

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Annual
Fiscal year ended March 31, 2019	Yen -	Yen 0.00	Yen -	Yen 72.00	Yen 72.00
Fiscal year ending March 31, 2020	-				
Fiscal year ending March 31, 2020 (Forecast)		38.00	-	38.00	76.00

(Note) Revisions to the most recently announced dividend forecast: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% indicates changes from the previous corresponding period.)

	Ordinary income		Ordinary profit		Net income attributable to Japan Post Insurance		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	7,180,000	(9.3)	190,000	(28.3)	93,000	(22.8)	165.03

(Note) Revisions to the most recently announced financial results forecast: No

*** Notes:**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying change in scope of consolidation): No
- (2) Adoption of special accounting methods in the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (4) Total number of shares issued (common stock)
 - 1) Total number of shares issued at the end of the period:
 - June 30, 2019: 562,600,000 shares
 - March 31, 2019: 600,000,000 shares
 - 2) Total number of treasury stock at the end of the period:
 - June 30, 2019: 187,600 shares
 - March 31, 2019: 191,400 shares
 - 3) Average number of shares during the period:
 - Three months ended June 30, 2019: 566,881,417 shares
 - Three months ended June 30, 2018: 599,806,779 shares

(Note) Total number of treasury stock at the end of the period includes shares of the Company held in the Board Benefit Trust (BBT), namely 176,500 shares as of June 30, 2019, and 191,400 shares as of March 31, 2019.
The average number of treasury stock held in the BBT (180,548 shares for the three months ended June 30, 2019 and 193,220 shares for the three months ended June 30, 2018) was deducted from the calculation of the average number of shares during the three months ended June 30, 2019 and 2018.

* The summary of quarterly consolidated financial results is outside the scope of quarterly review by certified public accountants or audit corporations.

* Explanation on the appropriate use of financial results forecasts, and other notes

The financial results forecasts and other forward-looking statements herein are based on certain assumptions deemed reasonable by the Company at the time of this document's disclosure. Please note that actual results may differ from the forecast figures due to various factors including changes in the operating environment.

While the implementation of the measures described in page 5 of Appendix "1. Unaudited Consolidated Financial Statements and Principal Notes, (3) Notes to the Consolidated Financial Statements, (Additional Information)," is expected to decrease new policies written while giving rise to additional costs for investigation, it is also likely to decrease expenses for sales and underwriting at the same time. In addition, investment performance has been favorable, therefore, no modification has been made as of this date to the consolidated financial results forecast for the fiscal year ending March 31, 2020 as announced on May 15, 2019.

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* The Company has prepared supplementary briefing materials, etc. in relation to financial information, which can be viewed on the Company's website.

1. Unaudited Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
ASSETS:		
Cash and deposits	917,708	875,611
Call loans	150,000	140,000
Receivables under securities borrowing transactions	2,792,202	2,857,359
Monetary claims bought	354,958	204,734
Money held in trust	2,787,555	2,777,286
Securities	58,451,581	58,470,538
Loans	6,786,074	6,428,414
Tangible fixed assets	108,422	112,155
Intangible fixed assets	153,271	145,719
Agency accounts receivable	21,960	32,882
Reinsurance receivables	3,872	3,898
Other assets	355,776	390,978
Deferred tax assets	1,022,091	1,016,668
Reserve for possible loan losses	(459)	(490)
Total assets	73,905,017	73,455,756
LIABILITIES:		
Policy reserves and others	67,093,751	66,459,054
Reserve for outstanding claims	519,568	482,758
Policy reserves	65,060,549	64,491,815
Reserve for policyholder dividends	1,513,634	1,484,480
Reinsurance payables	6,470	6,527
Bonds payable	100,000	100,000
Payables under securities lending transactions	3,422,810	3,722,868
Other liabilities	183,889	131,248
Liability for retirement benefits	65,262	66,391
Reserve for management board benefit trust	203	192
Reserve under the special law	897,492	881,822
Reserve for price fluctuations	897,492	881,822
Total liabilities	71,769,880	71,368,107
NET ASSETS:		
Capital stock	500,000	500,000
Capital surplus	500,044	405,044
Retained earnings	675,526	661,134
Treasury stock	(450)	(445)
Total shareholders' equity	1,675,120	1,565,733
Net unrealized gains (losses) on available-for-sale securities	456,694	518,696
Net deferred gains (losses) on hedges	33	35
Accumulated adjustments for retirement benefits	3,289	3,183
Total accumulated other comprehensive income	460,017	521,915
Total net assets	2,135,137	2,087,648
Total liabilities and net assets	73,905,017	73,455,756

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
ORDINARY INCOME	1,978,688	1,818,987
Insurance premiums and others	1,014,865	935,876
Investment income	307,614	276,919
Interest and dividend income	280,454	267,698
Gains on money held in trust	20,471	25
Gains on sales of securities	6,625	8,979
Gains on redemption of securities	50	84
Gains on foreign exchanges	-	87
Reversal of reserve for possible loan losses	6	9
Other investment income	6	35
Other ordinary income	656,209	606,191
Reversal of reserve for outstanding claims	32,997	36,809
Reversal of policy reserves	621,392	568,733
Other ordinary income	1,819	648
ORDINARY EXPENSES	1,903,439	1,762,984
Insurance claims and others	1,715,070	1,576,681
Insurance claims	1,370,343	1,268,765
Annuity payments	100,952	100,110
Benefits	20,222	25,292
Surrender benefits	157,730	137,282
Other refunds	60,141	39,292
Reinsurance premiums	5,681	5,938
Provision for policy reserves and others	1	2
Provision for interest on policyholder dividends	1	2
Investment expenses	34,891	31,113
Interest expenses	233	502
Losses on sales of securities	18,952	9,905
Losses on redemption of securities	1,241	1,375
Losses on derivative financial instruments	13,235	18,601
Losses on foreign exchanges	570	-
Other investment expenses	658	726
Operating expenses	125,072	128,010
Other ordinary expenses	28,403	27,177
Ordinary profit	75,249	56,002
EXTRAORDINARY GAINS	-	15,669
Reversal of reserve for price fluctuations	-	15,669
EXTRAORDINARY LOSSES	330	5
Losses on sales and disposal of fixed assets	63	5
Provision for reserve for price fluctuations	267	-
Provision for reserve for policyholder dividends	26,832	20,745
Income before income taxes	48,086	50,921
Income taxes - Current	38,460	36,022
Income taxes - Deferred	(24,461)	(18,878)
Total income taxes	13,998	17,143
Net income	34,087	33,778
Net income attributable to non-controlling interests	-	-
Net income attributable to Japan Post Insurance	34,087	33,778

Consolidated Statements of Comprehensive Income

(Millions of yen)

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

(3) Notes to the Consolidated Financial Statements

(Notes on Going-Concern Assumption)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

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

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

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

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

(Additional Information)

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

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

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