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May 15, 2019
JAPAN POST INSURANCE Co., Ltd.

**Announcement of Financial Results for
the Fiscal Year Ended March 31, 2019**

JAPAN POST INSURANCE Co., Ltd. (the “Company”; Mitsuhiro Uehira, Director and President, CEO, Representative Executive Officer) hereby announces its financial results for the fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 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	2018				2019			
	Number of policies		Policy amount		Number of policies		Policy amount	
		% of March 31, 2017 total		% of March 31, 2017 total		% of March 31, 2018 total		% of March 31, 2018 total
Individual insurance	17,921	104.5	52,359.7	104.5	18,095	101.0	53,001.8	101.2
Individual annuities	1,333	97.8	2,742.5	87.6	1,268	95.1	2,329.4	84.9
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, %)

Fiscal years ended March 31	2018						2019					
	Number of policies		Policy amount				Number of policies		Policy amount			
		% of March 31, 2017 total	% of March 31, 2017 total	New policies	Net increase arising from the conversion		% of March 31, 2018 total	% of March 31, 2018 total	New policies	Net increase arising from the conversion		
Individual insurance	1,739	71.2	5,464.1	69.6	5,464.1	-	1,711	98.4	5,563.8	101.8	5,563.8	-
Individual annuities	0	6.0	3.0	7.5	3.0	-	0	63.3	1.9	65.8	1.9	-
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		2019	
		% of March 31, 2017 total		% of March 31, 2018 total
Individual insurance	3,367.3	105.0	3,363.9	99.9
Individual annuities	491.1	86.3	452.4	92.1
Total	3,858.5	102.2	3,816.4	98.9
Medical coverage, living benefits and other	382.1	114.5	410.9	107.5

▪ New Policies

(Billions of yen, %)

Fiscal years ended March 31	2018		2019	
		% of March 31, 2017 total		% of March 31, 2018 total
Individual insurance	376.2	74.1	351.3	93.4
Individual annuities	0.2	1.4	0.1	64.8
Total	376.5	71.4	351.5	93.4
Medical coverage, living benefits and other	59.2	106.2	61.6	104.1

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. Policy in Force by Benefit Type as of March 31, 2019

(Thousands of policies, billions of yen)

Items		Individual insurance		Individual annuities		Group insurance		Total	
		Number of policies	Policy amount	Number of policies	Policy amount	Number of policies	Policy amount	Number of policies	Policy amount
Death benefit	General death	16,448	49,515.3	-	-	-	-	16,448	49,515.3
	Accidental death	25,145	60,702.4	3	13.6	-	-	25,148	60,716.0
	Other conditional death	-	-	-	-	-	-	-	-
Survival benefit		1,646	3,486.5	1,268	2,329.4	-	-	2,914	5,816.0
Hospitalization benefit	Hospitalization due to accident	13,464	52.9	6	0.0	-	-	13,470	52.9
	Hospitalization due to illness	13,293	52.3	1	0.0	-	-	13,294	52.3
	Other conditional hospitalization	10,872	7.1	6	0.0	-	-	10,879	7.1
Disability benefit		11,045	-	3	-	-	-	11,048	-
Surgery benefit		13,464	-	6	-	-	-	13,471	-

Items	Group annuities		Asset-formation insurance / asset-formation annuities		Total	
	Number of policies	Policy amount	Number of policies	Policy amount	Number of policies	Policy amount
Survival benefit	-	-	0	0.1	0	0.1

Items	Medical benefit insurance		Items	Occupational disability insurance	
	Number of policies	Policy amount		Number of policies	Policy amount
Hospitalization benefit	-	-	Occupational disability benefit	-	-

- Notes: 1. Figures for number of policies for asset-formation insurance and asset-formation annuities are the number of insured persons.
2. For survival benefit, policy amounts for individual annuities and asset-formation 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, and the policy amount for asset-formation insurance is the amount of policy reserves.
3. Amount for hospitalization benefit is the amount of daily hospitalization benefits.
4. As reinsurance from the Management Organization for Postal Savings and Postal Life Insurance (hereinafter referred to as the "Management Organization"), which is an independent administrative institution, the Company holds 11,048 thousand policies or ¥29,143.1 billion for insurance, and 1,708 thousand policies or ¥590.8 billion for annuities. The Management Organization was renamed as Organization for Postal Savings, Postal Life Insurance and Post Office Network on April 1, 2019.

3. Policyholder Dividends Based on the Financial Results for the Fiscal Year Ended March 31, 2019

(1) The overview of policyholder dividends based on the financial results for the fiscal year ended March 31, 2019 is as follows:

1. Japan Post Insurance Policies (individual insurance / individual annuities, etc. purchased on and after October 1, 2007)
As for the determination of the payout ratio of policyholder dividends, as a result of reflecting the decrease in investment income due to low interest rate, the Company lowered the dividends from spread. Dividends from mortality and morbidity rate margin as well as dividends from administrative expense margin remain unchanged from the previous fiscal year.
2. Former Postal Life Insurance Policies (Postal Life Insurance Policies concluded by September 30, 2007)
The Company posted provision for reserve for policyholder dividends of ¥92,117 million under the reinsurance contract concluded with the Management Organization based on the performance of the category of the reinsurance.

(2) Policyholder dividends on Japan Post Insurance policies based on the financial results for the fiscal year ended March 31, 2019 are as detailed below:

Ex. 1 Ordinary endowment insurance

[Concluded at age of 40 and matured at 50; monthly premium by direct debit; ¥1 million maturity benefit]

Fiscal year of purchase <number of years since purchase>	Sex	Insurance premium (on an annual basis)	Dividends for the fiscal year
Fiscal year ended March 31, 2010 <ten years>	Male	¥103,320	¥0
	Female	¥102,840	¥0
Fiscal year ended March 31, 2015 <five years>	Male	¥103,320	¥0
	Female	¥102,840	¥0

Ex. 2 Special endowment insurance

[Concluded at age of 40 and matured at 60; monthly premium by direct debit; ¥2 million death benefit; ¥1 million maturity benefit]

Fiscal year of purchase <number of years since purchase>	Sex	Insurance premium (on an annual basis)	Dividends for the fiscal year
Fiscal year ended March 31, 2010 <ten years>	Male	¥55,440	¥597
	Female	¥52,800	¥0
Fiscal year ended March 31, 2015 <five years>	Male	¥55,440	¥0
	Female	¥52,800	¥0

Ex. 3 Ordinary term insurance

[Concluded at age of 40 and matured at 50; monthly premium by direct debit; ¥2 million death benefit]

Fiscal year of purchase <number of years since purchase>	Sex	Insurance premium (on an annual basis)	Dividends for the fiscal year
Fiscal year ended March 31, 2010 <ten years>	Male	¥10,080	¥3,094
	Female	¥7,680	¥1,438
Fiscal year ended March 31, 2015 <five years>	Male	¥10,080	¥1,894
	Female	¥7,680	¥1,047

Ex. 4 Educational endowment insurance

[Concluded at when the insured is at age of 0 and the policyholder is at age of 40, and matured at when the insured is at age of 18 (with living benefit); monthly premium by direct debit; ¥1 million insured amount on insurance policy]

Fiscal year of purchase <number of years since purchase>	Sex	Insurance premium (on an annual basis)	Dividends for the fiscal year
Fiscal year ended March 31, 2010 <ten years>	Male	¥56,760	¥0
	Female	¥56,280	¥0

Notes: 1. The sex of the policyholder and the insured are assumed to be the same.

2. The living benefit of ¥100,000 is paid when the insured turns 12 and 15, with a maturity benefit of ¥800,000.

Ex. 5 Educational endowment insurance (H24)

[Concluded at when the insured is at age of 0 and the policyholder is at age of 40, and matured at when the insured is at age of 18 (upon full-term payment of premium); monthly premium by direct debit; ¥1 million insured amount on insurance policy]

Fiscal year of purchase <number of years since purchase>	Sex	Insurance premium (on an annual basis)	Dividends for the fiscal year
Fiscal year ended March 31, 2015 <five years>	Male	¥54,120	¥0
	Female	¥53,640	¥0

Notes: 1. The sex of the policyholder and the insured are assumed to be the same.

2. In the event that the policyholder deceases, the insurance policies stipulate that premium payment thereafter is waived.

Ex. 6 Ordinary whole life insurance

[Concluded at age of 40; premium paid until the age of 60; monthly premium by direct debit; ¥1 million death benefit (¥200,000 after completion of premium payment)]

Fiscal year of purchase <number of years since purchase>	Sex	Insurance premium (on an annual basis)	Dividends for the fiscal year
Fiscal year ended March 31, 2010 <ten years>	Male	¥12,600	¥1,472
	Female	¥10,200	¥694
Fiscal year ended March 31, 2015 <five years>	Male	¥12,600	¥799
	Female	¥10,200	¥402

Ex. 7 Accidental rider

[Concluded at age of 40; monthly premium by direct debit; ¥1 million rider benefit; added to ordinary endowment insurance policy (concluded at the age of 40 and matured at the age of 50)]

Fiscal year of purchase <number of years since purchase>	Sex	Insurance premium (on an annual basis)	Dividends for the fiscal year
Fiscal year ended March 31, 2010 <ten years>	Male	¥600	¥240
	Female	¥360	¥160
Fiscal year ended March 31, 2015 <five years>	Male	¥600	¥260
	Female	¥360	¥190

The dividends are the total of a., b., c., and d., summed up on the basic policy and each rider respectively:

a. Dividends from mortality rate margin [Unchanged]

Calculated by multiplying the amount at risk by a payout ratio for dividends from mortality rate margin according to the insured's age, sex and category in an expected mortality table, etc.

(Ex.) Ordinary endowment insurance, age 40, male

Period of purchase	Payout ratio for dividends from mortality rate margin (per amount at risk of ¥1 million)
October 2007 to March 2016	¥660

b. Dividends from morbidity rate margin [Unchanged]

Calculated by multiplying the rider benefit by a payout ratio for dividends from morbidity rate margin according to the insured's age, sex and category in an expected rider payment rate table, etc.

(Ex.) Accidental rider, age 40, male

Period of purchase	Payout ratio for dividends from morbidity rate margin (per rider benefit of ¥1 million)
October 2007 to March 2016	¥280

c. Dividends from administrative expense margin [Unchanged]

Calculated by multiplying the insured amount on the insurance policy, etc. by a payout ratio for dividends from administrative expense margin

(Ex.) Ordinary endowment insurance

Payout ratio for dividends from administrative expense margin	
Payout ratio for dividends from administrative expense margin in proportion to claim payment (per insured amount of ¥1 million)	¥0
Payout ratio for dividends from administrative expense margin in proportion to premium (per monthly premium by direct debit of ¥10,000)	¥0

d. Dividends from spread [Decreased]

Calculated by multiplying the policy reserve by a payout ratio for dividends from spread

(Ex.) Ordinary endowment insurance

Period of purchase	Payout ratio for dividends from spread
October 2007 to March 2008	1.3% – assumed rates of return
April 2008 to March 2010	1.2% – assumed rates of return
April 2010 to March 2012	1.0% – assumed rates of return
April 2012 to March 2013	0.9% – assumed rates of return
April 2013 to March 2014	0.8% – assumed rates of return
April 2014 to March 2015	0.6% – assumed rates of return
April 2015 to March 2016	0.5% – assumed rates of return

Please note that the dividend is ¥0 if the total of a., b., c., and d. is negative.

The dividend shall be ¥0 for lump-sum payment annuities insurance and their additional riders.

- (3) Policyholder dividends on Former Postal Life Insurance Policies will be determined by Organization for Postal Savings, Postal Life Insurance and Post Office Network.

4. Investment Overview for the Fiscal Year Ended March 31, 2019 (General Account)

(1) Investment Environment

1) Investment environment

During the fiscal year ended March 31, 2019, the Japanese economy saw a continuous moderate recovery trend mainly because of increased capital investment and improvement in personal consumption, despite stagnant exports and production. While a steady economic recovery continued in the U.S. driven by domestic demand, growth rate decelerated in Europe due mainly to the slowdown of manufacturing production, and a moderate decline in the growth rate continued in China.

Under these economic circumstances, the investment environment was as follows.

Domestic Bond Market

The domestic long-term yield moved within a range between 0.02% and 0.07% up to mid-July, under the “Quantitative and Qualitative Monetary Easing (QQE) with Yield Curve Control” conducted by the Bank of Japan. Then, following the decision by the Bank of Japan’s Monetary Policy Meeting that roughly doubled the fluctuations of long-term yield, the indicator climbed to the middle of the 0.1% level in October, influenced by an increase in the U.S. long-term yield among other things. However, long-term yield remained on a declining trend due to enhanced risk-averse attitude among investors in view of the concern for global economic slowdown, etc., eventually reaching the negative domain at the end of December, for the first time since September 2017. In the early part of the following year, long-term yield remained largely in the negative domain partly because the European as well as the U.S. central banks backtracked their hawkish stance, and reached negative 0.10% at the end of the fiscal year.

Domestic Stock Market

The Nikkei Stock Average mostly remained on an upward trend due primarily to the depreciation of the yen, momentarily exceeding ¥23,000 in May. The index declined to the ¥21,000 level at one point in time due to mainly concern for the trade war between the U.S. and China, along with uncertainties in the emerging markets such as Turkey, but remained largely on the ¥22,000 level up to the middle of September. The index rose to the ¥24,000 level in October on the back of the further depreciation of the yen and the rally in the U.S. stock prices, etc., but subsequently fell due primarily to the enhanced risk-averse attitude among investors in view of the U.S. stock prices that dropped under the concern for global economic slowdown, etc., along with the appreciation of the yen, reaching almost to the ¥19,000 level momentarily at the end of December. In the early part of the following year, the Nikkei Stock Average picked up, driven mainly by the rally in the U.S. stock prices, reaching the ¥21,000 level by the end of the fiscal year.

Foreign Exchange Markets

Regarding the USD/JPY exchange rate, the dollar continued to increase due primarily to the rise of U.S. interest rates reflecting the solid U.S. economy, etc., reaching the ¥114 level in October. After October, however, yen appreciated as affected by the heightened concern for global economic slowdown triggering a drop in the U.S. stock prices, etc., driving yen up to the ¥107 level at one point in time in January. Afterward, yen depreciated down to the ¥112 level in early March in view of the relaxation of the excessive concern for the economic slowdown, etc., which was followed by the phase of slightly weaker dollar due to the downward revision to the forecast for interest rate increase by the U.S. central bank, etc., bringing down the dollar to the ¥110 level by the end of the fiscal year.

Regarding the EUR/JPY exchange rate, the euro depreciated due to the political unrest in Italy and the concern over the deteriorating earnings of European financial institutions triggered by the sharp fall of the Turkish lira, etc., and was momentarily traded at the ¥125 level in May and August, but remained mostly in the range between the ¥128 and ¥132 levels up to the middle of December. Afterward, however, stronger yen coupled with weaker euro remained in place for a while due to the appreciation of the yen, along with the euro depreciation, etc. mainly triggered by the European Central Bank’s postponement of the prospective timing of interest rate hike. Consequently, the EUR/JPY was traded around the ¥124 level at the end of the fiscal year.

2) Investment Policies

The Company’s operations are based on the concept of asset liability management (ALM) in order to maintain sound management and ensure the payment of insurance claims and others. Specifically, the approach is to match assets with liabilities, with a focus on yen-denominated interest-bearing assets with high affinity to

the characteristics of liabilities. With this approach the Company aims to earn stable profits while mitigating interest rate risk.

Moreover, the Company makes an effort to increase revenues through the investment of “return-seeking assets” (which we previously referred to as “risk assets”) such as foreign securities and stocks under appropriate risk management.

3) Performance Overview

[Assets]

At March 31, 2019, total assets of the Company amounted to ¥73,904.5 billion, a decrease of ¥2,927.9 billion from ¥76,832.5 billion at the end of the previous fiscal year.

The Company increased investments in “return-seeking assets” (which we previously referred to as “risk assets”) such as foreign securities and stocks because of the continued low domestic yield.

For corporate and government bonds, the Company invested primarily in long-term and super long-term bonds when domestic yields were relatively high, in view of their value as assets that secure stable income.

For loans, the Company provided loans including loans to the Management Organization, syndicated loans, loans to local governments and policy loans. The amount of loans decreased due to the repayment of loans to the Management Organization.

[Investment Income and Expenses]

For the fiscal year ended March 31, 2019, investment income of the Company decreased by ¥80.1 billion from the previous corresponding period to ¥1,204.4 billion mainly due to a decrease in interest and dividend income associated with a decrease in total assets and a decrease in gains on money held in trust due to the stagnant stock market.

Investment expenses increased by ¥39.9 billion from the previous corresponding period to ¥146.0 billion mainly due to an increase in losses on derivative financial instruments associated with the hedging of foreign exchange fluctuation risk.

As a result, investment income and expenses amounted to ¥1,058.4 billion, a decrease of ¥120.0 billion from the previous corresponding period.

(2) Asset Composition

(Billions of yen, %)

As of March 31	2018		2019	
	Amount	Ratio	Amount	Ratio
Cash, deposits, call loans	1,159.1	1.5	1,061.3	1.4
Receivables under resale agreements	-	-	-	-
Receivables under securities borrowing transactions	3,296.2	4.3	2,792.2	3.8
Monetary claims bought	176.0	0.2	354.9	0.5
Trading account securities	-	-	-	-
Money held in trust	2,814.8	3.7	2,787.5	3.8
Securities	60,131.8	78.3	58,452.5	79.1
Corporate and government bonds	53,576.4	69.7	51,128.7	69.2
Domestic stocks	196.3	0.3	206.5	0.3
Foreign securities	4,347.5	5.7	5,284.9	7.2
Foreign corporate and government bonds	4,235.4	5.5	5,108.7	6.9
Foreign stocks and other securities	112.0	0.1	176.1	0.2
Other securities	2,011.5	2.6	1,832.3	2.5
Loans	7,627.1	9.9	6,786.0	9.2
Real estate	83.9	0.1	91.0	0.1
Deferred tax assets	954.1	1.2	1,021.9	1.4
Other	589.7	0.8	557.2	0.8
Reserve for possible loan losses	(0.6)	(0.0)	(0.4)	(0.0)
Total	76,832.5	100.0	73,904.5	100.0
Foreign currency-denominated assets	4,748.5	6.2	5,513.1	7.5

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

(3) Increase/Decrease in Assets

(Billions of yen)

Fiscal years ended March 31	2018	2019
Cash, deposits, call loans	(350.9)	(97.8)
Receivables under resale agreements	-	-
Receivables under securities borrowing transactions	(224.4)	(504.0)
Monetary claims bought	148.5	178.8
Trading account securities	-	-
Money held in trust	687.8	(27.3)
Securities	(3,354.3)	(1,679.3)
Corporate and government bonds	(4,081.6)	(2,447.6)
Domestic stocks	137.0	10.1
Foreign securities	(4.1)	937.3
Foreign corporate and government bonds	(111.2)	873.3
Foreign stocks and other securities	107.0	64.0
Other securities	594.4	(179.2)
Loans	(433.7)	(841.0)
Real estate	(35.0)	7.1
Deferred tax assets	101.8	67.8
Other	(43.4)	(32.4)
Reserve for possible loan losses	(0.0)	0.2
Total	(3,503.9)	(2,927.9)
Foreign currency-denominated assets	(5.1)	764.6

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

(4) Investment Income

(Billions of yen)

Fiscal years ended March 31	2018	2019
Interest and dividend income	1,152.3	1,085.9
Interest on deposits	0.0	0.0
Interest and dividends on securities	986.4	941.3
Interest on loans	14.1	14.1
Interest on loans to the Management Organization	146.3	124.0
Rent revenue from real estate	-	-
Other interest and dividend income	5.3	6.3
Gains on trading account securities	-	-
Gains on money held in trust	95.1	78.9
Gains on trading securities	-	-
Gains on sales of securities	36.4	38.9
Gains on sales of Japanese government bonds and other bonds	0.0	1.2
Gains on sales of domestic stocks and other securities	4.6	7.5
Gains on sales of foreign securities	31.7	30.1
Other gains on sales of securities	-	-
Gains on redemption of securities	0.0	0.3
Gains on derivative financial instruments	-	-
Gains on foreign exchanges	0.2	-
Reversal of reserve for possible loan losses	-	0.0
Other investment income	0.2	0.1
Total	1,284.5	1,204.4

(5) Investment Expenses

(Billions of yen)

Fiscal years ended March 31	2018	2019
Interest expenses	1.4	1.0
Losses on trading account securities	-	-
Losses on money held in trust	-	-
Losses on trading securities	-	-
Losses on sales of securities	65.7	62.2
Losses on sales of Japanese government bonds and other bonds	0.3	2.8
Losses on sales of domestic stocks and other securities	1.1	10.1
Losses on sales of foreign securities	64.1	48.1
Other losses on sales of securities	0.0	1.0
Losses on valuation of securities	-	-
Losses on valuation of Japanese government bonds and other bonds	-	-
Losses on valuation of domestic stocks and other securities	-	-
Losses on valuation of foreign securities	-	-
Other losses on valuation of securities	-	-
Losses on redemption of securities	5.9	4.7
Losses on derivative financial instruments	30.3	73.3
Losses on foreign exchanges	-	1.1
Provision for reserve for possible loan losses	0.0	-
Write-off loans	-	-
Depreciation of real estate for lease and other assets	-	-
Other investment expenses	2.6	3.4
Total	106.0	146.0

(6) Investment Related Efficiency

1) Yield by Asset Type

Fiscal years ended March 31	2018	2019
Cash, deposits and call loans	0.00	0.00
Receivables under resale agreements	-	-
Receivables under securities borrowing transactions	-	-
Monetary claims bought	0.91	0.23
Trading account securities	-	-
Money held in trust	4.75	3.31
Securities	1.48	1.42
Corporate and government bonds	1.54	1.51
Domestic stocks	6.68	1.42
Foreign securities	0.85	0.83
Loans	2.04	2.00
Real estate	-	-
General account total	1.51	1.42
Overseas loans and investments	1.01	0.94

Notes: 1. Yields are calculated by dividing investment income less investment expenses by the daily average balance based on book value.

2. General account total includes assets related securities trust.

3. "Overseas loans and investments" is the total of assets denominated in foreign-currencies and yen-denominated assets.

2) Net Valuation Gain/Loss of Trading Securities

The Company does not hold securities for trading.

3) Fair Value Information of Securities (with Fair Value, Other than Trading Securities)

(Billions of yen)

As of March 31	2018					2019				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized 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	36,391.2	43,113.4	6,722.1	6,722.5	0.4
Policy-reserve matching bonds	10,676.3	11,769.6	1,093.2	1,103.9	10.6	10,570.0	11,724.3	1,154.3	1,154.8	0.5
Equities of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	13,667.1	14,225.6	558.4	758.5	200.1	14,191.1	14,824.6	633.4	776.6	143.1
Corporate and government bonds	4,474.1	4,508.0	33.8	55.1	21.2	4,197.3	4,265.4	68.0	69.7	1.7
Domestic stocks	1,587.4	2,040.6	453.1	491.9	38.8	1,475.6	1,756.0	280.4	355.1	74.6
Foreign securities	4,835.1	4,923.0	87.9	202.1	114.1	5,503.2	5,778.6	275.3	326.3	50.9
Foreign corporate and government bonds	4,129.0	4,137.4	8.4	122.5	114.1	4,826.6	5,010.7	184.1	230.9	46.7
Foreign stocks and other securities	706.0	785.6	79.5	79.5	0.0	676.5	767.8	91.2	95.4	4.2
Other securities	2,176.5	2,157.7	(18.7)	7.1	25.9	2,257.1	2,264.5	7.4	23.2	15.7
Monetary claims bought	173.9	176.0	2.1	2.1	-	352.7	354.9	2.1	2.1	-
Negotiable certificates of deposit	420.0	420.0	-	-	-	405.0	405.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	62,833.5	70,603.9	7,770.3	8,022.7	252.3	61,152.5	69,662.4	8,509.9	8,654.0	144.1
Corporate and government bonds	53,542.5	60,786.2	7,243.6	7,317.1	73.4	51,060.7	59,003.9	7,943.1	7,945.8	2.6
Domestic stocks	1,587.4	2,040.6	453.1	491.9	38.8	1,475.6	1,756.0	280.4	355.1	74.6
Foreign securities	4,933.1	5,023.2	90.1	204.2	114.1	5,601.2	5,877.9	276.7	327.6	50.9
Foreign corporate and government bonds	4,227.0	4,237.6	10.5	124.7	114.1	4,924.6	5,110.1	185.4	232.2	46.7
Foreign stocks and other securities	706.0	785.6	79.5	79.5	0.0	676.5	767.8	91.2	95.4	4.2
Other securities	2,176.5	2,157.7	(18.7)	7.1	25.9	2,257.1	2,264.5	7.4	23.2	15.7
Monetary claims bought	173.9	176.0	2.1	2.1	-	352.7	354.9	2.1	2.1	-
Negotiable certificates of deposit	420.0	420.0	-	-	-	405.0	405.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-

Note: This table includes money held in trust other than trading securities and its book value is ¥2,190.8 billion with net unrealized gains of ¥392.8 billion as of March 31, 2019 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	2019
Held-to-maturity bonds	-	-
Unlisted foreign bonds	-	-
Other	-	-
Policy-reserve-matching bonds	-	-
Equities of subsidiaries and affiliates	1.4	5.9
Available-for-sale securities	61.6	161.1
Unlisted domestic stocks (excluding OTC traded equities)	4.2	4.2
Unlisted foreign stocks (excluding OTC traded equities)	-	-
Unlisted foreign bonds	-	-
Other	57.3	156.9
Total	63.1	167.1

Notes: 1. This table includes money held in trust other than trading securities (¥156.9 billion as of March 31, 2019 and ¥57.3 billion as of March 31, 2018).

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 ¥(1.4) billion as of March 31, 2019 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.

4) Fair Value of Money Held in Trust

(Billions of yen)

As of March 31	2018					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	2,755.3	2,755.3	-	-	-	2,627.2	2,627.2	-	-	-

- 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					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	2,238.8	2,755.3	516.4	555.5	39.0	2,234.3	2,627.2	392.8	454.9	62.0

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 (¥160.3 billion as of March 31, 2019 and ¥59.5 billion as of March 31, 2018).

5. Unaudited Non-Consolidated Balance Sheets

(Millions of yen)

Items	Year	As of March	As of March	Items	Year	As of March	As of March
		31, 2018	31, 2019			31, 2018	31, 2019
		Amount	Amount			Amount	Amount
ASSETS:				LIABILITIES:			
Cash and deposits		894,191	911,343	Policy reserves and others		69,948,383	67,093,751
Cash		1,118	861	Reserve for outstanding claims		548,196	519,568
Deposits		893,073	910,481	Policy reserves		67,777,297	65,060,549
Call loans		265,000	150,000	Reserve for policyholder dividends		1,622,889	1,513,634
Receivables under securities borrowing transactions		3,296,222	2,792,202	Reinsurance payables		6,033	6,470
Monetary claims bought		176,069	354,958	Bonds payable		-	100,000
Money held in trust		2,814,873	2,787,555	Other liabilities		3,893,916	3,605,644
Securities		60,131,893	58,452,565	Payables under securities lending transactions		3,663,547	3,422,810
Japanese government bonds		39,589,896	38,041,414	Income taxes payable		99,290	44,161
Japanese local government bonds		8,513,583	7,524,415	Accounts payable		26,263	16,615
Japanese corporate bonds		5,472,945	5,562,928	Accrued expenses		29,497	33,226
Stocks		196,379	206,568	Deposits received		2,542	2,483
Foreign securities		4,347,564	5,284,936	Deposits from the Management Organization		46,329	43,948
Other securities		2,011,524	1,832,301	Guarantee deposits received		-	73
Loans		7,627,147	6,786,074	Derivative financial instruments		6,227	15,228
Policy loans		135,314	144,566	Lease obligations		2,327	2,140
Industrial and commercial loans		919,051	991,309	Asset retirement obligation		5	5
Loans to the Management Organization		6,572,781	5,650,198	Suspense receipt		17,332	19,717
Tangible fixed assets		100,568	107,865	Other liabilities		552	5,232
Land		43,066	48,008	Reserve for employees' retirement benefits		67,649	68,450
Buildings		32,705	43,078	Reserve for management board benefit trust		172	203
Leased assets		2,161	2,117	Reserve for price fluctuations		916,743	897,492
Construction in progress		8,149	-	Total liabilities		74,832,900	71,772,012
Other tangible fixed assets		14,486	14,659	NET ASSETS:			
Intangible fixed assets		167,763	158,574	Capital stock		500,000	500,000
Software		167,744	158,555	Capital surplus		500,044	500,044
Other intangible fixed assets		19	18	Legal capital surplus		405,044	405,044
Agency accounts receivable		33,715	21,960	Other capital surplus		95,000	95,000
Reinsurance receivables		3,227	3,872	Retained earnings		596,084	676,242
Other assets		368,394	356,063	Legal retained earnings		39,409	47,569
Accounts receivable		121,686	117,969	Other retained earnings		556,674	628,672
Prepaid expenses		2,223	2,293	Reserve for reduction entry of real estate		6,163	5,805
Accrued income		225,202	209,791	Retained earnings brought forward		550,511	622,867
Money on deposit		7,085	7,208	Treasury stock		(466)	(450)
Derivative financial instruments		7,499	14,908	Total shareholders' equity		1,595,661	1,675,836
Suspense payments		2,206	1,652	Net unrealized gains (losses) on available-for-sale securities		403,913	456,694
Other assets		2,489	2,240	Net deferred gains (losses) on hedges		32	33
Deferred tax assets		954,136	1,021,999	Total valuation and translation adjustments		403,946	456,727
Reserve for possible loan losses		(695)	(459)	Total net assets		1,999,608	2,132,564
Total assets		76,832,508	73,904,576	Total liabilities and net assets		76,832,508	73,904,576

6. Unaudited Non-Consolidated Statements of Income

(Millions of yen)

Items	Year	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
		Amount	Amount
ORDINARY INCOME		7,952,949	7,916,654
Insurance premiums and others		4,236,461	3,959,928
Insurance premiums		4,225,050	3,945,380
Reinsurance income		11,410	14,548
Investment income		1,284,529	1,204,428
Interest and dividend income		1,152,306	1,085,969
Interest on deposits		15	15
Interest and dividends on securities		986,497	941,377
Interest on loans		14,128	14,158
Interest on loans to the Management Organization		146,327	124,096
Other interest and dividend income		5,337	6,322
Gains on money held in trust		95,189	78,902
Gains on sales of securities		36,468	38,981
Gains on redemption of securities		53	395
Gains on foreign exchanges		284	-
Reversal of reserve for possible loan losses		-	14
Other investment income		226	165
Other ordinary income		2,431,958	2,752,296
Reversal of reserve for outstanding claims		29,180	28,628
Reversal of policy reserves		2,397,936	2,716,748
Other ordinary income		4,841	6,919
ORDINARY EXPENSES		7,644,103	7,651,510
Insurance claims and others		6,890,020	6,868,893
Insurance claims		5,625,043	5,489,510
Annuity payments		394,681	400,623
Benefits		68,686	87,452
Surrender benefits		545,281	645,211
Other refunds		235,529	222,902
Reinsurance premiums		20,796	23,193
Provision for policy reserves and others		7	7
Provision for interest on policyholder dividends		7	7
Investment expenses		106,074	146,004
Interest expenses		1,450	1,064
Losses on sales of securities		65,733	62,255
Losses on redemption of securities		5,964	4,762
Losses on derivative financial instruments		30,301	73,381
Losses on foreign exchanges		-	1,124
Provision for reserve for possible loan losses		1	-
Other investment expenses		2,623	3,417
Operating expenses		532,843	518,416
Other ordinary expenses		115,158	118,187
Taxes		51,895	51,515
Depreciation and amortization		62,505	59,377
Provision for reserve for employees' retirement benefits		375	653
Other ordinary expenses		381	6,640
ORDINARY PROFIT		308,845	265,143
EXTRAORDINARY GAINS		86,053	19,251
Gains on sales of fixed assets		86,053	-
Reversal of reserve for price fluctuations		-	19,251
EXTRAORDINARY LOSSES		130,371	1,708
Losses on sales and disposal of fixed assets		336	619
Impairment loss		2,003	1,088
Provision for reserve for price fluctuations		128,031	-
Provision for reserve for policyholder dividends		117,792	111,806
Income before income taxes		146,735	170,879
Income taxes - Current		176,185	139,421
Income taxes - Deferred		(133,758)	(89,499)
Total income taxes		42,426	49,921
Net income		104,309	120,958

7. Unaudited Non-Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings	Reserve for reduction entry of real estate	
Balance at the beginning of the fiscal year	500,000	405,044	95,000	500,044	32,209	-	495,565	527,775
Changes in the fiscal year								
Cash dividends					7,200		(43,200)	(36,000)
Net income							104,309	104,309
Disposals of treasury stock								
Provision of reserve for reduction entry of real estate						6,163	(6,163)	-
Net changes in items other than shareholders' equity in the fiscal year								
Net changes in the fiscal year	-	-	-	-	7,200	6,163	54,945	68,309
Balance at the end of the fiscal year	500,000	405,044	95,000	500,044	39,409	6,163	550,511	596,084

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	(521)	1,527,298	321,904	50	321,954	1,849,253
Changes in the fiscal year						
Cash dividends		(36,000)				(36,000)
Net income		104,309				104,309
Disposals of treasury stock	54	54				54
Provision of reserve for reduction entry of real estate						
Net changes in items other than shareholders' equity in the fiscal year			82,009	(17)	81,991	81,991
Net changes in the fiscal year	54	68,363	82,009	(17)	81,991	150,355
Balance at the end of the fiscal year	(466)	1,595,661	403,913	32	403,946	1,999,608

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings		
					Reserve for reduction entry of real estate	Retained earnings brought forward		
Balance at the beginning of the fiscal year	500,000	405,044	95,000	500,044	39,409	6,163	550,511	596,084
Changes in the fiscal year								
Cash dividends					8,160		(48,960)	(40,800)
Net income							120,958	120,958
Disposals of treasury stock								
Reversal of reserve for reduction entry of real estate						(357)	357	-
Net changes in items other than shareholders' equity in the fiscal year								
Net changes in the fiscal year	-	-	-	-	8,160	(357)	72,356	80,158
Balance at the end of the fiscal year	500,000	405,044	95,000	500,044	47,569	5,805	622,867	676,242

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	(466)	1,595,661	403,913	32	403,946	1,999,608
Changes in the fiscal year						
Cash dividends		(40,800)				(40,800)
Net income		120,958				120,958
Disposals of treasury stock	15	15				15
Reversal of reserve for reduction entry of real estate						
Net changes in items other than shareholders' equity in the fiscal year			52,780	0	52,781	52,781
Net changes in the fiscal year	15	80,174	52,780	0	52,781	132,955
Balance at the end of the fiscal year	(450)	1,675,836	456,694	33	456,727	2,132,564

NOTES TO THE UNAUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE FISCAL YEAR ENDED MARCH 31, 2019

(Notes to the Unaudited Non-Consolidated Balance Sheet)

1. Significant Accounting Policies

(1) Valuation Criteria and Methods for Securities

Securities including cash and deposits as well as monetary claims bought which are equivalent to securities, and securities invested in money held in trust, are recorded based on the following:

1) Held-to-maturity Bonds

Held-to-maturity bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

2) Policy-reserve-matching Bonds

In accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry” (Japanese Institute of Certified Public Accountants (“JICPA”) Industry Audit Committee Report No. 21), policy-reserve-matching bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

3) Equities of Subsidiaries and Affiliates (stocks issued by subsidiaries as defined in Article 2, Paragraph 12 of the Insurance Business Act and closely related parties (excluding subsidiaries) and affiliates as defined in Article 13-5-2, Paragraph 3 and affiliates as defined in Paragraph 4 of the same Article of the Order for Enforcement of the Insurance Business Act)

Carried at cost and the cost of these securities sold is calculated using the moving-average method.

4) Available-for-sale Securities

(i) Available-for-sale Securities, at Fair Value

Available-for-sale securities, at fair value are carried at their market price at the end of the fiscal year, of which average market prices during the final month of the fiscal year are used to value stocks. Cost of securities sold is calculated using the moving-average method.

(ii) Available-for-sale Securities for Which Fair Values are Deemed Extremely Difficult to Determine

(a) Government and corporate bonds (including foreign bonds) without market price whose premium or discount represents the interest adjustments are carried at amortized cost (the straight-line method) using the moving-average method.

(b) Other securities are carried at cost using the moving-average method.

Net unrealized gains (losses) on available-for-sale securities, net of income taxes, are included in net assets.

(2) Valuation Criteria and Methods for Derivative Transactions

All derivative transactions are valued at fair value.

(3) Depreciation Method for Fixed Assets

1) Tangible Fixed Assets (excluding leased assets)

Depreciation of tangible fixed assets is calculated using the straight-line method based on the following useful lives:

(i) Buildings: 2-60 years

(ii) Other tangible fixed assets: 2-20 years

2) Intangible Fixed Assets (excluding leased assets)

The capitalized development costs of software intended for internal use are amortized over the expected useful life of mainly 5 years using the straight-line method.

3) Leased Assets

Finance lease transactions that do not transfer ownership are depreciated to a residual value of zero using the straight-line method over the lease term.

(4) Recognition of Reserves

1) Reserve for Possible Loan Losses

Reserve for possible loan losses is provided pursuant to the Company’s standards for self-assessment of asset quality, and general allowance is provided using a rate based on historical collectability experience. In addition, specific allowances, which are determined based on individual collectability of accounts, are also recorded.

All loans and claims are assessed initially by the relevant departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the relevant departments, reviews these self-assessments. The above reserves and allowances are recorded based on the results of these assessments.

For loans and guaranteed loans that were extended to borrowers that have filed for bankruptcy including legal bankruptcy or civil rehabilitation, or that are considered substantially bankrupt, an allowance is provided for in the amount of loans, net of collateral value or the amounts expected to be recoverable under guarantees. Reserve for possible loan losses also includes amounts set aside for other assets subject to valuation allowance. The amount written off for loans and other assets during the fiscal year ended March 31, 2019 was ¥232 million.

2) Reserve for Employees' Retirement Benefits

In order to provide for payment of retirement benefits to employees, a reserve for employees' retirement benefits is provided based on the projected amount of retirement benefit obligations at the end of the fiscal year.

(i) Method for Attributing Expected Benefits to Periods

In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit to respective service period.

(ii) Method for Recognizing Actuarial Differences and Prior Service Cost

Actuarial difference is amortized using the straight-line method over a period of 14 years, which is less than the estimated average remaining service period for employees from the fiscal year following the respective fiscal year in which the difference is incurred.

Prior service cost is amortized using the straight-line method over a period of 14 years, which is less than the estimated average remaining service lives for employees in the fiscal year of incurrence.

3) Reserve for Management Board Benefit Trust

In order to provide for the granting of shares of the Company to Executive Officers of the Company in accordance with the Stock Benefit Rules, reserve for management board benefit trust is provided in the projected amount of stock benefit obligations.

(5) Reserve for Price Fluctuations

Reserve for price fluctuations in security investments is calculated based on Article 115 of the Insurance Business Act.

(6) Translation of Assets and Liabilities Denominated in Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end.

(7) Hedge Accounting

1) Methods for Hedge Accounting

The Company applies fair value hedge accounting for foreign currency exchange contracts to hedge foreign exchange fluctuation risk for a portion of its foreign-currency-denominated bonds as well as the exceptional treatment and deferred hedge accounting for interest rate swaps to hedge variability in cash flows on a portion of loans in accordance with the "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan ("ASBJ") Statement No. 10).

2) Hedging Instruments and Hedged Items

- | | |
|--------------------------|-------------------------------------|
| (i) Hedging instrument: | Foreign currency exchange contracts |
| Hedged item: | Foreign-currency-denominated bonds |
| (ii) Hedging instrument: | Interest rate swaps |
| Hedged item: | Loans |

3) Hedging Policies

Foreign currency exchange contracts are used to hedge fluctuations in foreign currency exchange rates of foreign-currency-denominated bonds within a predetermined range. Interest rate swap contracts are used to hedge fluctuations in interest rates of loans within a certain range.

4) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed by comparing the aggregate changes in quotations or cash flows of hedged items and hedging instruments. The evaluation of hedge effectiveness is omitted in cases of foreign exchange contracts where there is a high correlation between hedged items and hedging instruments, or interest rate swap contracts which applied the exceptional treatment for interest rate swaps.

(8) Policy Reserves

Policy reserves are reserves provided in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are recorded based on the following methodology:

- 1) Reserves for contracts subject to the standard policy reserves are calculated in accordance with the method prescribed by the Commissioner for Financial Services Agency (Public notice No. 48 issued by the Ministry of Finance in 1996).
- 2) Reserves for other contracts are calculated based on the net level premium method.

They include policy reserves accumulated additionally in the fiscal year ended March 31, 2018, in preparation for future performance of obligations for lump-sum payment annuities, pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

In addition, pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, additional policy reserves are accumulated, in preparation for future performance of obligations, over a 10-year period from the fiscal year ended March 31, 2011, for a portion of reinsurance contracts from the Management Organization. As a result, the amount of provision for the additional policy reserves for the fiscal year ended March 31, 2019 was ¥179,882 million.

(9) Employees' Retirement Benefits Accounting

Unrecognized actuarial differences and unrecognized prior service cost related to retirement benefits are treated differently from the consolidated financial statements.

(10) Consumption Taxes

All figures are net of consumption taxes.

2. Transactions for Granting Shares and Others of the Company to Executive Officers of the Company through Trust

Notes to the transactions for granting shares and others of the Company to Executive Officers of the Company through trust are omitted as they are presented in NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE FISCAL YEAR ENDED MARCH 31, 2019 (Notes to the Unaudited Consolidated Balance Sheet).

3. The balance sheet amount, fair value and the outline of the risk management policy of policy-reserve-matching bonds were as follows:

- (1) The balance sheet amount and fair value of policy-reserve-matching bonds amount to ¥10,570,049 million and ¥11,724,384 million, respectively.
- (2) 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 within 30 years from the fiscal year ended March 31, 2019, 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.

4. Securities lent under lending agreements in the amount of ¥3,710,368 million were included in "Securities" in the balance sheets as of March 31, 2019.

5. There were no bankrupt loans, non-interest accrual loans, past due loans for three months or more, or restructured loans as of March 31, 2019. Definitions for each of the respective loans are as follows:

Bankrupt loans refer to non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3-(a) to (e) and Item 4 of the Order for Enforcement of the Corporation Tax Act (Ordinance No. 97 in 1965). Interest accruals of such loans are suspended since the principal

or interest on such loans is unlikely to be collected due to delinquency in payments for them for a considerable period of time or other reasons.

Non-interest accrual loans are those loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their business.

Past due loans for three months or more are loans for which principal or interest payments are delinquent for three months or more under the term of the loans from the day following the contractual due date, excluding those classified as bankrupt loans and non-accrual loans.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, postponement of principal or interest payments, debt waiver or other arrangements, have been made for the purpose of assisting and supporting the borrowers in the restructuring of their business. This category excludes loans classified as bankrupt loans, non-interest accrual loans and past due loans for three months or more.

6. The balance of the unused credit under loan commitment line agreements as of March 31, 2019 was ¥14,751 million.

7. With regard to the ¥377,726 million in principal and ¥54,865 million in interest of loans to the Management Organization which became due at the end of the fiscal year ended March 31, 2019, the due date has been moved to Monday, April 1, 2019, the following business day, pursuant to internal rules, as the end of the fiscal year ended March 31, 2019 fell on a bank holiday. Of this amount the ¥12,822 million which had been received in advance has been reported as suspense receipt, as its due date has not arrived.

8. Accumulated depreciation for tangible fixed assets as of March 31, 2019 was ¥39,133 million.

9. Total monetary claims and total monetary obligations with respect to subsidiaries and affiliates amounted to ¥418 million and ¥16,189 million, respectively.

10. Total deferred tax assets and total deferred tax liabilities were ¥1,251,953 million and ¥223,922 million, respectively. A deduction from deferred tax assets as valuation allowance was ¥6,031 million.

Significant components of deferred tax assets include ¥918,790 million of policy reserves, ¥208,438 million of reserve for price fluctuations, ¥44,069 million of reserve for outstanding claims, ¥19,167 million of reserve for employees' retirement benefits, and ¥40,496 million of unrealized losses on available-for-sale securities.

Significant components of deferred tax liabilities include ¥215,786 million of unrealized gains on available-for-sale securities.

11. Changes in reserve for policyholder dividends for the fiscal year ended March 31, 2019 were as follows:

Balance at the beginning of the fiscal year	¥1,622,889 million
Policyholder dividends paid	¥220,769 million
Interest accrual	¥7 million
Reduction due to the acquisition of additional annuity	¥300 million
Provision for reserve for policyholder dividends	¥111,806 million
Balance at the end of the fiscal year	¥1,513,634 million

12. Equities, etc. of subsidiaries and affiliates were ¥5,990 million.

13. Assets pledged as collateral consisted of the following:

Securities ¥2,900,087 million

Liabilities corresponding to assets pledged as collateral consisted of the following:

Payables under securities lending transactions ¥3,422,810 million

The above securities are those pledged as collateral for securities lending transactions with cash collateral.

In addition to the above, the following has been pledged as collateral for the transactions such as transactions under securities lending secured by securities and exchange settlements.

Securities ¥388,753 million

14. Reserve for outstanding claims for reinsured part defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter referred to as “reserve for outstanding claims-ceded”), as of March 31, 2019 was ¥454 million. Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance (hereinafter referred to as “policy reserves-ceded”) as of March 31, 2019 was ¥985 million.

15. Net assets per share were ¥3,555.41.

The Company has established a Board Benefit Trust (BBT) and shares of the Company held by trust, which were recorded as treasury stock under the category of shareholders’ equity, were included in treasury stock to be deducted from the calculation of the total number of shares issued at the end of the fiscal year, for the purpose of calculating net assets per share.

Total number of treasury stock at the end of the fiscal year which was deducted from the calculation of net assets per share for the fiscal year ended March 31, 2019 was 191,400 shares.

16. The Company has the right to sell or pledge securities received as collateral for transactions such as borrowing agreements and securities exchange settlements. The fair value of such securities held in hand was ¥3,193,785 million as of March 31, 2019.

17. Bonds payable are subordinated bonds stipulating that their priorities are ranked behind other obligations.

18. The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥33,174 million as of March 31, 2019 pursuant to Article 259 of the Insurance Business Act.

This obligation is recognized as operating expenses when it is made.

19. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Organization, amounted to ¥35,566,089 million and are provided at amounts calculated based on the statement of calculation procedures for the Company’s insurance premiums and policy reserves. The amounts calculated based on the foregoing procedures are not less than the amounts calculated based on the statement of calculation procedures for the Postal Life Insurance policy reserves in accordance with the Act on Management Organization for Postal Savings and Postal Life Insurance (Act No. 101 of 2005).

In addition, contingency reserve and reserve for price fluctuations are provided in the amount of ¥1,491,491 million and ¥661,836 million, respectively, for the category of the reinsurance.

20. Deposits from the Management Organization in the balance sheet refer to the amounts equivalent to the reserve for outstanding claims and reserve for losses on compensation for damages related to litigation or conciliation of the Management Organization, which was deposited at the time of privatization based on the outsourcing agreements with the Management Organization for the administrative operation of the Postal Life Insurance Policy.

21. Notes on the subsequent events are as follows:

(Acquisition of treasury stock)

The Company resolved matters related to the acquisition of its treasury stock in accordance with Article 156, Paragraph 1 of the Companies Act based on Article 39, Paragraph 1 of the Articles of Incorporation complying with Article 459, Paragraph 1, Item 1 of the same Act at the Board of Directors meeting held on April 4, 2019, and the acquisition was completed on April 8, 2019.

(1) Resolution of the Board of Directors regarding the acquisition of treasury stock

1) Reason of the acquisition of treasury stock

The acquisition of treasury stock will be implemented with an aim to improve capital efficiency, enhance shareholder returns and mitigate the impact on the supply-demand balance of the Company’s shares due to the sale of shares held by JAPAN POST HOLDINGS Co., Ltd., the parent company of the Company, in the future in light of the offering of shares of common stock of the Company as announced on April 4, 2019 in the “Notice Concerning the Offering of Shares.”

2) Details of matters related to the acquisition

(i) Class of shares to be acquired: Common stock of the Company

- (ii) Total number of shares to be acquired: 50,000,000 shares (maximum)
(The ratio of the total number of shares to be acquired to the total number of shares issued (excluding treasury stock): 8.3%)
- (iii) Total amount of acquisition cost of shares to be acquired: ¥100.0 billion (maximum)
- (iv) Acquisition period: From April 8, 2019 to April 12, 2019
- (v) Method of acquisition: Purchases through the Off-auction Own Share Repurchase Trading system (ToSTNeT-3) of Tokyo Stock Exchange, Inc.
- (vi) In addition to the matters as described above, any matters required for the acquisition of treasury stock shall be determined at the sole discretion of the President, CEO, Representative Executive Officer of the Company or a person appointed by the President, CEO, Representative Executive Officer of the Company.

(2) Details of the acquisition of treasury stock

- 1) Class of shares to be acquired: Common stock of the Company
- 2) Total number of shares acquired: 37,411,100 shares
- 3) Total amount of shares acquired: ¥99,999,870,300
- 4) Acquisition date: April 8, 2019
- 5) Method of acquisition: Purchases through the Off-auction Own Share Repurchase Trading system (ToSTNeT-3) of Tokyo Stock Exchange, Inc.

(Cancellation of treasury stock)

The Company resolved to cancel its treasury stock in accordance with Article 178 of the Companies Act at the Board of Directors meeting held on May 15, 2019.

- (1) Class of shares to be cancelled: Common stock of the Company
- (2) Number of shares to be cancelled: 37,400,000 shares
(6.2% of the total number of shares issued before the cancellation)
- (3) Scheduled date of cancellation: May 31, 2019

(Reference)

Total number of shares issued (after the cancellation): 562,600,000 shares

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

1. Total income from transactions with subsidiaries and affiliates amounted to ¥6 million, and total expenses amounted to ¥13,910 million.
2. Gains on sales of securities comprise domestic bonds of ¥1,204 million, domestic stocks of ¥7,594 million and foreign securities of ¥30,181 million.
3. Losses on sales of securities comprise domestic bonds of ¥2,876 million, domestic stocks of ¥10,157 million, foreign securities of ¥48,160 million and other securities of ¥1,059 million.
4. Gains on money held in trust include losses on valuation of ¥10,860 million.
5. Losses on derivative financial instruments include losses on valuation of ¥367 million.
6. The amount of reversal of reserve for outstanding claims-ceded that is deducted from the calculation of reversal of reserve for outstanding claims for the fiscal year ended March 31, 2019 was ¥61 million. The amount of provision for policy reserves-ceded that is added to the calculation of reversal of policy reserves for the fiscal year ended March 31, 2019 was ¥39 million.
7. Net income per share was ¥201.66.
The Company has established a Board Benefit Trust (BBT) and shares of the Company held by trust, which were recorded as treasury stock under the category of shareholders' equity, were included in treasury stock to be deducted from the calculation of the average number of shares during the period, for the purpose of calculating net income per share.
Average number of treasury stock during the fiscal year which were deducted from the calculation of net income per share for the fiscal year ended March 31, 2019 was 191,857 shares.
8. Insurance premiums assumed based on reinsurance contracts with the Management Organization included in insurance premiums and others for the fiscal year ended March 31, 2019 were ¥590,340 million.
9. Insurance claims based on reinsurance contracts with the Management Organization included in insurance claims for the fiscal year ended March 31, 2019 were ¥4,030,959 million.
10. Provision for reserve for policyholder dividends, which is provided for the Management Organization based on gains or losses and others arising in the category of the reinsurance due to the reinsurance contracts with the Management Organization, was ¥92,117 million for the fiscal year ended March 31, 2019.

11. Transactions of the Company with related parties are as follows:

(1) Parent company, major shareholders (limited only to companies), and others

Type	Company name	Percentage of voting rights	Relationship	Transaction	Transaction amount	Account	Year-end balance
Parent company	Japan Post Holdings Co., Ltd.	Directly owned 89%	Group management Interlocking officers	Payment of brand royalty fees (*1)	¥3,076 million	Accounts Payable	¥276 million

Conditions of transactions and policies to decide the conditions

(*1) Based on the concept that the benefits of brand value enjoyed by the Company from maintaining its membership in Japan Post Group is reflected on the Company's performance, brand royalty fees are calculated by multiplying the amount of insurance policies in force as of the end of the previous fiscal year, which is a financial indicator whereupon such benefits have been reflected, by a fixed rate.

(*2) Transaction amount does not include consumption taxes. Year-end balance includes consumption taxes.

(2) Companies, etc. sharing the same parent company and subsidiaries, etc. of other related companies

Type	Company name	Percentage of voting rights	Relationship	Transaction	Transaction amount	Account	Year-end balance
Subsidiary of parent company	Japan Post Co., Ltd.	None	Insurance agency Interlocking officers	Payments for commission of agency services (*1)	¥358,100 million	Agency accounts payable	¥40,615 million

Conditions of transactions and policies to decide the conditions

(*1) The Company makes payments including commission of insurance solicitation calculated by multiplying the insurance amounts and insurance premiums of each contract by commission rates set for each class of insurance, and commission of maintenance and collection calculated by multiplying unit prices set for each type of outsourcing services, such as collection of insurance premiums and payments for insurance money, by the volume of work.

(*2) Transaction amount does not include consumption taxes. Year-end balance includes consumption taxes.

(Notes to the Unaudited Non-Consolidated Statement of Changes in Net Assets)

Type and Number of Treasury Stock

(Thousands of shares)

	April 1, 2018	Increase	Decrease	March 31, 2019
Treasury stock				
Common stock	198	-	6	191

(*1) Numbers of treasury stock at the beginning and the end of the fiscal year ended March 31, 2019 were shares of the Company held in the BBT, and were 198 thousand shares and 191 thousand shares, respectively.

(*2) The decrease of 6 thousand shares in the number of treasury stock was attributable to the granting of shares via the BBT.

8. Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

Fiscal years ended March 31		2018	2019
Core profit	A	386,199	377,176
Capital gains		131,942	117,883
Gains on money held in trust		95,189	78,902
Gains on trading securities		-	-
Gains on sales of securities		36,468	38,981
Gains on derivative financial instruments		-	-
Gains on foreign exchanges		284	-
Other capital gains		-	-
Capital losses		151,046	201,626
Losses on money held in trust		-	-
Losses on trading securities		-	-
Losses on sales of securities		65,733	62,255
Losses on valuation of securities		-	-
Losses on derivative financial instruments		30,301	73,381
Losses on foreign exchanges		-	1,124
Other capital losses		55,010	64,865
Net capital gains (losses)	B	(19,103)	(83,743)
Core profit including net capital gains (losses)	A+B	367,096	293,433
Other one-time gains		139,678	151,592
Reinsurance income		-	-
Reversal of contingency reserve		139,678	151,592
Reversal of specific reserve for possible loan losses		-	-
Other		-	-
Other one-time losses		197,929	179,882
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		197,929	179,882
Other one-time profits (losses)	C	(58,250)	(28,289)
Ordinary profit	A+B+C	308,845	265,143

- Notes: 1. The amount equivalent to income gains associated with money held in trust (¥55,010 million for 2018 and ¥64,865 million for 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 (¥197,929 million for 2018 and ¥179,882 million for 2019).

9. Loans by Borrower Category

(Millions of yen, %)

As of March 31	2018	2019
Bankrupt or quasi-bankrupt loans	-	-
Doubtful loans	-	-
Substandard loans	-	-
Subtotal	-	-
(Percentage in total)	(-)	(-)
Normal loans	9,161,528	7,976,887
Total	9,161,528	7,976,887

- Notes:
1. Bankrupt or quasi-bankrupt loans are loans to borrowers who have fallen into bankruptcy for reasons such as the commencement of bankruptcy proceedings or reorganization proceedings, or the petition for commencement of rehabilitation proceedings, and loans similar to these.
 2. Doubtful loans are loans which principal and interest are unlikely to be collected or received as stipulated in an agreement due to the borrower's deteriorating financial conditions and results even though the borrower is not fallen into bankruptcy.
 3. Substandard loans are past due loans for three months or more and restructured loans.
 "Past due loans for three months or more" are loans for which principal or interest payments are delinquent for three months or more under the term of the loans from the day following the contractual due date (excluding the loans noted in 1 and 2).
 "Restructured loans" are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, postponement of principal or interest payments, debt waiver or other arrangements, have been made for the purpose of assisting and supporting the borrowers in the restructuring of their business (excluding the loans noted in 1 and 2, and past due loans for three months or more).
 4. Normal loans are loans which do not fall under the loans noted in 1 to 3 above as there are no particular problems found with the borrower's financial conditions and results.

10. Status of Risk-Monitored Loans

Not applicable.

11. Solvency Margin Ratio

(Millions of yen)

As of March 31		2018	2019
Total amount of solvency margin	(A)	5,591,395	5,649,027
Capital stock, etc.		1,554,861	1,632,636
Reserve for price fluctuations		916,743	897,492
Contingency reserve		2,114,348	1,962,755
General reserve for possible loan losses		60	45
(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	568,785
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		(2,896)	(2,336)
Excess of continued Zillmerized reserve		506,467	489,649
Capital raised through debt financing		-	100,000
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin		-	-
Deductions		-	-
Other		-	-
Total amount of risk	(B)	989,104	950,952
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$			
Insurance risk	R ₁	147,403	142,209
Underwriting risk of third-sector insurance	R ₈	63,087	59,172
Anticipated yield risk	R ₂	150,450	141,866
Minimum guarantee risk	R ₇	-	-
Investment risk	R ₃	792,377	764,830
Business management risk	R ₄	23,066	22,161
Solvency margin ratio			
$\frac{(A)}{(1/2) \times (B)} \times 100$		1,130.5%	1,188.0%

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.

12. Separate Account for the Fiscal Year Ended March 31, 2019

Not applicable.

13. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(Millions of yen)

Fiscal years ended March 31	2018	2019
Ordinary income	7,952,951	7,916,655
Ordinary profit	309,233	264,870
Net income attributable to Japan Post Insurance	104,487	120,480
Comprehensive income (loss)	185,868	172,795

As of March 31	2018	2019
Total assets	76,831,261	73,905,017
Consolidated solvency margin ratio	1,131.8%	1,189.8%

(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
- Changes in significant subsidiaries during the period: None

(3) Unaudited Consolidated Balance Sheets

(Millions of yen)

Items	Year	As of March	As of March	Items	Year	As of March	As of March
		31, 2018	31, 2019			31, 2018	31, 2019
		Amount	Amount			Amount	Amount
ASSETS:				LIABILITIES:			
Cash and deposits		898,504	917,708	Policy reserves and others		69,948,383	67,093,751
Call loans		265,000	150,000	Reserve for outstanding claims		548,196	519,568
Receivables under securities borrowing transactions		3,296,222	2,792,202	Policy reserves		67,777,297	65,060,549
Monetary claims bought		176,069	354,958	Reserve for policyholder dividends		1,622,889	1,513,634
Money held in trust		2,814,873	2,787,555	Reinsurance payables		6,033	6,470
Securities		60,130,909	58,451,581	Bonds payable		-	100,000
Loans		7,627,147	6,786,074	Payables under securities lending transactions		3,663,547	3,422,810
Tangible fixed assets		100,915	108,422	Other liabilities		229,514	183,889
Land		43,066	48,008	Liability for retirement benefits		63,739	65,262
Buildings		32,888	43,246	Reserve for management board benefit trust		172	203
Leased assets		2,194	2,313	Reserve for price fluctuations		916,743	897,492
Construction in progress		8,149	25	Total liabilities		74,828,135	71,769,880
Other tangible fixed assets		14,617	14,827	NET ASSETS:			
Intangible fixed assets		163,265	153,271	Capital stock		500,000	500,000
Software		163,246	153,252	Capital surplus		500,044	500,044
Other intangible fixed assets		19	18	Retained earnings		595,846	675,526
Agency accounts receivable		33,715	21,960	Treasury stock		(466)	(450)
Reinsurance receivables		3,227	3,872	Total shareholders' equity		1,595,424	1,675,120
Other assets		368,020	355,776	Net unrealized gains (losses) on available-for-sale securities		403,913	456,694
Deferred tax assets		954,085	1,022,091	Net deferred gains (losses) on hedges		32	33
Reserve for possible loan losses		(695)	(459)	Accumulated adjustments for retirement benefits		3,755	3,289
				Total accumulated other comprehensive income		407,701	460,017
Total assets		76,831,261	73,905,017	Total net assets		2,003,126	2,135,137
				Total liabilities and net assets		76,831,261	73,905,017

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

(Unaudited Consolidated Statements of Income)

(Millions of yen)

Items	Year	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
		Amount	Amount
ORDINARY INCOME		7,952,951	7,916,655
Insurance premiums and others		4,236,461	3,959,928
Investment income		1,284,529	1,204,428
Interest and dividend income		1,152,306	1,085,969
Gains on money held in trust		95,189	78,902
Gains on sales of securities		36,468	38,981
Gains on redemption of securities		53	395
Gains on foreign exchanges		284	-
Reversal of reserve for possible loan losses		-	14
Other investment income		226	165
Other ordinary income		2,431,960	2,752,298
Reversal of reserve for outstanding claims		29,180	28,628
Reversal of policy reserves		2,397,936	2,716,748
Other ordinary income		4,843	6,921
ORDINARY EXPENSES		7,643,717	7,651,785
Insurance claims and others		6,890,020	6,868,893
Insurance claims		5,625,043	5,489,510
Annuity payments		394,681	400,623
Benefits		68,686	87,452
Surrender benefits		545,281	645,211
Other refunds		235,529	222,902
Reinsurance premiums		20,796	23,193
Provision for policy reserves and others		7	7
Provision for interest on policyholder dividends		7	7
Investment expenses		106,074	146,005
Interest expenses		1,450	1,064
Losses on sales of securities		65,733	62,255
Losses on redemption of securities		5,964	4,762
Losses on derivative financial instruments		30,301	73,381
Losses on foreign exchanges		-	1,124
Provision for reserve for possible loan losses		1	-
Other investment expenses		2,623	3,417
Operating expenses		533,461	519,840
Other ordinary expenses		114,154	117,038
ORDINARY PROFIT		309,233	264,870
EXTRAORDINARY GAINS		86,053	19,251
Gains on sales of fixed assets		86,053	-
Reversal of reserve for price fluctuations		-	19,251
EXTRAORDINARY LOSSES		130,372	1,709
Losses on sales and disposal of fixed assets		337	620
Impairment loss		2,003	1,088
Provision for reserve for price fluctuations		128,031	-
Provision for reserve for policyholder dividends		117,792	111,806
Income before income taxes		147,122	170,605
Income taxes - Current		176,428	139,586
Income taxes - Deferred		(133,793)	(89,461)
Total income taxes		42,634	50,125
Net income		104,487	120,480
Net income attributable to non-controlling interests		-	-
Net income attributable to Japan Post Insurance		104,487	120,480

(Unaudited Consolidated Statements of Comprehensive Income)

(Millions of yen)

Items	Year	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
		Amount	Amount
Net income		104,487	120,480
Other comprehensive income (loss)		81,380	52,315
Net unrealized gains (losses) on available- for-sale securities		82,009	52,780
Net deferred gains (losses) on hedges		(17)	0
Adjustments for retirement benefits		(611)	(466)
Total comprehensive income (loss)		185,868	172,795
Comprehensive income (loss) attributable to Japan Post Insurance		185,868	172,795
Comprehensive income (loss) attributable to non-controlling interests		-	-

(5) Unaudited Consolidated Statements of Cash Flows

(Millions of yen)

Items	Year	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
		Amount	Amount
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income taxes		147,122	170,605
Depreciation and amortization		61,321	58,076
Impairment loss		2,003	1,088
Net change in reserve for outstanding claims		(29,180)	(28,628)
Net change in policy reserves		(2,397,936)	(2,716,748)
Provision for interest on policyholder dividends		7	7
Provision for reserve for policyholder dividends		117,792	111,806
Net change in reserve for possible loan losses		37	(236)
Net change in liability for retirement benefits		1,554	1,522
Net change in reserve for management board benefit trust		96	30
Net change in reserve for price fluctuations		128,031	(19,251)
Interest and dividend income (accrual basis)		(1,152,306)	(1,085,969)
Net (gains) losses on securities		35,175	27,640
Interest expenses (accrual basis)		1,450	1,064
Net (gains) losses on foreign exchanges		(284)	1,124
Net (gains) losses on tangible fixed assets		(85,747)	394
Net change in agency accounts receivable		17,173	11,754
Net change in reinsurance receivables		(933)	(645)
Net change in other assets (excluding those related to investing activities and financing activities)		37,643	3,775
Net change in reinsurance payables		1,259	436
Net change in other liabilities (excluding those related to investing activities and financing activities)		4,810	6,616
Other, net		(63,709)	(2,744)
Subtotal		(3,174,619)	(3,458,277)
Interest and dividend received (cash basis)		1,178,908	1,170,197
Interest paid (cash basis)		(1,567)	(863)
Policyholder dividends paid		(267,178)	(220,769)
Income taxes paid		(134,029)	(181,996)
Net cash used in operating activities		(2,398,486)	(2,691,710)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of call loans		(8,090,000)	(8,535,000)
Proceeds from redemption of call loans		7,975,000	8,650,000
Net change in receivables under securities borrowing transactions		224,499	504,020
Purchases of monetary claims bought		(429,999)	(1,319,999)
Proceeds from sale and redemption of monetary claims bought		281,242	1,141,145
Purchases of money held in trust		(495,300)	(380,229)
Proceeds from decrease in money held in trust		30,000	352,235
Purchases of securities		(5,116,144)	(3,946,108)
Proceeds from sale and redemption of securities		8,298,957	5,761,118
Payments for loans		(911,162)	(890,808)
Proceeds from collection of loans		1,344,889	1,731,605
Net change in payables under securities lending transactions		(1,225,519)	(240,736)
Other, net		(588)	(111,644)
Total of net cash provided by investment transactions		1,885,875	2,715,597
Total of net cash provided by operating activities and investment transactions		(512,611)	23,887
Purchases of tangible fixed assets		(6,332)	(27,026)
Proceeds from sales of tangible fixed assets		115,849	6
Purchases of intangible fixed assets		(27,107)	(35,297)
Other, net		(759)	(275)
Net cash provided by investing activities		1,967,525	2,653,004
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease obligations		(636)	(698)
Proceeds from issuance of bonds		-	99,398
Dividends paid		(35,984)	(40,790)
Net cash used in financing activities		(36,620)	57,909
Effect of exchange rate changes on cash and cash equivalents		-	-
Net change in cash and cash equivalents		(467,581)	19,203
Cash and cash equivalents at the beginning of the fiscal year		1,366,086	898,504
Cash and cash equivalents at the end of the fiscal year		898,504	917,708

(6) Unaudited Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	500,000	500,044	527,358	(521)	1,526,882
Changes in the fiscal year					
Cash dividends			(36,000)		(36,000)
Net income attributable to Japan Post Insurance			104,487		104,487
Disposals of treasury stock				54	54
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	-	-	68,487	54	68,542
Balance at the end of the fiscal year	500,000	500,044	595,846	(466)	1,595,424

	Accumulated other comprehensive income				Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance at the beginning of the fiscal year	321,904	50	4,366	326,321	1,853,203
Changes in the fiscal year					
Cash dividends					(36,000)
Net income attributable to Japan Post Insurance					104,487
Disposals of treasury stock					54
Net changes in items other than shareholders' equity in the fiscal year	82,009	(17)	(611)	81,380	81,380
Net changes in the fiscal year	82,009	(17)	(611)	81,380	149,922
Balance at the end of the fiscal year	403,913	32	3,755	407,701	2,003,126

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at the beginning of the fiscal year	500,000	500,044	595,846	(466)	1,595,424
Changes in the fiscal year					
Cash dividends			(40,800)		(40,800)
Net income attributable to Japan Post Insurance			120,480		120,480
Disposals of treasury stock				15	15
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	-	-	79,680	15	79,695
Balance at the end of the fiscal year	500,000	500,044	675,526	(450)	1,675,120

	Accumulated other comprehensive income				Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance at the beginning of the fiscal year	403,913	32	3,755	407,701	2,003,126
Changes in the fiscal year					
Cash dividends					(40,800)
Net income attributable to Japan Post Insurance					120,480
Disposals of treasury stock					15
Net changes in items other than shareholders' equity in the fiscal year	52,780	0	(466)	52,315	52,315
Net changes in the fiscal year	52,780	0	(466)	52,315	132,011
Balance at the end of the fiscal year	456,694	33	3,289	460,017	2,135,137

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE FISCAL YEAR ENDED MARCH 31, 2019

(Basis for Preparation of the Unaudited Consolidated Financial Statements)

1. Scope of Consolidation

- (1) Number of consolidated subsidiaries: 1
Name of consolidated subsidiary: JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd.
- (2) Number of non-consolidated subsidiaries: 0

2. Application of the Equity Method

- (1) Number of non-consolidated subsidiaries and affiliates accounted for under the equity method: 0
- (2) Number of affiliates accounted for under the equity method: 0
- (3) Number of non-consolidated subsidiaries and affiliates not accounted for under the equity method: 0
- (4) Affiliates not accounted for under the equity method

Japan Post Investment Corporation and two other companies have been excluded from the scope of application of the equity method, as they both have become insignificant as a whole, with minimal influence on the consolidated financial statements, in terms of net income or loss (an amount corresponding to ownership), retained earnings (an amount corresponding to ownership) and other items.

3. Fiscal Year-end Date of the Consolidated Subsidiary

The consolidated subsidiary has the same fiscal year-end date as that of consolidated financial statements.

(Notes to the Unaudited Consolidated Balance Sheet)

1. Significant Accounting Policies

(1) Valuation Criteria and Methods for Securities

Securities including cash and deposits as well as monetary claims bought which are equivalent to securities, and securities invested in money held in trust, are recorded based on the following:

1) Held-to-maturity Bonds

Held-to-maturity bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

2) Policy-reserve-matching Bonds

In accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry” (JICPA Industry Audit Committee Report No. 21), policy-reserve-matching bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

3) Stocks of subsidiaries and affiliates that are neither consolidated nor accounted for under the equity method

Stocks of subsidiaries and affiliates that are neither consolidated nor accounted for under the equity method are carried at cost using the moving-average method.

4) Available-for-sale Securities

(i) Available-for-sale Securities, at Fair Value

Available-for-sale securities, at fair value are carried at their market price at the end of the fiscal year, of which average market prices during the final month of the fiscal year are used to value stocks. Cost of securities sold is calculated using the moving-average method.

(ii) Available-for-sale Securities for Which Fair Values are Deemed Extremely Difficult to Determine

(a) Government and corporate bonds (including foreign bonds) without market price whose premium or discount represents the interest adjustments are carried at amortized cost (the straight-line method) using the moving-average method.

(b) Other securities are carried at cost using the moving-average method.

Net unrealized gains (losses) on available-for-sale securities, net of income taxes, are included in net assets.

(2) Valuation Criteria and Methods for Derivative Transactions

All derivative transactions are valued at fair value.

- (3) Depreciation Methods for Significant Depreciable Assets
- 1) Tangible Fixed Assets (excluding leased assets)

Depreciation of tangible fixed assets is calculated using the straight-line method based on the following useful lives:

 - (i) Buildings: 2-60 years
 - (ii) Other tangible fixed assets: 2-20 years
 - 2) Intangible Fixed Assets (excluding leased assets)

The capitalized development costs of software intended for internal use are amortized over the expected useful life of mainly 5 years using the straight-line method.
 - 3) Leased Assets

Finance lease transactions that do not transfer ownership are depreciated to a residual value of zero using the straight-line method over the lease term.
- (4) Recognition of Significant Reserves
- 1) Reserve for Possible Loan Losses

Reserve for possible loan losses is provided pursuant to the Company's standards for self-assessment of asset quality, and general allowance is provided using a rate based on historical collectability experience. In addition, specific allowances, which are determined based on individual collectability of accounts, are also recorded.

All loans and claims are assessed initially by the relevant departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the relevant departments, reviews these self-assessments. The above reserves and allowances are recorded based on the results of these assessments.

For loans and guaranteed loans that were extended to borrowers that have filed for bankruptcy including legal bankruptcy or civil rehabilitation, or that are considered substantially bankrupt, an allowance is provided for in the amount of loans, net of collateral value or the amounts expected to be recoverable under guarantees. Reserve for possible loan losses also includes amounts set aside for other assets subject to valuation allowance. The amount written off for loans and other assets during the fiscal year ended March 31, 2019 was ¥232 million.
 - 2) Reserve for Management Board Benefit Trust

In order to provide for the granting of shares of the Company to Executive Officers of the Company in accordance with the Stock Benefit Rules, reserve for management board benefit trust is provided in the projected amount of stock benefit obligations.
- (5) Employees' Retirement Benefits Accounting
- 1) Method for Attributing Expected Benefits to Periods

In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit to respective service period.
 - 2) Method for Recognizing Actuarial Differences and Prior Service Cost

Actuarial difference is amortized using the straight-line method over a period of 14 years, which is less than the estimated average remaining service period for employees from the fiscal year following the respective fiscal year in which the difference is incurred.

Prior service cost is amortized using the straight-line method over a period of 14 years, which is less than the estimated average remaining service lives for employees in the fiscal year of incurrence.
- (6) Reserve for Price Fluctuations
- Reserve for price fluctuations in security investments is calculated based on Article 115 of the Insurance Business Act.
- (7) Translation of Significant Assets and Liabilities Denominated in Foreign Currencies
- Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end.

(8) Significant Hedge Accounting

1) Methods for Hedge Accounting

The Company and its subsidiary (the “Group”) applies fair value hedge accounting for foreign currency exchange contracts to hedge foreign exchange fluctuation risk for a portion of its foreign-currency-denominated bonds as well as the exceptional treatment and deferred hedge accounting for interest rate swaps to hedge variability in cash flows on a portion of loans in accordance with the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10).

2) Hedging Instruments and Hedged Items

- | | |
|--------------------------|-------------------------------------|
| (i) Hedging instrument: | Foreign currency exchange contracts |
| Hedged item: | Foreign-currency-denominated bonds |
| (ii) Hedging instrument: | Interest rate swaps |
| Hedged item: | Loans |

3) Hedging Policies

Foreign currency exchange contracts are used to hedge fluctuations in foreign currency exchange rates of foreign-currency-denominated bonds within a predetermined range. Interest rate swap contracts are used to hedge fluctuations in interest rates of loans within a certain range.

4) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed by comparing the aggregate changes in quotations or cash flows of hedged items and hedging instruments. The evaluation of hedge effectiveness is omitted in cases of foreign exchange contracts where there is a high correlation between hedged items and hedging instruments, or interest rate swap contracts which applied the exceptional treatment for interest rate swaps.

(9) Policy Reserves

Policy reserves are reserves provided in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are recorded based on the following methodology:

- 1) Reserves for contracts subject to the standard policy reserves are calculated in accordance with the method prescribed by the Commissioner for Financial Services Agency (Public notice No. 48 issued by the Ministry of Finance in 1996).
- 2) Reserves for other contracts are calculated based on the net level premium method.

They include policy reserves accumulated additionally in the fiscal year ended March 31, 2018, in preparation for future performance of obligations for lump-sum payment annuities, pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

In addition, pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, additional policy reserves are accumulated, in preparation for future performance of obligations, over a 10-year period from the fiscal year ended March 31, 2011, for a portion of reinsurance contracts from the Management Organization. As a result, the amount of provision for the additional policy reserves for the fiscal year ended March 31, 2019 was ¥179,882 million.

(10) Consumption Taxes

All figures are net of consumption taxes.

2. Transactions for Granting Shares and Others of the Company to Executive Officers of the Company through Trust

The Company has introduced a trust-based performance-linked stock compensation system for Executive Officers of the Company.

The Company has adopted the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (Practical Issues Task Force (“PITF”) No. 30, March 26, 2015) with respect to the accounting treatment of the aforementioned trust agreement.

(1) Outline of the Transaction

In accordance with the predetermined Stock Benefit Rules, the Company shall grant its Executive Officers a certain number of points depending on the performance for the fiscal year, and later shall have the Board Benefit Trust (BBT) grant Executive Officers who meet the requirement for eligibility at the time of their retirement a number of shares of the Company equivalent to the number of such points accumulated up to their retirement, as well as the amount of money equivalent to a certain portion of such number of shares, as calculated by the fair value at the time of their retirement.

Shares to be granted to Executive Officers, including the portion of shares to be granted in the future, are managed separately as trust assets through purchases by the trust bank from the stock market using the fund held in trust in advance by the Company.

(2) Shares of the Company Held by Trust

Shares of the Company held by Trust are recorded as treasury stock under the category of net assets at book value in the Trust (excluding accompanying expenses). Book value of such treasury stock at the end of the fiscal year ended March 31, 2019 was ¥450 million, while the number of such treasury stock was 191,000 shares.

3. Matters Regarding Status of Financial Instruments and Fair Value of Financial Instruments

(1) Matters Regarding Status of Financial Instruments

1) Policy for handling financial instruments

The Company promotes matching between assets and liabilities using yen-denominated interest-bearing assets, taking into consideration the characteristics of liabilities so as to maintain sound management and ensure payments for insurance claims and others. The Company endeavors to invest in yen-denominated bonds such as Japanese local government bonds and Japanese corporate bonds, of which yield is expected to be relatively higher than that of Japanese government bonds, as well as in “return-seeking assets” (which we previously referred to as “risk assets”) including foreign bonds and stocks from the perspective of improving profitability as well as to strengthen the risk management system.

Derivative transactions are identified as a key hedging method against foreign exchange fluctuation risk and interest rate risk to our investment assets, and these are not used for speculative purposes.

2) Features and risks of financial instruments

Financial assets owned by the Company consist mainly of securities and loans, and are managed by using an asset liability management (ALM) framework. Such securities are exposed to the credit risk of their issuing bodies as well as market price fluctuation risk and interest rate risk. In addition, foreign-currency-denominated bonds are exposed to the foreign exchange risk. Moreover, the Company owns loans with floating interest rates, which are exposed to the interest rate risk.

Derivative transactions which the Company uses are mainly foreign exchange contracts and interest rate swaps. These are used for the purpose of hedging interest rate risk and foreign exchange fluctuation risk limited to the purpose of hedging and are not meant for speculative purposes. The market-related risk of derivative transactions is therefore reduced and limited.

3) Risk management framework for financial instruments

(i) Management of market risk

Market risk is the risk of losses resulting from fluctuation in the value of assets and liabilities held that include off-balance sheet assets and liabilities due to fluctuations in various market risk factors such as interest rates, foreign exchange rates, and stock prices. Market risk is categorized into interest rate risk and market price fluctuation risk for its management. Interest rate risk is the risk of losses resulting from fluctuation in the value of interest-bearing assets denominated in yen and insurance liabilities due to fluctuations in yen interest rates, and the risk arises as the Company has a certain limit in matching assets with liabilities, as an insurance company with a mission to offer universal service products

including endowment insurance and whole life insurance. Market price fluctuation risk is any market risk other than interest rate risk.

Among the company-wide risks including the market risk, the Company identifies those that can be quantified and manages the company-wide risks by comparing the capital amount and the company-wide integrated risk amount calculated based on the amount of quantified risks.

(ii) Management of credit risk

Credit risk is the risk of losses resulting from a decline or elimination in the value of assets including off-balance sheet assets due to deterioration in financial conditions of borrowers and other reasons.

In order to control investment and lending to borrowers with high credit risk, the Company manages its investment and lending by prescribing credit eligibility rules based on internal rating. Moreover, to prevent concentration of credit risk on a particular borrower, group or industry, the Company establishes credit limits corresponding to internal rating and standards of credit shares by industry.

The results of their activities are reported to the risk management committee regularly.

4) Additional notes concerning the fair value of financial instruments

The fair value of a financial instrument includes prices based on market quotations as well as rationally calculated prices for those whose market prices are not readily available. In calculating prices, certain premises and assumptions are adopted, and the use of different assumptions may lead to changes in pricing.

The contract amounts of derivative transactions in “(5) Derivative Transactions” do not indicate the market risk related to derivative transactions.

(2) Fair Values of Financial Instruments

Amounts carried on the consolidated balance sheets, fair values and the difference between them as of March 31, 2019 were as follows.

Financial instruments for which the fair values are deemed extremely difficult to determine are not included in the following table, but described in “Note 2” below.

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and deposits	917,708	917,708	-
Available-for-sale securities (negotiable certificates of deposit)	405,000	405,000	-
2) Call loans	150,000	150,000	-
3) Receivables under securities borrowing transactions	2,792,202	2,792,202	-
4) Monetary claims bought	354,958	354,958	-
Available-for-sale securities	354,958	354,958	-
5) Money held in trust (*1)	2,627,236	2,627,236	-
6) Securities	58,442,334	66,318,814	7,876,479
Held-to-maturity bonds	36,391,299	43,113,443	6,722,144
Policy-reserve-matching bonds	10,570,049	11,724,384	1,154,334
Available-for-sale securities	11,480,985	11,480,985	-
7) Loans	6,786,029	7,304,801	518,772
Policy loans	144,566	144,566	-
Industrial and commercial loans (*2)	991,309	1,062,099	70,836
Loans to the Management Organization (*2)	5,650,198	6,098,135	447,936
Reserve for possible loan losses (*3)	(45)	-	-
Total assets	72,070,470	80,465,722	8,395,251
1) Bonds payable	100,000	100,830	830
2) Payables under securities lending transactions	3,422,810	3,422,810	-
Total liabilities	3,522,810	3,523,640	830
Derivative transactions (*4)			
Hedge accounting not applied	(490)	(490)	-
Hedge accounting applied	169	169	-
Total derivative transactions	(320)	(320)	-

(*1) Money held in trust classified as other than trading, held-to-maturities and policy-reserve-matching.

(*2) In the column of “Net unrealized gains (losses),” the difference between the consolidated balance sheet amount after deduction of reserve for possible loan losses and the fair value is provided.

(*3) Reserve for possible loan losses corresponding to loans has been deducted.

(*4) Net receivables and payables arising from derivative transactions are stated at net values, and if the values are negative, they are indicated in parentheses.

Note 1: Calculation methods for fair values of financial instruments

Assets

1) Cash and deposits

Deposits (including negotiable certificates of deposit) mature within a short-term (one year), and their fair value approximates book value.

2) Call loans and 3) Receivables under securities borrowing transactions

These are settled within a short-term (one year), and their fair value approximates book value.

4) Monetary claims bought

The fair value of monetary claims bought accounted for as securities in the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10) is calculated in a similar manner to the method described in “(6) Securities” below.

5) Money held in trust

The fair value of money held in trust is based on the price quoted by the exchange for shares and net asset value for mutual funds.

Money held in trust is provided in “(4) Money Held in Trust” in accordance with the purpose of the holdings.

6) Securities

The fair value of bonds is primarily based on the price published by industry associations such as the reference statistical price published by the Japan Securities Dealers Association, or price offered by the financial institutions, while the fair value of stocks is based on the price quoted by the exchange. The fair value of mutual funds is based on net asset value.

Securities are described in “(3) Securities” in accordance with the purpose of keeping in possession.

7) Loans

For policy loans and those included in loans to the Management Organization of Postal Life Insurance Contracts, book values are used as fair values because amounts are limited to the values of corresponding cash surrender value and their fair value approximates book value considering their short maturities and interest conditions.

For industrial and commercial loans with floating interest rates, whose future cash flows follow market interest rates, their fair value approximates book value.

For industrial and commercial loans with fixed interest rates or loans to the Management Organization (excluding policy loans), fair value is based on a net discounted present value of future cash flows.

Liabilities

1) Bonds payable

The Reference Statistical Prices published by the Japan Securities Dealers Association are used as fair value.

2) Payables under securities lending transactions

These are settled within a short-term (one year), and their fair value approximates book value.

Derivative transactions

Notes on the fair value of derivatives are presented in “(5) Derivative Transactions.”

Interest rate swaps subject to exceptional treatment for interest rate swaps are jointly disclosed with hedged industrial and commercial loans. Therefore, their fair values are included in the relevant industrial and commercial loans.

Note 2: Financial instruments for which the fair values are deemed extremely difficult to determine
(Millions of yen)

	Consolidated balance sheet amount
Money held in trust (*1)	160,318
Securities	9,246
Unlisted stocks (*2)	4,735
Investment in partnership (*2)	4,511
Total	169,565

(*1) Trust asset components such as unlisted stocks, etc., for which the fair values are deemed extremely difficult to determine, are not included in Assets 5) Money held in trust.

(*2) Unlisted stocks and investments in partnership where partnership assets comprise primarily of unlisted stocks, are not included in Assets 6) Securities, as the fair values are deemed extremely difficult to determine.

Note 3: Redemption schedule of monetary claims and securities with maturities

(Millions of yen)

	Within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	916,845	-	-	-
Call loans	150,000	-	-	-
Receivables under securities borrowing transactions	2,792,202	-	-	-
Monetary claims bought	330,000	-	-	22,762
Securities	2,719,971	10,045,429	13,539,222	28,911,855
Held-to-maturity bonds	881,593	5,303,419	7,678,856	22,025,739
Bonds	881,593	5,205,419	7,678,856	22,025,739
Japanese government bonds	122,200	739,200	6,981,300	19,842,800
Japanese local government bonds	717,527	3,455,690	572,942	1,162,979
Japanese corporate bonds	41,866	1,010,529	124,614	1,019,960
Foreign securities	-	98,000	-	-
Policy-reserve-matching bonds	1,178,716	3,176,984	2,306,716	3,672,009
Bonds	1,178,716	3,176,984	2,306,716	3,672,009
Japanese government bonds	1,119,900	2,863,000	2,208,200	3,007,100
Japanese local government bonds	54,410	253,829	77,899	165,609
Japanese corporate bonds	4,406	60,155	20,617	499,300
Available-for-sale securities with maturities	659,661	1,565,025	3,553,649	3,214,106
Bonds	579,090	906,787	1,403,393	1,294,915
Japanese government bonds	-	-	-	425,200
Japanese local government bonds	145,461	187,270	604,327	108,329
Japanese corporate bonds	433,628	719,516	799,066	761,385
Foreign securities	80,571	658,238	2,150,256	1,911,203
Other securities	-	-	-	7,988
Loans	1,569,069	2,611,914	1,689,949	915,526
Total	8,478,089	12,657,343	15,229,172	29,850,144

Note 4: Redemption schedule of bonds payable and payables under securities lending transactions

(Millions of yen)

	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Bonds payable	-	-	-	-	-	100,000
Payables under securities lending transactions	3,422,810	-	-	-	-	-
Total	3,422,810	-	-	-	-	100,000

(3) Securities

1) Held-to-maturity Bonds

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds the consolidated balance sheet amount			
Bonds	36,174,504	42,895,767	6,721,263
Japanese government bonds	28,081,873	34,300,437	6,218,564
Japanese local government bonds	5,899,536	6,228,845	329,308
Japanese corporate bonds	2,193,093	2,366,484	173,390
Foreign securities	98,000	99,319	1,319
Foreign bonds	98,000	99,319	1,319
Subtotal	36,272,504	42,995,086	6,722,582
Those for which fair value does not exceed the consolidated balance sheet amount			
Bonds	118,795	118,357	(438)
Japanese government bonds	95,560	95,322	(238)
Japanese local government bonds	17,173	17,102	(70)
Japanese corporate bonds	6,061	5,931	(129)
Foreign securities	-	-	-
Foreign bonds	-	-	-
Subtotal	118,795	118,357	(438)
Total	36,391,299	43,113,443	6,722,144

2) Policy-reserve-matching Bonds

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds the consolidated balance sheet amount			
Bonds	10,521,279	11,676,162	1,154,883
Japanese government bonds	9,391,008	10,482,032	1,091,024
Japanese local government bonds	545,243	573,068	27,825
Japanese corporate bonds	585,026	621,060	36,033
Subtotal	10,521,279	11,676,162	1,154,883
Those for which fair value does not exceed the consolidated balance sheet amount			
Bonds	48,770	48,221	(548)
Japanese government bonds	38,770	38,264	(506)
Japanese local government bonds	7,200	7,170	(29)
Japanese corporate bonds	2,800	2,787	(12)
Subtotal	48,770	48,221	(548)
Total	10,570,049	11,724,384	1,154,334

3) Available-for-sale Securities

(Millions of yen)

	Consolidated balance sheet amount	Cost	Difference
Those for which the consolidated balance sheet amount exceeds cost			
Bonds	4,062,914	3,993,200	69,713
Japanese government bonds	434,201	424,322	9,879
Japanese local government bonds	965,859	961,575	4,283
Japanese corporate bonds	2,662,853	2,607,302	55,550
Stocks	70,824	64,387	6,436
Foreign securities	3,572,999	3,341,886	231,113
Foreign bonds	3,542,805	3,311,886	230,918
Other foreign securities	30,194	29,999	194
Other (*)	639,388	624,959	14,429
Subtotal	8,346,127	8,024,434	321,693
Those for which the consolidated balance sheet amount does not exceed cost			
Bonds	202,495	204,197	(1,701)
Japanese government bonds	-	-	-
Japanese local government bonds	89,401	89,575	(174)
Japanese corporate bonds	113,094	114,621	(1,527)
Stocks	130,024	147,337	(17,312)
Foreign securities	1,613,936	1,664,756	(50,819)
Foreign bonds	1,467,983	1,514,756	(46,772)
Other foreign securities	145,952	150,000	(4,047)
Other (*)	1,948,360	1,959,606	(11,246)
Subtotal	3,894,817	3,975,898	(81,081)
Total	12,240,944	12,000,332	240,611

(*) "Other" includes negotiable certificates of deposit (cost: ¥405,000 million, consolidated balance sheet amount: ¥405,000 million) presented as "Cash and deposits" in the consolidated balance sheets, and monetary claims bought (cost: ¥352,762 million, consolidated balance sheet amount: ¥354,958 million).

4) Available-for-sale Securities Sold during the Fiscal Year (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Sales	Gains	Losses
Bonds	131,028	1,204	2,876
Japanese local government bonds	23,572	27	-
Japanese corporate bonds	107,455	1,177	2,876
Stocks	115,704	7,594	10,157
Foreign securities	821,905	30,181	48,160
Foreign bonds	821,905	30,181	48,160
Other securities	74,333	-	1,059
Total	1,142,971	38,981	62,255

(4) Money Held in Trust

1) Money held in trust classified as other than trading, held-to-maturity and policy-reserve-matching

(Millions of yen)

	Consolidated balance sheet amount	Cost	Difference	Those for which the consolidated balance sheet amount exceeds cost	Those for which the consolidated balance sheet amount does not exceed cost
Specified money held in trust	2,627,236	2,234,377	392,859	454,931	(62,071)

(*) The Group recognized losses on valuation of ¥10,860 million for the fiscal year ended March 31, 2019.

2) Basis for recognition of losses on valuation

Stocks managed as trust assets with fair values declining by 50% or more of their acquisition costs shall, in principle, be subjected to recognition of losses on valuation, while those with fair values declining by 30% or more, but less than 50% of their acquisition costs, and for which market prices remain lower than a certain level, shall be subjected to recognition of losses on valuation, unless fair values are deemed likely to recover to the acquisition costs.

(5) Derivative Transactions

1) Derivative transactions to which the hedge accounting is not applied

Currency-related derivatives

(Millions of yen)

Category	Type of derivative	Contract amount	Contract amount due after 1 year	Fair value	Net Valuation Gain/Loss
OTC	Forward foreign exchange Sold	43,936	-	(490)	(490)
	U.S. dollars	43,936	-	(490)	(490)
	Total	-	-	-	(490)

(*) Method for calculating fair value

Fair value is calculated using the forward foreign exchange rate as of the consolidated fiscal year-end date.

2) Derivative transactions to which the hedge accounting is applied

(i) Currency-related derivatives

(Millions of yen)

Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Fair value hedge accounting	Forward foreign exchange Sold	Foreign currency-denominated bonds	3,879,964	-	122
	U.S. dollars		2,621,488	-	1,452
	Euros		568,644	-	1,222
	Australian dollars		246,076	-	(2,185)
	Other		443,754	-	(366)
Total			-	-	122

(*) Method for calculating fair value

Fair value is calculated using the forward foreign exchange rate as of the consolidated fiscal year-end date.

(ii) Interest rate-related derivatives

(Millions of yen)

Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Deferred hedge method	Interest rate swaps Receivable fixed rate / Payable floating rate	Loans	6,150	6,150	47
Exceptional treatment for interest rate swaps	Interest rate swaps Receivable fixed rate / Payable floating rate	Loans	30,100	26,050	(*2)
Total			-	-	47

(*1) Method for calculating fair value

Fair value is calculated using discounted present value.

(*2) Interest rate swap amounts measured by the exceptional treatment for interest rate swaps are disclosed with the loans that are subject to the hedge. Therefore such fair value is included in the fair value of the relevant loans.

4. The consolidated balance sheet amount, fair value and the outline of risk management policy of policy-reserve-matching bonds were as follows:

(1) The consolidated balance sheet amount and fair value of policy-reserve-matching bonds amount to ¥10,570,049 million and ¥11,724,384 million, respectively.

(2) 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 within 30 years from the fiscal year ended March 31, 2019, 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.

5. Securities lent under lending agreements in the amount of ¥3,710,368 million were included in “Securities” in the consolidated balance sheets as of March 31, 2019.

6. There were no bankrupt loans, non-interest accrual loans, past due loans for three months or more, or restructured loans as of March 31, 2019. Definitions for each of the respective loans are as follows:

Bankrupt loans refer to non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3-(a) to (e) and Item 4 of the Order for Enforcement of the Corporation Tax Act (Ordinance No. 97 in 1965). Interest accruals of such loans are suspended since the principal or interest on such loans is unlikely to be collected due to delinquency in payments for them for a considerable period of time or other reasons.

Non-interest accrual loans are those loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their business.

Past due loans for three months or more are loans for which principal or interest payments are delinquent for three months or more under the term of the loans from the day following the contractual due date, excluding those classified as bankrupt loans and non-accrual loans.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, postponement of principal or interest payments, debt waiver or other arrangements, have been made for the purpose of assisting and supporting the borrowers in the restructuring of their business. This

category excludes loans classified as bankrupt loans, non-interest accrual loans and past due loans for three months or more.

7. The balance of the unused credit under loan commitment line agreements, etc. as of March 31, 2019 was ¥14,751 million.
8. With regard to the ¥377,726 million in principal and ¥54,865 million in interest of loans (to the Management Organization) which became due at the end of the fiscal year ended March 31, 2019, the due date has been moved to Monday, April 1, 2019, the following business day, pursuant to internal rules, as the end of the fiscal year ended March 31, 2019 fell on a bank holiday. Of this amount the ¥12,822 million which had been received in advance has been reported as other liabilities (suspense receipt), as its due date has not arrived.

9. Accumulated depreciation for tangible fixed assets as of March 31, 2019 was ¥39,302 million.

10. Total deferred tax assets and total deferred tax liabilities were ¥1,252,069 million and ¥223,932 million, respectively. A deduction from deferred tax assets as valuation allowance was ¥6,045 million.

Significant components of deferred tax assets include ¥918,790 million of policy reserves, ¥208,438 million of reserve for price fluctuations, ¥44,069 million of reserve for outstanding claims, ¥18,310 million of liability for retirement benefits, and ¥40,496 million of unrealized losses on available-for-sale securities.

Significant components of deferred tax liabilities include ¥215,786 million of unrealized gains on available-for-sale securities.

11. Changes in reserve for policyholder dividends for the fiscal year ended March 31, 2019 were as follows:

Balance at the beginning of the fiscal year	¥1,622,889 million
Policyholder dividends paid	¥220,769 million
Interest accrual	¥7 million
Reduction due to the acquisition of additional annuity	¥300 million
Provision for reserve for policyholder dividends	¥111,806 million
Balance at the end of the fiscal year	¥1,513,634 million

12. Equities, etc. of subsidiaries and affiliates was ¥5,006 million.

13. Assets pledged as collateral consisted of the following:

Securities ¥2,900,087 million

Liabilities corresponding to assets pledged as collateral consisted of the following:

Payables under securities lending transactions ¥3,422,810 million

The above securities are those pledged as collateral for securities lending transactions with cash collateral.

In addition to the above, the following has been pledged as collateral for the transactions such as transactions under securities lending secured by securities and exchange settlements.

Securities ¥388,753 million

14. Reserve for outstanding claims for reinsured part defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter referred to as “reserve for outstanding claims-ceded”), as of March 31, 2019 was ¥454 million. Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance (hereinafter referred to as “policy reserves-ceded”) as of March 31, 2019 was ¥985 million.

15. Net assets per share were ¥3559.70.

The Company has established a Board Benefit Trust (BBT) and shares of the Company held by trust, which were recorded as treasury stock under the category of shareholders’ equity, were included in treasury stock to be deducted from the calculation of the total number of shares issued at the end of the fiscal year, for the purpose of calculating net assets per share.

Total number of treasury stock at the end of the fiscal year which was deducted from the calculation of net assets per share for the fiscal year ended March 31, 2019 was 191,400 shares.

16. The Company has the right to sell or pledge securities received as collateral for transactions such as borrowing agreements and securities exchange settlements. The fair value of such securities held in hand was ¥3,193,785 million as of March 31, 2019.

17. Bonds payable are subordinated bonds stipulating that their priorities are ranked behind other obligations.

18. The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥33,174 million as of March 31, 2019 pursuant to Article 259 of the Insurance Business Act.

This obligation is recognized as operating expenses when it is made.

19. Matters related to retirement benefits are as follows:

(1) Outline of retirement benefits

The Company and its consolidated subsidiary have lump-sum severance indemnity plans which are an unfunded defined benefit plan.

In addition, starting from October 1, 2015, the Company has joined the retirement pension plan based on the Act for Partial Amendment of the Act on National Public Officers' Retirement Allowance, etc., for the Purpose of Review over the Levels of the Retirement Benefits for National Public Officers (Act No. 96 of 2012) and introduced as a new pension system to replace the discontinued occupational portion (third-tier portion) of the mutual pension, and the pension contribution amount required of the Company for the fiscal year ended March 31, 2019 was ¥369 million.

(2) Defined benefit plans

1) Changes in retirement benefit obligations

	(Millions of yen)
Balance at the beginning of the fiscal year	63,739
Service cost	4,130
Interest cost	441
Actuarial differences	56
Benefits paid	(3,124)
Other	19
Balance at the end of the fiscal year	<u>65,262</u>

2) Balance of retirement benefit obligations and reconciliations of liability for retirement benefits recorded on the consolidated balance sheets

	(Millions of yen)
Unfunded retirement benefit obligations	<u>65,262</u>
Liability for retirement benefits recorded on the consolidated balance sheet	<u>65,262</u>

3) Retirement benefit costs

	(Millions of yen)
Service cost	4,130
Interest cost	441
Amortization of actuarial differences	(218)
Amortization of prior service cost	(373)
Other	105
Retirement benefit expenses of defined benefit plans	<u>4,085</u>

4) Adjustments for retirement benefits

The breakdown of adjustments for retirement benefits (before tax effect) is as follows:

	(Millions of yen)
Prior service cost	(373)
Actuarial differences	(274)
Total	<u>(648)</u>

5) Accumulated adjustments for retirement benefits

The breakdown of accumulated adjustments for retirement benefits (before tax effect) is as follows:

	(Millions of yen)
Unrecognized prior service cost	3,721
Unrecognized actuarial differences	848
Total	<u>4,569</u>

6) Actuarial assumptions

The principal actuarial assumption used for the fiscal year ended March 31, 2019 was as follows:

Discount rate	0.3 to 0.7%
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20. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Organization, amounted to ¥35,566,089 million and are provided at amounts calculated based on the statement of calculation procedures for the Company's insurance premiums and policy reserves. The amounts calculated based on the foregoing procedures are not less than the amounts calculated based on the statement of calculation procedures for the Postal Life Insurance policy reserves in accordance with the Act on Management Organization for Postal Savings and Postal Life Insurance (Act No. 101 of 2005).

In addition, contingency reserve and reserve for price fluctuations are provided in the amount of ¥1,491,491 million and ¥661,836 million, respectively, for the category of the reinsurance.

21. "Other liabilities" in the consolidated balance sheet includes ¥43,948 million of deposits from the Management Organization.

Deposits from the Management Organization refer to the amounts equivalent to the reserve for outstanding claims and reserve for losses on compensation for damages related to litigation or conciliation of the Management Organization, which was deposited at the time of privatization based on the outsourcing agreements with the Management Organization for the administrative operation of the Postal Life Insurance Policy.

22. Notes on the subsequent events are as follows:

(Acquisition of treasury stock)

The Company resolved matters related to the acquisition of its treasury stock in accordance with Article 156, Paragraph 1 of the Companies Act based on Article 39, Paragraph 1 of the Articles of Incorporation complying with Article 459, Paragraph 1, Item 1 of the same Act at the Board of Directors meeting held on April 4, 2019, and the acquisition was completed on April 8, 2019.

(1) Resolution of the Board of Directors regarding the acquisition of treasury stock

1) Reason of the acquisition of treasury stock

The acquisition of treasury stock will be implemented with an aim to improve capital efficiency, enhance shareholder returns and mitigate the impact on the supply-demand balance of the Company's shares due to the sale of shares held by JAPAN POST HOLDINGS Co., Ltd., the parent company of the Company, in the future in light of the offering of shares of common stock of the Company as announced on April 4, 2019 in the "Notice Concerning the Offering of Shares."

2) Details of matters related to the acquisition

- (i) Class of shares to be acquired: Common stock of the Company
- (ii) Total number of shares to be acquired: 50,000,000 shares (maximum)
(The ratio of the total number of shares to be acquired to the total number of shares issued (excluding treasury stock): 8.3%)
- (iii) Total amount of acquisition cost of shares to be acquired: ¥100.0 billion (maximum)
- (iv) Acquisition period: From April 8, 2019 to April 12, 2019
- (v) Method of acquisition: Purchases through the Off-auction Own Share Repurchase Trading system (ToSTNeT-3) of Tokyo Stock Exchange, Inc.
- (vi) In addition to the matters as described above, any matters required for the acquisition of treasury stock shall be determined at the sole discretion of the President, CEO, Representative Executive Officer of the Company or a person appointed by the President, CEO, Representative Executive Officer of the Company.

(2) Details of the acquisition of treasury stock

- 1) Class of shares to be acquired: Common stock of the Company
- 2) Total number of shares acquired: 37,411,100 shares
- 3) Total amount of shares acquired: ¥99,999,870,300
- 4) Acquisition date: April 8, 2019
- 5) Method of acquisition: Purchases through the Off-auction Own Share Repurchase Trading system (ToSTNeT-3) of Tokyo Stock Exchange, Inc.

(Cancellation of treasury stock)

The Company resolved to cancel its treasury stock in accordance with Article 178 of the Companies Act at the Board of Directors meeting held on May 15, 2019.

- (1) Class of shares to be cancelled: Common stock of the Company
- (2) Number of shares to be cancelled: 37,400,000 shares
(6.2% of the total number of shares issued before the cancellation)
- (3) Scheduled date of cancellation: May 31, 2019

(Reference)

Total number of shares issued (after the cancellation): 562,600,000 shares

(Notes to the Unaudited Consolidated Statement of Income)

1. The amount of reversal of reserve for outstanding claims-ceded that is deducted from the calculation of reversal of reserve for outstanding claims for the fiscal year ended March 31, 2019 was ¥61 million. The amount of provision for policy reserves-ceded that is added to the calculation of reversal of policy reserves for the fiscal year ended March 31, 2019 was ¥39 million.
2. Net income per share was ¥200.86.
The Company has established a Board Benefit Trust (BBT) and shares of the Company held by trust, which were recorded as treasury stock under the category of shareholders' equity, were included in treasury stock to be deducted from the calculation of the average number of shares during the period, for the purpose of calculating net income per share.
Average number of treasury stock during the fiscal year which was deducted from the calculation of net income per share for the fiscal year ended March 31, 2019 was 191,857 shares.
3. Insurance premiums assumed based on reinsurance contracts with the Management Organization included in insurance premiums and others for the fiscal year ended March 31, 2019 were ¥590,340 million.
4. Insurance claims based on reinsurance contracts with the Management Organization included in insurance claims for the fiscal year ended March 31, 2019 were ¥4,030,959 million.
5. Provision for reserve for policyholder dividends, which is provided for the Management Organization based on gains or losses and others arising in the category of the reinsurance due to the reinsurance contracts with the Management Organization, was ¥92,117 million for the fiscal year ended March 31, 2019.

(Notes to the Unaudited Consolidated Statement of Comprehensive Income)

(Millions of yen)

Net unrealized gains (losses) on available-for-sale securities:	
Amount arising during the fiscal year	64,969
Reclassification adjustments	9,448
Before tax effect adjustments	74,417
Tax effect	(21,636)
Net unrealized gains (losses) on available-for-sale securities	52,780
Net deferred gains (losses) on hedges:	
Amount arising during the fiscal year	0
Reclassification adjustments	-
Before tax effect adjustments	0
Tax effect	(0)
Net deferred gains (losses) on hedges	0
Adjustments for retirement benefits:	
Amount arising during the fiscal year	(56)
Reclassification adjustments	(592)
Before tax effect adjustments	(648)
Tax effect	182
Adjustments for retirement benefits	(466)
Total other comprehensive income (loss)	52,315

(Notes to the Unaudited Consolidated Statement of Cash Flows)

1. Scope of Cash and Cash Equivalents

Cash and cash equivalents consists of “Cash and deposits” in the consolidated balance sheet.

2. The reconciliation of cash and cash equivalents in the consolidated statement of cash flows to cash and deposits in the consolidated balance sheet as of March 31, 2019 was as follows:

Cash and deposits	¥917,708 million
Cash and cash equivalents	¥917,708 million

(Notes to the Unaudited Consolidated Statement of Changes in Net Assets)

1. Type and Number of Shares Issued and Treasury Stock

(Thousands of shares)

	April 1, 2018	Increase	Decrease	March 31, 2019
Shares issued				
Common stock	600,000	-	-	600,000
Treasury stock				
Common stock	198	-	6	191

(*1) Numbers of treasury stock at the beginning and the end of the fiscal year ended March 31, 2019 were shares of the Company held in the BBT, and were 198 thousand shares and 191 thousand shares, respectively.

(*2) The decrease of 6 thousand shares in the number of treasury stock was attributable to the granting of shares via the BBT.

2. Stock Acquisition Rights Including Those Owned by the Company

Not applicable.

3. Information on Dividends

(1) Dividends Paid

Resolution	Class of shares	Total amount (Millions of yen)	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 15, 2018	Common stock	40,800	68.00	March 31, 2018	June 19, 2018

(*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.

(2) Dividends whose effective date falls after the end of the fiscal year ended March 31, 2019

Resolution	Class of shares	Total amount (Millions of yen)	Source of dividends	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 15, 2019	Common stock	43,200	Retained earnings	72.00	March 31, 2019	June 18, 2019

(*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.

(7) Status of Risk-Monitored Loans (Consolidated)

Not applicable.

(8) Status of Insurance Claims Paying Ability of the Company and its Subsidiaries

(Consolidated Solvency Margin Ratio)

(Millions of yen)

As of March 31	2018	2019
Total amount of solvency margin (A)	5,595,880	5,647,874
Capital stock, etc.	1,554,624	1,631,920
Reserve for price fluctuations	916,743	897,492
Contingency reserve	2,114,348	1,962,755
Catastrophe loss reserve	-	-
General reserve for possible loan losses	60	45
(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	568,785
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	(2,896)	(2,336)
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)	5,218	4,569
Excess of continued Zillmerized reserve	506,467	489,649
Capital raised through debt financing	-	100,000
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin	-	-
Deductions	(495)	(5,006)
Other	-	-
Total amount of risk		
$\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2 + R_4 + R_6}$ (B)	988,803	949,323
Insurance risk R ₁	147,403	142,209
General insurance risk R ₅	-	-
Catastrophe risk R ₆	-	-
Underwriting risk of third-sector insurance R ₈	63,087	59,172
Small amount and short-term insurance risk R ₉	-	-
Anticipated yield risk R ₂	150,450	141,866
Minimum guarantee risk R ₇	-	-
Investment risk R ₃	792,075	763,194
Business management risk R ₄	23,060	22,128
Solvency margin ratio		
$\frac{(A)}{(1/2) \times (B)} \times 100$	1,131.8%	1,189.8%

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.

(9) Segment Information

Segment information is omitted as the Company has only one segment.