

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	-	38.00	-		
Fiscal year ending March 31, 2020 (Forecast)				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)	270,000	1.9	134,000	11.2	237.79

(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:
 - December 31, 2019: 562,600,000 shares
 - March 31, 2019: 600,000,000 shares
 - 2) Total number of treasury stock at the end of the period:
 - December 31, 2019: 187,600 shares
 - March 31, 2019: 191,400 shares
 - 3) Average number of shares during the period:
 - Nine months ended December 31, 2019: 563,902,072 shares
 - Nine months ended December 31, 2018: 599,807,993 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 December 31, 2019, and 191,400 shares as of March 31, 2019. The average number of treasury stock held in the BBT (177,849 shares for the nine months ended December 31, 2019 and 192,006 shares for the nine months ended December 31, 2018) was deducted from the calculation of the average number of shares during the nine months ended December 31, 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 give rise to additional costs, no modification has been made as of this date to the consolidated financial results forecast and dividend forecast for the fiscal year ending March 31, 2020 announced in "Notice Regarding Revisions to the Full-Year Consolidated Financial Results Forecast" released on November 14, 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 December 31, 2019
ASSETS:		
Cash and deposits	917,708	1,140,755
Call loans	150,000	180,000
Receivables under securities borrowing transactions	2,792,202	2,515,652
Monetary claims bought	354,958	373,963
Money held in trust	2,787,555	3,368,002
Securities	58,451,581	56,708,364
Loans	6,786,074	6,031,397
Tangible fixed assets	108,422	110,763
Intangible fixed assets	153,271	138,265
Agency accounts receivable	21,960	37,958
Reinsurance receivables	3,872	4,245
Other assets	355,776	297,997
Deferred tax assets	1,022,091	976,398
Reserve for possible loan losses	(459)	(502)
Total assets	73,905,017	71,883,264
LIABILITIES:		
Policy reserves and others	67,093,751	64,966,307
Reserve for outstanding claims	519,568	429,179
Policy reserves	65,060,549	63,084,219
Reserve for policyholder dividends	1,513,634	1,452,908
Reinsurance payables	6,470	6,634
Bonds payable	100,000	100,000
Payables under securities lending transactions	3,422,810	3,291,890
Other liabilities	183,889	195,637
Liability for retirement benefits	65,262	68,480
Reserve for management board benefit trust	203	192
Reserve under the special law	897,492	887,657
Reserve for price fluctuations	897,492	887,657
Total liabilities	71,769,880	69,516,800
NET ASSETS:		
Capital stock	500,000	500,000
Capital surplus	500,044	405,044
Retained earnings	675,526	720,986
Treasury stock	(450)	(445)
Total shareholders' equity	1,675,120	1,625,585
Net unrealized gains (losses) on available-for-sale securities	456,694	737,888
Net deferred gains (losses) on hedges	33	16
Accumulated adjustments for retirement benefits	3,289	2,971
Total accumulated other comprehensive income	460,017	740,877
Total net assets	2,135,137	2,366,463
Total liabilities and net assets	73,905,017	71,883,264

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

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
ORDINARY INCOME	5,913,310	5,461,552
Insurance premiums and others	3,001,967	2,525,729
Investment income	915,070	867,407
Interest and dividend income	822,178	793,457
Gains on money held in trust	56,183	44,368
Gains on sales of securities	36,230	29,067
Gains on redemption of securities	318	443
Reversal of reserve for possible loan losses	12	8
Other investment income	147	61
Other ordinary income	1,996,272	2,068,415
Reversal of reserve for outstanding claims	62,546	90,388
Reversal of policy reserves	1,929,203	1,976,329
Other ordinary income	4,522	1,697
ORDINARY EXPENSES	5,699,240	5,227,575
Insurance claims and others	5,114,317	4,681,110
Insurance claims	4,080,138	3,703,770
Annuity payments	301,252	298,275
Benefits	64,832	82,861
Surrender benefits	478,677	447,853
Other refunds	172,110	130,476
Reinsurance premiums	17,306	17,873
Provision for policy reserves and others	5	6
Provision for interest on policyholder dividends	5	6
Investment expenses	115,358	91,361
Interest expenses	660	1,533
Losses on sales of securities	55,920	20,126
Losses on redemption of securities	3,789	5,050
Losses on derivative financial instruments	51,588	59,890
Losses on foreign exchanges	1,189	2,348
Other investment expenses	2,209	2,410
Operating expenses	384,411	368,834
Other ordinary expenses	85,147	86,263
Ordinary profit	214,070	233,976
EXTRAORDINARY GAINS	9,096	10,228
Gains on sales of fixed assets	-	393
Reversal of reserve for price fluctuations	9,096	9,835
EXTRAORDINARY LOSSES	1,060	266
Losses on sales and disposal of fixed assets	567	266
Impairment loss	492	-
Provision for reserve for policyholder dividends	86,643	81,314
Income before income taxes	135,463	162,624
Income taxes - Current	108,372	110,702
Income taxes - Deferred	(69,585)	(63,087)
Total income taxes	38,786	47,615
Net income	96,676	115,008
Net income attributable to non-controlling interests	-	-
Net income attributable to Japan Post Insurance	96,676	115,008

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net income	96,676	115,008
Other comprehensive income:		
Net unrealized gains (losses) on available-for-sale securities	(168,119)	281,194
Net deferred gains (losses) on hedges	(3)	(16)
Adjustments for retirement benefits	(319)	(317)
Total other comprehensive income (loss)	(168,442)	280,860
Comprehensive income (loss)	(71,766)	395,868
Total comprehensive income (loss) attributable to:		
Japan Post Insurance	(71,766)	395,868
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 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." (Accounting Standards Board of Japan ("ASBJ") Statement No. 1, March 26, 2015).

Capital surplus at the end of the nine months ended December 31, 2019 decreased by ¥95,000 million from the end of the previous fiscal year, to ¥405,044 million. Likewise, retained earnings increased by ¥45,460 million to ¥720,986 million, while treasury stock decreased by ¥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. Consequently, the Company has been conducting investigations using appropriate procedures, by providing explanations to and receiving advice from the Special Investigative Committee composed of neutral and fair external experts, regarding the methods for confirming customers' intentions as well as for analyzing the information obtained.

The investigations included the investigation of specified rewriting cases to grasp the situation of customers likely to have suffered disadvantages from the rewriting of policies, as well as the investigation of all insurance policies where the Company sent notification documents with reply cards to customers of all other policies that were not subject to the investigation of specified rewriting cases, asking them to reconfirm their intentions and to let the Company know of any points it should be aware of, whereby the Company made necessary responses and investigations according to the results of the reconfirmation.

In conjunction with the progress made in these investigations until December 31, 2019, the Company, with regard to the investigation of specified rewriting cases, has reasonably estimated the amounts equivalent to the refund of premiums, payments of insurance claims and others or the expenses to be incurred in order to make these payments to customers that are necessary for the reinstatement of policies and other actions, and recorded a provision under other liabilities. Furthermore, with regard to the cases which have been discovered, as a result of the investigation of all insurance policies etc., likely to have caused disadvantages to customers based on their replies and opinions,

the Company has reasonably estimated the expenses to be incurred in order to make payments to customers to compensate for their disadvantages, and recorded a provision under other liabilities. These amounts totaled ¥4,053 million.

Due to the investigation of all insurance policies, the Company grasped cases where the intentions of customers were not confirmed, such as cases where sales personnel repeatedly made many new policy applications and cancellations, which may not have been in line with the intentions of customers. The impact of these cases on the financial results of the Company could not be reasonably estimated, and accordingly, such impact has been reflected on neither the consolidated financial statements for the third quarter of the fiscal year ending March 31, 2020 nor those for the nine months ended December 31, 2019.

On December 27, 2019, the Company received administrative dispositions pursuant to the Insurance Business Act from the Financial Services Agency of Japan, on account of improper solicitation actions and underlying systematic problems. Following the administrative dispositions, a business improvement plan was formulated and it was submitted to the Financial Services Agency of Japan as of January 31, 2020. The Company accepts the seriousness of administrative dispositions and is resolved to treat the implementation of the business improvement plan that it formulated as its top-priority management issue, and is making company-wide efforts. Furthermore, the progress in the investigations to be conducted based on the business improvement plan and other factors may affect the financial results of the Company in the future.