

**UNOFFICIAL TRANSLATION**

Although the Company pays close attention to provide English translation of the information disclosed in Japanese, the Japanese original prevails over its English translation in the case of any discrepancy.

August 12, 2016  
JAPAN POST INSURANCE Co., Ltd.

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

JAPAN POST INSURANCE Co., Ltd. (the “Company”; Masami Ishii, Director and President, CEO, Representative Executive Officer) hereby announces its financial results for the three months ended June 30, 2016 (April 1, 2016 to June 30, 2016).

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## 1. Business Highlights

### (1) Policies in Force and New Policies

#### ▪ Policies in Force

(Thousands of policies, billions of yen, %)

| As of                | March 31, 2016     |               | June 30, 2016             |                           |               |       |
|----------------------|--------------------|---------------|---------------------------|---------------------------|---------------|-------|
|                      | Number of policies | Policy amount | Number of policies        |                           | Policy amount |       |
|                      |                    |               | % of March 31, 2016 total | % of March 31, 2016 total |               |       |
| Individual insurance | 15,350             | 44,406.2      | 15,864                    | 103.3                     | 46,090.6      | 103.8 |
| Individual annuities | 1,367              | 3,476.4       | 1,374                     | 100.5                     | 3,420.1       | 98.4  |
| Group insurance      | -                  | -             | -                         | -                         | -             | -     |
| Group annuities      | -                  | -             | -                         | -                         | -             | -     |

Note: Policy amounts for individual annuities are the total of (a) the accumulated contribution payment as of the date of annuity payment commencement for the annuity before payments commence and (b) amount of policy reserves for the annuity after payments have commenced.

#### ▪ New Policies

(Thousands of policies, billions of yen, %)

| Three months ended<br>June 30 | 2015               |               |  |   | 2016                     |                          |               |  |         |   |
|-------------------------------|--------------------|---------------|--|---|--------------------------|--------------------------|---------------|--|---------|---|
|                               | Number of policies | Policy amount |  |   | Number of policies       |                          | Policy amount |  |         |   |
|                               |                    | New policies  | Net increase arising from the conversion |   | % of June 30, 2015 total | % of June 30, 2015 total | New policies  | Net increase arising from the conversion |         |   |
| Individual insurance          | 577                | 1,720.1       | 1,720.1                                  | - | 673                      | 116.6                    | 2,218.3       | 129.0                                    | 2,218.3 | - |
| Individual annuities          | 20                 | 72.2          | 72.2                                     | - | 10                       | 52.2                     | 39.7          | 55.1                                     | 39.7    | - |
| Group insurance               | -                  | -             | -  | - | -                        | -                        | -             | -  | -       | - |
| Group annuities               | -                  | -             | -  | - | -                        | -                        | -             | -  | -       | - |

Note: Policy amounts for individual annuities are the total of the accumulated contribution payment as of the date of annuity payment commencement.

## (2) Annualized Premiums

### ▪ Policies in Force

(Billions of yen, %)

| As of                                       | March 31, 2016 | June 30, 2016 |                           |
|---|----------------|---------------|---------------------------|
|   |                |               | % of March 31, 2016 total |
| Individual insurance                        | 2,863.5        | 2,968.9       | 103.7                     |
| Individual annuities                        | 656.0          | 640.3         | 97.6                      |
| Total                                       | 3,519.6        | 3,609.2       | 102.5                     |
| Medical coverage, living benefits and other | 293.4          | 301.6         | 102.8                     |

### ▪ New Policies

(Billions of yen, %)

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

- Notes: 1. Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined according to the relevant payment method to arrive at a single annualized amount. For lump-sum payments, annualized premiums are calculated by dividing the total premium by the insured period.
2. Medical coverage, living benefits and other includes medical benefits (including hospitalization and surgery benefits), living benefits (including limited illness and nursing care benefits), and premium payment waivers benefits (excluding disability and including specified diseases and nursing benefits).

## 2. Investment Performance (General Account)

### (1) Asset Composition

(Billions of yen, %)

| As of   | March 31, 2016 |       | June 30, 2016 |       |
|---|----------------|-------|---------------|-------|
|   | Amount         | Ratio | Amount        | Ratio |
| Cash, deposits, call loans                          | 2,216.0        | 2.7   | 1,793.7       | 2.2   |
| Receivables under resale agreements                 | -              | -     | -             | -     |
| Receivables under securities borrowing transactions | 3,008.5        | 3.7   | 3,375.0       | 4.2   |
| Monetary claims bought                              | 430.1          | 0.5   | 432.1         | 0.5   |
| Trading account securities                          | -              | -     | -             | -     |
| Money held in trust                                 | 1,644.5        | 2.0   | 1,705.5       | 2.1   |
| Securities  | 63,610.8       | 78.0  | 62,608.3      | 77.4  |
| Corporate and government bonds                      | 59,821.0       | 73.4  | 58,680.6      | 72.5  |
| Domestic stocks                                     | 0.9            | 0.0   | 0.9           | 0.0   |
| Foreign securities                                  | 3,688.8        | 4.5   | 3,725.2       | 4.6   |
| Foreign corporate and government bonds              | 3,688.8        | 4.5   | 3,725.2       | 4.6   |
| Foreign stocks and other securities                 | -              | -     | -             | -     |
| Other securities                                    | 100.0          | 0.1   | 201.5         | 0.2   |
| Loans   | 8,978.4        | 11.0  | 9,020.9       | 11.2  |
| Real estate   | 123.7          | 0.2   | 123.0         | 0.2   |
| Deferred tax assets                                 | 712.6          | 0.9   | 790.8         | 1.0   |
| Other   | 819.3          | 1.0   | 1,056.7       | 1.3   |
| Reserve for possible loan losses                    | (0.7)          | (0.0) | (0.7)         | (0.0) |
| Total   | 81,543.6       | 100.0 | 80,905.7      | 100.0 |
| Foreign currency-denominated assets                 | 3,949.4        | 4.8   | 3,949.8       | 4.9   |

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

**(2) Fair Value Information of Securities (with Fair Value, Other Than Trading Securities)**

(Billions of yen)

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

Notes: 1. This table includes the handling of securities under the Financial Instruments and Exchange Act.

2. This table includes money held in trust other than trading securities and its book value is ¥1,553.6 billion with net unrealized gains of ¥65.7 billion as of June 30, 2016 and ¥1,448.8 billion with net unrealized gains of ¥163.9 billion as of March 31, 2016.

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

(Billions of yen)

| As of  | March 31, 2016 | June 30, 2016 |
|--|----------------|---------------|
| Held-to-maturity bonds                                   | -              | -             |
| Unlisted foreign bonds                                   | -              | -             |
| Other  | -              | -             |
| Policy-reserve-matching bonds                            | -              | -             |
| Equities of subsidiaries and affiliates                  | 0.9            | 0.9           |
| Available-for-sale securities                            | -              | -             |
| Unlisted domestic stocks (excluding OTC traded equities) | -              | -             |
| Unlisted foreign stocks (excluding OTC traded equities)  | -              | -             |
| Unlisted foreign bonds                                   | -              | -             |
| Other  | -              | -             |
| <b>Total</b>   | <b>0.9</b>     | <b>0.9</b>    |

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

(Billions of yen)

| As of               | March 31, 2016       |            |                               |        |   | June 30, 2016        |            |                               |        |   |
|---------------------|----------------------|------------|-------------------------------|--------|---|----------------------|------------|-------------------------------|--------|---|
|                     | Balance sheet amount | Fair value | Net unrealized gains (losses) |        |   | Balance sheet amount | Fair value | Net unrealized gains (losses) |        |   |
|                     |                      |            | Gains                         | Losses |   |                      |            | Gains                         | Losses |   |
| Money held in trust | 1,644.5              | 1,644.5    | -                             | -      | - | 1,705.5              | 1,705.5    | -                             | -      | - |

- Money held in trust for trading purposes

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

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

(Billions of yen)

| As of                             | March 31, 2016 |            |                               |        |      | June 30, 2016 |            |                               |        |       |
|-----------------------------------|----------------|------------|-------------------------------|--------|------|---------------|------------|-------------------------------|--------|-------|
|                                   | Book value     | Fair value | Net unrealized gains (losses) |        |      | Book value    | Fair value | Net unrealized gains (losses) |        |       |
|                                   |                |            | Gains                         | Losses |      |               |            | Gains                         | Losses |       |
| Assets held-to-maturity in trust  | -              | -          | -                             | -      | -    | -             | -          | -                             | -      | -     |
| Assets held for reserves in trust | -              | -          | -                             | -      | -    | -             | -          | -                             | -      | -     |
| Other money held in trust         | 1,480.5        | 1,644.5    | 163.9                         | 231.8  | 67.8 | 1,639.7       | 1,705.5    | 65.7                          | 184.2  | 118.5 |

### 3. UNAUDITED NON-CONSOLIDATED BALANCE SHEETS

(Millions of yen)

| Items  | Term | As of March 31, 2016 | As of June 30, 2016 |
|--|------|----------------------|---------------------|
|  |      | Amount               | Amount              |
| <b>ASSETS:</b>   |      |                      |                     |
| Cash and deposits  |      | 1,856,037            | 853,727             |
| Call loans   |      | 360,000              | 940,000             |
| Receivables under securities borrowing transactions            |      | 3,008,591            | 3,375,089           |
| Monetary claims bought   |      | 430,150              | 432,176             |
| Money held in trust  |      | 1,644,547            | 1,705,510           |
| Securities   |      | 63,610,890           | 62,608,378          |
| [Japanese government bonds]                                    |      | [44,178,631]         | [43,048,474]        |
| [Japanese local government bonds]                              |      | [9,405,494]          | [9,559,184]         |
| [Japanese corporate bonds]                                     |      | [6,236,913]          | [6,072,978]         |
| [Stocks]   |      | [984]                | [984]               |
| [Foreign securities]   |      | [3,688,822]          | [3,725,220]         |
| Loans  |      | 8,978,437            | 9,020,995           |
| Policy loans   |      | 95,629               | 100,348             |
| Industrial and commercial loans                                |      | 829,027              | 896,112             |
| Loans to the Management Organization                           |      | 8,053,780            | 8,024,534           |
| Tangible fixed assets  |      | 145,495              | 144,310             |
| Intangible fixed assets  |      | 188,868              | 189,151             |
| Agency accounts receivable                                     |      | 81,193               | 55,835              |
| Reinsurance receivables  |      | 1,368                | 1,644               |
| Other assets   |      | 526,199              | 788,854             |
| Deferred tax assets  |      | 712,615              | 790,853             |
| Reserve for possible loan losses                               |      | (772)                | (784)               |
| <b>Total assets</b>  |      | <b>81,543,623</b>    | <b>80,905,744</b>   |
| <b>LIABILITIES:</b>  |      |                      |                     |
| Policy reserves and others                                     |      | 74,934,165           | 74,389,957          |
| Reserve for outstanding claims                                 |      | 635,167              | 623,504             |
| Policy reserves  |      | 72,362,503           | 71,872,997          |
| Reserve for policyholder dividends                             |      | 1,936,494            | 1,893,455           |
| Reinsurance payables   |      | 3,377                | 3,636               |
| Other liabilities  |      | 3,878,684            | 3,944,757           |
| Payables under securities lending transactions                 |      | 3,648,478            | 3,700,030           |
| Income taxes payable   |      | 75,435               | 34,349              |
| Lease obligations  |      | 1,852                | 1,735               |
| Asset retirement obligation                                    |      | 15                   | 15                  |
| Other liabilities  |      | 152,901              | 208,627             |
| Reserve for employees' retirement benefits                     |      | 66,675               | 67,502              |
| Reserve for management board benefit trust                     |      | -                    | 82                  |
| Reserve for price fluctuations                                 |      | 782,268              | 758,942             |
| <b>Total liabilities</b>                                       |      | <b>79,665,171</b>    | <b>79,164,878</b>   |
| <b>NET ASSETS:</b>   |      |                      |                     |
| Capital stock  |      | 500,000              | 500,000             |
| Capital surplus  |      | 500,044              | 500,044             |
| Legal capital surplus  |      | 405,044              | 405,044             |
| Other capital surplus  |      | 95,000               | 95,000              |
| Retained earnings  |      | 472,855              | 458,775             |
| Legal retained earnings  |      | 25,489               | 32,209              |
| Other retained earnings  |      | 447,365              | 426,565             |
| Retained earnings brought forward                              |      | 447,365              | 426,565             |
| Treasury stock   |      | -                    | (538)               |
| Total shareholders' equity                                     |      | 1,472,899            | 1,458,280           |
| Net unrealized gains (losses) on available-for-sale securities |      | 405,412              | 282,454             |
| Net deferred gains (losses) on hedges                          |      | 140                  | 131                 |
| Total valuation and translation adjustments                    |      | 405,553              | 282,585             |
| <b>Total net assets</b>  |      | <b>1,878,452</b>     | <b>1,740,866</b>    |
| <b>Total liabilities and net assets</b>                        |      | <b>81,543,623</b>    | <b>80,905,744</b>   |

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

(Millions of yen)

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



## NOTES TO THE UNAUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE THREE MONTHS ENDED JUNE 30, 2016

### (Notes to the Unaudited Non-Consolidated Balance Sheet and Notes Related to Changes in Net Assets)

#### 1. Adoption of the Implementation Guidance on Recoverability of Deferred Tax Assets

The Company has adopted the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (“ASBJ”) Guidance No. 26, March 28, 2016) effective from the three months ended June 30, 2016.

#### 2. Policy-reserve-matching bonds

The outline of the risk management policy of policy-reserve-matching bonds is as follows:

The Company categorizes its insurance products into the following sub-groups based on the attributes of each product in order to manage risks arising from fluctuations in interest rates of assets and liabilities and adopts a management policy whereby the duration gap between policy-reserve-matching bonds and policy reserves by sub-groups are reconciled within a certain range and the duration gap is periodically checked.

- 1) Postal Life Insurance Contracts (insurance policies with a remaining period within 20 years)
- 2) Japan Post Insurance life insurance contracts (general) (all insurance policies)
- 3) Japan Post Insurance life insurance contracts (lump-sum payment annuity) (excluding some insurance types)

The sub-group covering Japan Post Insurance life insurance contracts (general) was formerly a sub-group consisting of insurance policies with a remaining period within 20 years; however, effective from the three months ended June 30, 2016, the said sub-group has been changed to a sub-group consisting of all general insurance policies due to recent increase in policy reserves for the contracts with a remaining period of more than 20 years. The change has no effect on profit or loss.

#### 3. Securities lent under lending agreements in the amount of ¥2,933,638 million were included in “Securities” in the balance sheet as of June 30, 2016.

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

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

#### 5. Dividends paid are as follows:

| Resolution                                       | Class of shares | Total dividends (Millions of yen) | Dividends per share (Yen) | Record date    | Effective date | Source of dividends |
|--|-----------------|-----------------------------------|---------------------------|----------------|----------------|---------------------|
| Board of Directors' meeting held on May 13, 2016 | Common stock    | 33,600                            | 56.00                     | March 31, 2016 | June 23, 2016  | Retained earnings   |

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

Net income per share was ¥32.54.

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

(Millions of yen)

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

- Notes: 1. Amount equivalent to income gains associated with money held in trust (¥5,107 million for the three months ended June 30, 2015 and ¥5,701 million for the three months ended June 30, 2016) is recognized as “other capital losses” and included in core profit.
2. Amount equivalent to income gains associated with derivative financial instruments (¥33 million for the three months ended June 30, 2016) is recognized as “other capital losses” and included in core profit.
3. “Other” in “other one-time losses” includes the amount of additional policy reserves accumulated pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act (¥44,614 million for the three months ended June 30, 2015 and ¥45,050 million for the three months ended June 30, 2016).

## 6. Solvency Margin Ratio

(Millions of yen)

| As of  |                | March 31, 2016 | June 30, 2016 |
|--|----------------|----------------|---------------|
| Total amount of solvency margin  | (A)            | 5,541,363      | 5,363,175     |
| Capital stock, etc.  |                | 1,439,299      | 1,455,455     |
| Reserve for price fluctuations   |                | 782,268        | 758,942       |
| Contingency reserve  |                | 2,374,846      | 2,344,476     |
| General reserve for possible loan losses   |                | 71             | 70            |
| (Net unrealized gains (losses) on available-for-sale securities (before taxes) • Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%) |                | 505,374        | 351,615       |
| Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)   |                | (3,474)        | (3,474)       |
| Excess of continued Zillmerised reserve  |                | 442,977        | 456,009       |
| Capital raised through debt financing  |                | -              | -             |
| Amounts within “excess of continued Zillmerised reserve” and “capital raised through debt financing” not calculated into the margin                                |                | -              | -             |
| Deductions   |                | -              | -             |
| Other  |                | -              | 80            |
| Total amount of risk   |                |                |               |
| $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$   | (B)            | 706,716        | 697,945       |
| Insurance risk   | R <sub>1</sub> | 159,046        | 157,791       |
| Underwriting risk of third-sector insurance  | R <sub>8</sub> | 78,262         | 75,687        |
| Anticipated yield risk   | R <sub>2</sub> | 170,717        | 168,113       |
| Minimum guarantee risk   | R <sub>7</sub> | -              | -             |
| Investment risk  | R <sub>3</sub> | 476,159        | 471,071       |
| Business management risk   | R <sub>4</sub> | 17,683         | 17,453        |
| Solvency margin ratio  |                |                |               |
| $\frac{(A)}{(1/2) \times (B)} \times 100$  |                | 1,568.1%       | 1,536.8%      |

Note: These figures are calculated based on the provisions set forth in the public notification issued by the Ministry of Finance in 1996 and Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act. However, figures for certain items are calculated based on methods deemed reasonable by the Company according to the provisions of the Ordinance for Enforcement of the Insurance Business Act, etc.

## 7. Separate Account for the Three Months Ended June 30, 2016

Not applicable.

## 8. Consolidated Financial Summary

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

(Millions of yen)

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

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

### (2) Scope of Consolidation and Application of the Equity Method

- Number of consolidated subsidiaries: 1
- Number of non-consolidated subsidiaries accounted for under the equity method: 0
- Number of affiliates accounted for under the equity method: 0

**(3) Unaudited Consolidated Balance Sheets**

(Millions of yen)

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

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

(Unaudited Consolidated Statements of Income)

(Millions of yen)

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

## (Unaudited Consolidated Statements of Comprehensive Income)

(Millions of yen)

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

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE THREE MONTHS ENDED JUNE 30, 2016

### (Notes to the Unaudited Consolidated Balance Sheet and Notes Related to Changes in Net Assets)

#### 1. Adoption of the Implementation Guidance on Recoverability of Deferred Tax Assets

The Company has adopted the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016) effective from the three months ended June 30, 2016.

#### 2. Policy-reserve-matching bonds

The outline of the risk management policy of policy-reserve-matching bonds is as follows:

The Company categorizes its insurance products into the following sub-groups based on the attributes of each product in order to manage risks arising from fluctuations in interest rates of assets and liabilities and adopts a management policy whereby the duration gap between policy-reserve-matching bonds and policy reserves by sub-groups are reconciled within a certain range and the duration gap is periodically checked.

- 1) Postal Life Insurance Contracts (insurance policies with a remaining period within 20 years)
- 2) Japan Post Insurance life insurance contracts (general) (all insurance policies)
- 3) Japan Post Insurance life insurance contracts (lump-sum payment annuity) (excluding some insurance types)

The sub-group covering Japan Post Insurance life insurance contracts (general) was formerly a sub-group consisting of insurance policies with a remaining period within 20 years; however, effective from the three months ended June 30, 2016, the said sub-group has been changed to a sub-group consisting of all general insurance policies due to recent increase in policy reserves for the contracts with a remaining period of more than 20 years. The change has no effect on profit or loss.

#### 3. Securities lent under lending agreements in the amount of ¥2,933,638 million were included in “Securities” in the consolidated balance sheet as of June 30, 2016.

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

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

#### 5. Dividends paid are as follows:

| Resolution                                       | Class of shares | Total dividends<br>(Millions of yen) | Dividends per share<br>(Yen) | Record date    | Effective date | Source of dividends |
|--|-----------------|--------------------------------------|------------------------------|----------------|----------------|---------------------|
| Board of Directors' meeting held on May 13, 2016 | Common stock    | 33,600                               | 56.00                        | March 31, 2016 | June 23, 2016  | Retained earnings   |

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

#### 1. Net income per share was ¥32.41.

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



## (5) Consolidated Solvency Margin Ratio

(Millions of yen)

| As of  | March 31, 2016 | June 30, 2016 |
|--|----------------|---------------|
| Total amount of solvency margin (A)  | 5,547,846      | 5,369,422     |
| Capital stock, etc.  | 1,438,806      | 1,454,884     |
| Reserve for price fluctuations   | 782,268        | 758,942       |
| Contingency reserve  | 2,374,846      | 2,344,476     |
| Catastrophe loss reserve   | -              | -             |
| General reserve for possible loan losses   | 71             | 70            |
| (Net unrealized gains (losses) on available-for-sale securities (before taxes) • Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%) | 505,374        | 351,615       |
| Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)   | (3,474)        | (3,474)       |
| Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)   | 6,975          | 6,818         |
| Excess of continued Zillmerised reserve  | 442,977        | 456,009       |
| Capital raised through debt financing  | -              | -             |
| Amounts within “excess of continued Zillmerised reserve” and “capital raised through debt financing” not calculated into the margin                                | -              | -             |
| Deductions   | -              | -             |
| Other  | -              | 80            |
| Total amount of risk (B)   | 706,591        | 697,835       |
| $\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2 + R_4 + R_6}$  |                |               |
| Insurance risk R <sub>1</sub>  | 159,046        | 157,791       |
| General insurance risk R <sub>5</sub>  | -              | -             |
| Catastrophe risk R <sub>6</sub>  | -              | -             |
| Underwriting risk of third-sector insurance R <sub>8</sub>   | 78,262         | 75,687        |
| Small amount and short-term insurance risk R <sub>9</sub>  | -              | -             |
| Anticipated yield risk R <sub>2</sub>  | 170,717        | 168,113       |
| Minimum guarantee risk R <sub>7</sub>  | -              | -             |
| Investment risk R <sub>3</sub>   | 476,029        | 470,956       |
| Business management risk R <sub>4</sub>  | 17,681         | 17,450        |
| Solvency margin ratio  |                |               |
| $\frac{(A)}{(1/2) \times (B)} \times 100$  | 1,570.3%       | 1,538.8%      |

Note: These figures are calculated based on the provisions set forth in the public notification issued by the Financial Services Agency in 2011 and Articles 86-2 and 88 of the Ordinance for Enforcement of the Insurance Business Act. However, figures for certain items are calculated based on methods deemed reasonable by the Company according to the provisions of the Ordinance for Enforcement of the Insurance Business Act, etc.

## (6) Segment Information

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