctuations	782,268	758,942	
Total liabilities	79,665,171	79,164,878	
NET ASSETS:			
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	458,775	
Legal retained earnings	25,489	32,209	
Other retained earnings	447,365	426,565	
Retained earnings brought forward	447,365	426,565	
Treasury stock	-	(538)	
Total shareholders' equity	1,472,899	1,458,280	
Net unrealized gains (losses) on available-for-sale securities	405,412	282,454	
Net deferred gains (losses) on hedges	140	131	
Total valuation and translation adjustments	405,553	282,585	
Total net assets	1,878,452	1,740,866	
Total liabilities and net assets	81,543,623	80,905,744	

#### 4. UNAUDITED NON-CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

Term Items	Three months ended June 30, 2015	Three months ended June 30, 2016
	Amount	Amount
<b>ORDINARY INCOME</b>	2,473,122	2,261,438
Insurance premiums and others	1,351,573	1,415,193
[Insurance premiums]	[1,350,743]	[1,413,567]
Investment income	344,642	344,133
[Interest and dividend income]	[329,424]	[306,865]
[Gains on money held in trust]	[14,226]	[11,598]
[Gains on sales of securities]	[-]	[25,654]
[Gains on derivative financial instruments]	[956]	[-]
Other ordinary income	776,906	502,111
[Reversal of reserve for outstanding claims]	[23,158]	[11,663]
[Reversal of policy reserves]	[752,841]	[489,505]
<b>ORDINARY EXPENSES</b>	2,365,513	2,217,093
Insurance claims and others	2,210,799	1,988,744
[Insurance claims]	[1,987,135]	[1,732,578]
[Annuity payments]	[83,070]	[90,698]
[Benefits]	[11,431]	[13,464]
[Surrender benefits]	[83,801]	[101,937]
[Other refunds]	[43,181]	[46,622]
Provision for policy reserves and others	232	9
Provision for interest on policyholder dividends	232	9
Investment expenses	2,427	68,346
[Interest expenses]	[1,061]	[429]
[Losses on valuation of securities]	[-]	[63,939]
[Losses on derivative financial instruments]	[-]	[824]
Operating expenses	127,564	134,524
Other ordinary expenses	24,490	25,469
<b>ORDINARY PROFIT</b>	107,609	44,344
<b>EXTRAORDINARY GAINS</b>	340	23,326
Gains on sales of fixed assets	340	-
Reversal of reserve for price fluctuations	-	23,326
<b>EXTRAORDINARY LOSSES</b>	19,368	7
Losses on sales and disposal of fixed assets	155	7
Provision for reserve for price fluctuations	19,212	-
Provision for reserve for policyholder dividends	56,371	41,675
Income before income taxes	32,210	25,987
Income taxes - Current	43,788	36,815
Income taxes - Deferred	(34,822)	(30,347)
Total income taxes	8,965	6,467
Net income	23,244	19,519



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

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) effective from the three months ended June 30, 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 ¥2,933,638 million were included in “Securities” in the balance sheet as of June 30, 2016.

#### 4. Changes in reserve for policyholder dividends for the three months ended June 30, 2016 were as follows:

a. Balance at the beginning of the fiscal year	¥1,936,494 million
b. Policyholder dividends paid during the three months ended June 30, 2016	¥84,644 million
c. Interest accrual	¥9 million
d. Reduction due to the acquisition of additional annuity	¥80 million
e. Provision for reserve for policyholder dividends	¥41,675 million
f. Balance at the end of the three months ended June 30, 2016	¥1,893,455 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 ¥32.54.

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

(Millions of yen)

Three months ended June 30	2015	2016
Core profit A	113,069	94,153
Capital gains	15,183	37,253
Gains on money held in trust	14,226	11,598
Gains on trading securities	-	-
Gains on sales of securities	-	25,654
Gains on derivative financial instruments	956	-
Gains on foreign exchanges	-	-
Other capital gains	-	-
Capital losses	6,364	72,381
Losses on money held in trust	-	-
Losses on trading securities	-	-
Losses on sales of securities	-	-
Losses on valuation of securities	-	63,939
Losses on derivative financial instruments	-	824
Losses on foreign exchanges	1,257	1,882
Other capital losses	5,107	5,734
Net capital gains (losses) B	8,818	(35,128)
Core profit including net capital gains (losses) A+B	121,887	59,025
Other one-time gains	30,335	30,370
Reinsurance income	-	-
Reversal of contingency reserve	30,335	30,370
Reversal of specific reserve for possible loan losses	-	-
Other	-	-
Other one-time losses	44,614	45,050
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	44,614	45,050
Other one-time profits (losses) C	(14,278)	(14,680)
Ordinary profit A+B+C	107,609	44,344

- Notes: 1. Amount equivalent to income gains associated with money held in trust (¥5,107 million for the three months ended June 30, 2015 and ¥5,701 million for the three months ended June 30, 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 three months ended June 30, 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 (¥44,614 million for the three months ended June 30, 2015 and ¥45,050 million for the three months ended June 30, 2016).

## 6. Solvency Margin Ratio

(Millions of yen)

As of	March 31, 2016	June 30, 2016
Total amount of solvency margin (A)	5,541,363	5,363,175
Capital stock, etc.	1,439,299	1,455,455
Reserve for price fluctuations	782,268	758,942
Contingency reserve	2,374,846	2,344,476
General reserve for possible loan losses	71	70
(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	351,615
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	(3,474)	(3,474)
Excess of continued Zillmerised reserve	442,977	456,009
Capital raised through debt financing	-	-
Amounts within “excess of continued Zillmerised reserve” and “capital raised through debt financing” not calculated into the margin	-	-
Deductions	-	-
Other	-	80
Total amount of risk (B)	706,716	697,945
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$		
Insurance risk $R_1$	159,046	157,791
Underwriting risk of third-sector insurance $R_8$	78,262	75,687
Anticipated yield risk $R_2$	170,717	168,113
Minimum guarantee risk $R_7$	-	-
Investment risk $R_3$	476,159	471,071
Business management risk $R_4$	17,683	17,453
Solvency margin ratio		
$\frac{(A)}{(1/2) \times (B)} \times 100$	1,568.1%	1,536.8%

Note: These figures are calculated based on the provisions set forth in the public notification 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, 2016**

Not applicable.

**8. Consolidated Financial Summary****(1) Selected Financial Data and Other Information**

(Millions of yen)

Three months ended June 30	2015	2016
Ordinary income	2,473,125	2,261,439
Ordinary profit	107,412	44,339
Net income attributable to Japan Post Insurance	22,936	19,441
Comprehensive income (loss)	41,965	(103,639)

As of	March 31, 2016	June 30, 2016
Total assets	81,545,182	80,909,886
Consolidated solvency margin ratio	1,570.3%	1,538.8%

**(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)

Term	As of March 31, 2016	As of June 30, 2016
Items	Amount	Amount
ASSETS:		
Cash and deposits	1,862,636	861,928
Call loans	360,000	940,000
Receivables under securities borrowing transactions	3,008,591	3,375,089
Monetary claims bought	430,150	432,176
Money held in trust	1,644,547	1,705,510
Securities	63,609,906	62,607,394
Loans	8,978,437	9,020,995
Tangible fixed assets	145,855	144,659
Intangible fixed assets	185,300	186,533
Agency accounts receivable	81,193	55,835
Reinsurance receivables	1,368	1,644
Other assets	525,835	788,561
Deferred tax assets	712,132	790,341
Reserve for possible loan losses	(772)	(784)
Total assets	81,545,182	80,909,886
LIABILITIES:		
Policy reserves and others	74,934,165	74,389,957
Reserve for outstanding claims	635,167	623,504
Policy reserves	72,362,503	71,872,997
Reserve for policyholder dividends	1,936,494	1,893,455
Reinsurance payables	3,377	3,636
Payables under securities lending transactions	3,648,478	3,700,030
Other liabilities	233,106	250,218
Liability for retirement benefits	60,803	61,814
Reserve for management board benefit trust	-	82
Reserve for price fluctuations	782,268	758,942
Total liabilities	79,662,200	79,164,681
NET ASSETS:		
Capital stock	500,000	500,000
Capital surplus	500,044	500,044
Retained earnings	472,362	458,203
Treasury stock	-	(538)
Total shareholders' equity	1,472,406	1,457,709
Net unrealized gains (losses) on available-for-sale securities	405,412	282,454
Net deferred gains (losses) on hedges	140	131
Accumulated adjustments for retirement benefits	5,022	4,909
Total accumulated other comprehensive income	410,575	287,494
Total net assets	1,882,982	1,745,204
Total liabilities and net assets	81,545,182	80,909,886

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

(Unaudited Consolidated Statements of Income)

(Millions of yen)

Items	Term	Three months ended June 30, 2015	Three months ended June 30, 2016
		Amount	Amount
ORDINARY INCOME		2,473,125	2,261,439
Insurance premiums and others		1,351,573	1,415,193
Investment income		344,642	344,133
[Interest and dividend income]		[329,424]	[306,865]
[Gains on money held in trust]		[14,226]	[11,598]
[Gains on sales of securities]		[-]	[25,654]
[Gains on derivative financial instruments]		[956]	[-]
Other ordinary income		776,910	502,112
[Reversal of reserve for outstanding claims]		[23,158]	[11,663]
[Reversal of policy reserves]		[752,841]	[489,505]
ORDINARY EXPENSES		2,365,713	2,217,099
Insurance claims and others		2,210,799	1,988,744
[Insurance claims]		[1,987,135]	[1,732,578]
[Annuity payments]		[83,070]	[90,698]
[Benefits]		[11,431]	[13,464]
[Surrender benefits]		[83,801]	[101,937]
Provision for policy reserves and others		232	9
Provision for interest on policyholder dividends		232	9
Investment expenses		2,427	68,346
[Interest expenses]		[1,061]	[429]
[Losses on valuation of securities]		[-]	[63,939]
[Losses on derivative financial instruments]		[-]	[824]
Operating expenses		127,825	134,637
Other ordinary expenses		24,429	25,361
ORDINARY PROFIT		107,412	44,339
EXTRAORDINARY GAINS		340	23,326
Gains on sales of fixed assets		340	-
Reversal of reserve for price fluctuations		-	23,326
EXTRAORDINARY LOSSES		19,433	7
Losses on sales and disposal of fixed assets		221	7
Provision for reserve for price fluctuations		19,212	-
Provision for reserve for policyholder dividends		56,371	41,675
Income before income taxes		31,948	25,981
Income taxes - Current		43,909	36,815
Income taxes - Deferred		(34,898)	(30,274)
Total income taxes		9,011	6,540
Net income		22,936	19,441
Net income attributable to non-controlling interests		-	-
Net income attributable to Japan Post Insurance		22,936	19,441

## (Unaudited Consolidated Statements of Comprehensive Income)

(Millions of yen)

Items	Term	Three months ended June 30, 2015	Three months ended June 30, 2016
		Amount	Amount
Net income		22,936	19,441
Other comprehensive income (loss)		19,029	(123,080)
Net unrealized gains (losses) on available-for-sale securities		19,143	(122,957)
Net deferred gains (losses) on hedges		0	(9)
Adjustments for retirement benefits		(115)	(113)
Total comprehensive income (loss)		41,965	(103,639)
Comprehensive income (loss) attributable to Japan Post Insurance		41,965	(103,639)
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, 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

The Company has adopted the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016) effective from the three months ended June 30, 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 ¥2,933,638 million were included in “Securities” in the consolidated balance sheet as of June 30, 2016.

#### 4. Changes in reserve for policyholder dividends for the three months ended June 30, 2016 were as follows:

a. Balance at the beginning of the fiscal year	¥1,936,494 million
b. Policyholder dividends paid during the three months ended June 30, 2016	¥84,644 million
c. Interest accrual	¥9 million
d. Reduction due to the acquisition of additional annuity	¥80 million
e. Provision for reserve for policyholder dividends	¥41,675 million
f. Balance at the end of the three months ended June 30, 2016	¥1,893,455 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 ¥32.41.

#### 2. Depreciation and amortization for the three months ended June 30, 2016 was ¥9,311 million.



## (5) Consolidated Solvency Margin Ratio

(Millions of yen)

As of	March 31, 2016	June 30, 2016
Total amount of solvency margin (A)	5,547,846	5,369,422
Capital stock, etc.	1,438,806	1,454,884
Reserve for price fluctuations	782,268	758,942
Contingency reserve	2,374,846	2,344,476
Catastrophe loss reserve	-	-
General reserve for possible loan losses	71	70
(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	351,615
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	(3,474)	(3,474)
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)	6,975	6,818
Excess of continued Zillmerised reserve	442,977	456,009
Capital raised through debt financing	-	-
Amounts within “excess of continued Zillmerised reserve” and “capital raised through debt financing” not calculated into the margin	-	-
Deductions	-	-
Other	-	80
Total amount of risk (B)	706,591	697,835
$\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2 + R_4 + R_6}$		
Insurance risk $R_1$	159,046	157,791
General insurance risk $R_5$	-	-
Catastrophe risk $R_6$	-	-
Underwriting risk of third-sector insurance $R_8$	78,262	75,687
Small amount and short-term insurance risk $R_9$	-	-
Anticipated yield risk $R_2$	170,717	168,113
Minimum guarantee risk $R_7$	-	-
Investment risk $R_3$	476,029	470,956
Business management risk $R_4$	17,681	17,450
Solvency margin ratio		
$\frac{(A)}{(1/2) \times (B)} \times 100$	1,570.3%	1,538.8%

Note: These figures are calculated based on the provisions set forth in the public notification 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.