

**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.

February 14, 2018  
JAPAN POST INSURANCE Co., Ltd.

**Announcement of Financial Results for  
the Nine Months Ended December 31, 2017**

JAPAN POST INSURANCE Co., Ltd. (the “Company”; Mitsuhiro Uehira, Director and President, CEO, Representative Executive Officer) hereby announces its financial results for the nine months ended December 31, 2017 (April 1, 2017 to December 31, 2017).

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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, 2017		December 31, 2017			
	Number of policies	Policy amount	Number of policies		Policy amount	
				% of March 31, 2017 total		% of March 31, 2017 total
Individual insurance	17,150	50,097.9	17,859	104.1	52,226.6	104.2
Individual annuities	1,363	3,131.1	1,346	98.8	2,827.6	90.3
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, %)

Nine months ended December 31	2016				2017					
	Number of policies	Policy amount			Number of policies		Policy amount			
			New policies	Net increase arising from the conversion		% of December 31, 2016 total	% of December 31, 2016 total	New policies	Net increase arising from the conversion	
Individual insurance	1,821	5,887.8	5,887.8	-	1,347	74.0	4,260.2	72.4	4,260.2	-
Individual annuities	10	39.7	39.7	-	0	4.7	2.3	5.8	2.3	-
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, 2017	December 31, 2017	
			% of March 31, 2017 total
Individual insurance	3,207.9	3,357.6	104.7
Individual annuities	569.3	507.9	89.2
Total	3,777.3	3,865.6	102.3
Medical coverage, living benefits and other	333.8	369.3	110.6

### ▪ New Policies

(Billions of yen, %)

Nine months ended December 31	2016	2017	
			% of December 31, 2016 total
Individual insurance	383.7	294.5	76.8
Individual annuities	19.4	0.2	1.1
Total	403.1	294.7	73.1
Medical coverage, living benefits and other	39.7	43.6	109.7

- 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, 2017		December 31, 2017	
	Amount	Ratio	Amount	Ratio
Cash, deposits, call loans	1,510.1	1.9	1,032.5	1.3
Receivables under resale agreements	-	-	-	-
Receivables under securities borrowing transactions	3,520.7	4.4	2,802.9	3.6
Monetary claims bought	27.5	0.0	256.3	0.3
Trading account securities	-	-	-	-
Money held in trust	2,127.0	2.6	2,778.2	3.6
Securities	63,486.2	79.0	61,156.6	79.2
Corporate and government bonds	57,658.1	71.8	54,777.4	71.0
Domestic stocks	59.3	0.1	126.2	0.2
Foreign securities	4,351.7	5.4	4,415.8	5.7
Foreign corporate and government bonds	4,346.7	5.4	4,307.1	5.6
Foreign stocks and other securities	4.9	0.0	108.7	0.1
Other securities	1,417.1	1.8	1,837.1	2.4
Loans	8,060.9	10.0	7,638.3	9.9
Real estate	119.0	0.1	112.6	0.1
Deferred tax assets	852.2	1.1	818.8	1.1
Other	633.1	0.8	586.7	0.8
Reserve for possible loan losses	(0.6)	(0.0)	(0.6)	(0.0)
Total	80,336.4	100.0	77,182.5	100.0
Foreign currency-denominated assets	4,753.6	5.9	4,802.2	6.2

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, 2017					December 31, 2017				
	Book value	Fair value	Net unrealized gains (losses)		Book value	Fair value	Net unrealized gains (losses)			
			Gains	Losses			Gains	Losses		
Held-to-maturity bonds	40,441.8	46,518.6	6,076.8	6,149.9	73.1	39,342.3	45,361.2	6,018.8	6,076.8	58.0
Policy-reserve-matching bonds	12,517.3	13,697.4	1,180.0	1,204.4	24.3	10,931.2	12,027.0	1,095.8	1,112.0	16.2
Equities of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	12,522.6	12,966.2	443.6	657.8	214.1	13,307.4	14,186.3	878.9	974.1	95.2
Corporate and government bonds	4,758.4	4,796.8	38.4	71.6	33.2	4,565.9	4,601.8	35.8	58.1	22.2
Domestic stocks	1,302.3	1,626.0	323.6	342.4	18.7	1,491.6	2,058.2	566.5	580.7	14.2
Foreign securities	4,658.6	4,748.6	90.0	237.2	147.2	4,768.8	5,022.7	253.8	312.4	58.6
Foreign corporate and government bonds	4,219.6	4,248.7	29.1	175.0	145.8	4,068.2	4,209.1	140.8	199.3	58.5
Foreign stocks and other securities	439.0	499.9	60.9	62.2	1.3	700.5	813.6	113.0	113.1	0.1
Other securities	1,428.0	1,417.1	(10.8)	4.0	14.9	1,816.7	1,837.1	20.4	20.5	0.1
Monetary claims bought	25.1	27.5	2.4	2.4	-	254.1	256.3	2.2	2.2	-
Negotiable certificates of deposit	350.0	350.0	-	-	-	410.0	410.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	65,481.8	73,182.3	7,700.5	8,012.2	311.6	63,581.0	71,574.6	7,993.6	8,163.1	169.4
Corporate and government bonds	57,619.7	64,911.8	7,292.1	7,422.8	130.7	54,741.5	61,889.8	7,148.2	7,244.7	96.5
Domestic stocks	1,302.3	1,626.0	323.6	342.4	18.7	1,491.6	2,058.2	566.5	580.7	14.2
Foreign securities	4,756.6	4,849.8	93.1	240.4	147.2	4,866.8	5,123.1	256.2	314.8	58.6
Foreign corporate and government bonds	4,317.6	4,349.8	32.2	178.1	145.8	4,166.2	4,309.4	143.1	201.6	58.5
Foreign stocks and other securities	439.0	499.9	60.9	62.2	1.3	700.5	813.6	113.0	113.1	0.1
Other securities	1,428.0	1,417.1	(10.8)	4.0	14.9	1,816.7	1,837.1	20.4	20.5	0.1
Monetary claims bought	25.1	27.5	2.4	2.4	-	254.1	256.3	2.2	2.2	-
Negotiable certificates of deposit	350.0	350.0	-	-	-	410.0	410.0	-	-	-
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 ¥1,981.8 billion with net unrealized gains of ¥660.3 billion as of December 31, 2017 and ¥1,686.1 billion with net unrealized gains of ¥380.7 billion as of March 31, 2017.

- 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, 2017	December 31, 2017
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	4.2	37.3
Unlisted domestic stocks (excluding OTC-traded equities)	4.2	4.2
Unlisted foreign stocks (excluding OTC-traded equities)	-	-
Unlisted foreign bonds	-	-
Other	-	33.1
Total	5.2	38.3

Note: This table includes money held in trust other than trading securities (¥33.1 billion as of December 31, 2017).

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

(Billions of yen)

As of	March 31, 2017					December 31, 2017				
	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	2,127.0	2,127.0	-	-	-	2,743.2	2,743.2	-	-	-

- 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, 2017					December 31, 2017				
	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	1,746.3	2,127.0	380.7	400.4	19.7	2,082.8	2,743.2	660.3	674.3	14.0

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 (¥35.0 billion as of December 31, 2017).

### 3. Unaudited Non-Consolidated Balance Sheets

(Millions of yen)

Items	Term	As of March 31, 2017	As of December 31, 2017
		Amount	Amount
<b>ASSETS:</b>			
Cash and deposits		1,360,137	867,522
Call loans		150,000	165,000
Receivables under securities borrowing transactions		3,520,722	2,802,975
Monetary claims bought		27,561	256,379
Money held in trust		2,127,042	2,778,208
Securities		63,486,273	61,156,683
[Japanese government bonds]		[42,732,364]	[40,403,721]
[Japanese local government bonds]		[9,226,804]	[8,793,006]
[Japanese corporate bonds]		[5,698,945]	[5,580,752]
[Stocks]		[59,305]	[126,206]
[Foreign securities]		[4,351,731]	[4,415,813]
Loans		8,060,902	7,638,359
Policy loans		118,141	130,962
Industrial and commercial loans		873,720	918,938
Loans to the Management Organization		7,069,040	6,588,458
Tangible fixed assets		136,928	129,696
Intangible fixed assets		189,809	167,093
Agency accounts receivable		50,888	36,745
Reinsurance receivables		2,293	3,127
Other assets		372,248	362,651
Deferred tax assets		852,263	818,836
Reserve for possible loan losses		(658)	(697)
<b>Total assets</b>		<b>80,336,414</b>	<b>77,182,581</b>
<b>LIABILITIES:</b>			
Policy reserves and others		72,525,176	70,617,010
Reserve for outstanding claims		577,376	525,636
Policy reserves		70,175,234	68,427,297
Reserve for policyholder dividends		1,772,565	1,664,075
Reinsurance payables		4,774	5,807
Other liabilities		5,101,380	3,452,652
Payables under securities lending transactions		4,889,066	3,298,463
Income taxes payable		68,075	42,902
Lease obligations		2,153	2,280
Asset retirement obligation		15	15
Other liabilities		142,070	108,991
Reserve for employees' retirement benefits		67,040	69,673
Reserve for management board benefit trust		76	106
Reserve for price fluctuations		788,712	835,561
<b>Total liabilities</b>		<b>78,487,161</b>	<b>74,980,811</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		527,775	566,678
Legal retained earnings		32,209	39,409
Other retained earnings		495,565	527,268
Retained earnings brought forward		495,565	527,268
Treasury stock		(521)	(466)
Total shareholders' equity		1,527,298	1,566,255
Net unrealized gains (losses) on available-for-sale securities		321,904	635,477
Net deferred gains (losses) on hedges		50	37
Total valuation and translation adjustments		321,954	635,514
<b>Total net assets</b>		<b>1,849,253</b>	<b>2,201,770</b>
<b>Total liabilities and net assets</b>		<b>80,336,414</b>	<b>77,182,581</b>

#### 4. Unaudited Non-Consolidated Statements of Income

(Millions of yen)

Items	Term	Nine months ended December 31, 2016	Nine months ended December 31, 2017
		Amount	Amount
<b>ORDINARY INCOME</b>		6,498,145	5,995,177
Insurance premiums and others		3,877,753	3,220,309
[Insurance premiums]		[3,872,397]	[3,212,073]
Investment income		1,037,017	971,666
[Interest and dividend income]		[926,425]	[875,207]
[Gains on money held in trust]		[37,807]	[73,428]
[Gains on sales of securities]		[72,738]	[22,793]
Other ordinary income		1,583,374	1,803,201
[Reversal of reserve for outstanding claims]		[69,924]	[51,740]
[Reversal of policy reserves]		[1,509,844]	[1,747,936]
<b>ORDINARY EXPENSES</b>		6,277,746	5,740,654
Insurance claims and others		5,663,800	5,184,670
[Insurance claims]		[4,882,434]	[4,269,596]
[Annuity payments]		[276,189]	[294,374]
[Benefits]		[42,070]	[50,338]
[Surrender benefits]		[313,442]	[388,074]
[Other refunds]		[138,371]	[167,089]
Provision for policy reserves and others		22	5
Provision for interest on policyholder dividends		22	5
Investment expenses		129,974	69,563
[Interest expenses]		[1,467]	[1,196]
[Losses on sales of securities]		[109,955]	[42,969]
[Losses on derivative financial instruments]		[8,816]	[18,795]
Operating expenses		411,652	396,727
Other ordinary expenses		72,296	89,687
<b>ORDINARY PROFIT</b>		220,398	254,523
<b>EXTRAORDINARY GAINS</b>		-	1,013
Gains on sales of fixed assets		-	1,013
<b>EXTRAORDINARY LOSSES</b>		5,785	49,132
Losses on sales and disposal of fixed assets		125	280
Impairment loss		-	2,003
Provision for reserve for price fluctuations		5,660	46,848
Provision for reserve for policyholder dividends		122,992	101,375
Income before income taxes		91,619	105,029
Income taxes - Current		100,326	118,460
Income taxes - Deferred		(76,878)	(88,334)
Total income taxes		23,447	30,126
Net income		68,171	74,903

## NOTES TO THE UNAUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

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

1. Securities lent under lending agreements in the amount of ¥3,847,811 million were included in “Securities” in the balance sheet as of December 31, 2017.
2. Changes in reserve for policyholder dividends for the nine months ended December 31, 2017 were as follows:
 

a. Balance at the beginning of the fiscal year	¥1,772,565 million
b. Policyholder dividends paid during the nine months ended December 31, 2017	¥209,650 million
c. Interest accrual	¥5 million
d. Reduction due to the acquisition of additional annuity	¥220 million
e. Provision for reserve for policyholder dividends	¥101,375 million
f. Balance at the end of the nine months ended December 31, 2017	¥1,664,075 million

3. Dividends paid were as follows:

Resolution	Class of shares	Total amount (Millions of yen)	Per share amount (Yen)	Record date	Effective date	Source of dividends
Board of Directors' meeting held on May 15, 2017	Common stock	36,000	60.00	March 31, 2017	June 22, 2017	Retained earnings

(\*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 commemorative dividend of ¥2 per share, in celebration of the 100th anniversary of the establishment of Postal Life Insurance Services.

4. Notes on subsequent events are as follows:

- (1) At the Board of Directors meeting held on February 1, 2018, the Company has decided to transfer its fixed assets. On February 2, 2018, the Company concluded a sales agreement and completed the transfer of property.

- 1) Reason for the transfer

The Company has decided to transfer the following fixed assets held by the Company in order to effectively utilize such assets and to reduce administrative and maintenance expenses.

- 2) Details of the assets to be transferred

Name and location of assets	Land	Buildings	Gain on transfer	Current status
Former Tokyo service center (Minato-ku, Tokyo)	26,808.85 m <sup>2</sup>	43,440.70 m <sup>2</sup>	85,034 million yen	warehouse

\* The gain on transfer is an amount calculated by deducting the carrying amount and the miscellaneous expenses related to the transfer from the transfer price.

- 3) Overview of the recipient of the transfer

The name of the recipient of the transfer and the transfer price will not be disclosed in consideration of the intent of the recipient.

In addition, there are no capital, human or business relationships between the Company and the recipient, and the recipient is not a related party of the Company.

- 4) Schedule of the transfer

Date of resolution of the Board of Directors meeting	February 1, 2018
Date of the sales agreement	February 2, 2018
Due date of transfer of property	February 2, 2018

(2) On February 9, 2018, the Company established an affiliated company to carry out private equity fund management (hereinafter the “New Company”).

1) Purpose of Establishing the New Company

The New Company was established for the purpose of making investment decisions based on assessments of commercial viability and provide management support to portfolio companies, focusing primarily on companies in Japan, along with supplying equity financing together with other outstanding fund managers and other partners, in order to drive further revenue growth through private equity investment.

2) Outline of the New Company

(i) Name	Japan Post Investment Corporation
(ii) Main business	Private offerings of interests in investment limited partnerships and related entities and wealth management
(iii) Stated capital and capital reserves	¥1.5 billion (comprising common shares worth ¥0.05 billion and preferred shares worth ¥1.45 billion)
(iv) Date of establishment	February 9, 2018
(v) Ownership of voting rights held	JAPAN POST BANK: 50.0% The Company: 25.0% Officers and employees of the New Company: 25.0%
(vi) Ownership of preferred shares	JAPAN POST BANK: 66.7% The Company: 33.3%

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

Net income per share for the nine months ended December 31, 2017 was ¥124.88.

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

(Millions of yen)

Nine months ended December 31		2016	2017
Core profit	A	302,502	287,365
Capital gains		110,546	96,222
Gains on money held in trust		37,807	73,428
Gains on trading securities		-	-
Gains on sales of securities		72,738	22,793
Gains on derivative financial instruments		-	-
Gains on foreign exchanges		-	-
Other capital gains		-	-
Capital losses		147,817	95,762
Losses on money held in trust		-	-
Losses on trading securities		-	-
Losses on sales of securities		109,955	42,969
Losses on valuation of securities		-	-
Losses on derivative financial instruments		8,816	18,795
Losses on foreign exchanges		2,568	252
Other capital losses		26,477	33,745
Net capital gains (losses)	B	(37,271)	460
Core profit including net capital gains (losses)	A+B	265,231	287,825
Other one-time gains		90,855	102,759
Reinsurance income		-	-
Reversal of contingency reserve		90,855	102,759
Reversal of specific reserve for possible loan losses		-	-
Other		-	-
Other one-time losses		135,687	136,061
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		135,687	136,061
Other one-time profits (losses)	C	(44,832)	(33,302)
Ordinary profit	A+B+C	220,398	254,523

- Notes: 1. Amount equivalent to income gains associated with money held in trust (¥26,443 million for the nine months ended December 31, 2016 and ¥33,745 million for the nine months ended December 31, 2017) 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 nine months ended December 31, 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 (¥135,687 million for the nine months ended December 31, 2016 and ¥136,061 million for the nine months ended December 31, 2017).

## 6. Solvency Margin Ratio

(Millions of yen)

As of		March 31, 2017	December 31, 2017
Total amount of solvency margin	(A)	5,420,173	5,826,914
Capital stock, etc.		1,491,298	1,553,121
Reserve for price fluctuations		788,712	835,561
Contingency reserve		2,254,027	2,151,267
General reserve for possible loan losses		59	61
(Net unrealized gains (losses) on available-for-sale securities (before taxes) • Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)		399,297	791,103
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		103	3,459
Excess of continued Zillmerized reserve		486,674	491,987
Capital raised through debt financing		-	-
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin		-	-
Deductions		-	-
Other		-	352
Total amount of risk			
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	(B)	840,902	965,859
Insurance risk	R <sub>1</sub>	153,070	148,653
Underwriting risk of third-sector insurance	R <sub>8</sub>	69,104	63,983
Anticipated yield risk	R <sub>2</sub>	158,838	152,689
Minimum guarantee risk	R <sub>7</sub>	-	-
Investment risk	R <sub>3</sub>	631,173	766,258
Business management risk	R <sub>4</sub>	20,243	22,631
Solvency margin ratio			
$\frac{(A)}{(1/2) \times (B)} \times 100$		1,289.1%	1,206.5%

Note: These figures are calculated based on the provisions set forth in the public notification 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. 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 Nine Months Ended December 31, 2017

Not applicable.

## 8. Consolidated Financial Summary

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

(Millions of yen)

Nine months ended December 31	2016	2017
Ordinary income	6,498,146	5,995,179
Ordinary profit	220,576	254,896
Net income attributable to Japan Post Insurance	68,032	75,009
Comprehensive income (loss)	27,115	388,240

As of	March 31, 2017	December 31, 2017
Total assets	80,336,760	77,181,714
Consolidated solvency margin ratio	1,290.6%	1,207.8%

### (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, 2017	As of December 31, 2017
		Amount	Amount
<b>ASSETS:</b>			
Cash and deposits		1,366,086	871,804
Call loans		150,000	165,000
Receivables under securities borrowing transactions		3,520,722	2,802,975
Monetary claims bought		27,561	256,379
Money held in trust		2,127,042	2,778,208
Securities		63,485,289	61,155,699
Loans		8,060,902	7,638,359
Tangible fixed assets		137,262	130,034
Intangible fixed assets		185,520	163,340
Agency accounts receivable		50,888	36,745
Reinsurance receivables		2,293	3,127
Other assets		371,905	362,342
Deferred tax assets		851,942	818,395
Reserve for possible loan losses		(658)	(697)
<b>Total assets</b>		<b>80,336,760</b>	<b>77,181,714</b>
<b>LIABILITIES:</b>			
Policy reserves and others		72,525,176	70,617,010
Reserve for outstanding claims		577,376	525,636
Policy reserves		70,175,234	68,427,297
Reserve for policyholder dividends		1,772,565	1,664,075
Reinsurance payables		4,774	5,807
Payables under securities lending transactions		4,889,066	3,298,463
Other liabilities		213,565	153,914
Liability for retirement benefits		62,184	65,352
Reserve for management board benefit trust		76	106
Reserve for price fluctuations		788,712	835,561
<b>Total liabilities</b>		<b>78,483,557</b>	<b>74,976,216</b>
<b>NET ASSETS:</b>			
Capital stock		500,000	500,000
Capital surplus		500,044	500,044
Retained earnings		527,358	566,368
Treasury stock		(521)	(466)
Total shareholders' equity		1,526,882	1,565,945
Net unrealized gains (losses) on available-for-sale securities		321,904	635,477
Net deferred gains (losses) on hedges		50	37
Accumulated adjustments for retirement benefits		4,366	4,037
Total accumulated other comprehensive income		326,321	639,552
<b>Total net assets</b>		<b>1,853,203</b>	<b>2,205,497</b>
<b>Total liabilities and net assets</b>		<b>80,336,760</b>	<b>77,181,714</b>

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

(Unaudited Consolidated Statements of Income)

(Millions of yen)

Term Items	Nine months ended December 31, 2016	Nine months ended December 31, 2017
	Amount	Amount
<b>ORDINARY INCOME</b>	6,498,146	5,995,179
Insurance premiums and others	3,877,753	3,220,309
Investment income	1,037,017	971,666
[Interest and dividend income]	[926,425]	[875,207]
[Gains on money held in trust]	[37,807]	[73,428]
[Gains on sales of securities]	[72,738]	[22,793]
Other ordinary income	1,583,376	1,803,202
[Reversal of reserve for outstanding claims]	[69,924]	[51,740]
[Reversal of policy reserves]	[1,509,844]	[1,747,936]
<b>ORDINARY EXPENSES</b>	6,277,570	5,740,282
Insurance claims and others	5,663,800	5,184,670
[Insurance claims]	[4,882,434]	[4,269,596]
[Annuity payments]	[276,189]	[294,374]
[Benefits]	[42,070]	[50,338]
[Surrender benefits]	[313,442]	[388,074]
Provision for policy reserves and others	22	5
Provision for interest on policyholder dividends	22	5
Investment expenses	129,974	69,563
[Interest expenses]	[1,467]	[1,196]
[Losses on sales of securities]	[109,955]	[42,969]
[Losses on derivative financial instruments]	[8,816]	[18,795]
Operating expenses	411,854	397,083
Other ordinary expenses	71,918	88,959
<b>ORDINARY PROFIT</b>	220,576	254,896
<b>EXTRAORDINARY GAINS</b>	-	1,013
Gains on sales of fixed assets	-	1,013
<b>EXTRAORDINARY LOSSES</b>	5,785	49,132
Losses on sales and disposal of fixed assets	125	280
Impairment loss	-	2,003
Provision for reserve for price fluctuations	5,660	46,848
Provision for reserve for policyholder dividends	122,992	101,375
Income before income taxes	91,797	105,402
Income taxes - Current	100,421	118,479
Income taxes - Deferred	(76,656)	(88,087)
Total income taxes	23,764	30,392
Net income	68,032	75,009
Net income attributable to non-controlling interests	-	-
Net income attributable to Japan Post Insurance	68,032	75,009

## (Unaudited Consolidated Statements of Comprehensive Income)

(Millions of yen)

Items	Term	Nine months ended December 31, 2016	Nine months ended December 31, 2017
		Amount	Amount
Net income		68,032	75,009
Other comprehensive income (loss)		(40,917)	313,230
Net unrealized gains (losses) on available-for-sale securities		(40,498)	313,572
Net deferred gains (losses) on hedges		(78)	(12)
Adjustments for retirement benefits		(339)	(328)
Total comprehensive income (loss)		27,115	388,240
Comprehensive income (loss) attributable to Japan Post Insurance		27,115	388,240
Comprehensive income (loss) attributable to non-controlling interests		-	-

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

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

1. Securities lent under lending agreements in the amount of ¥3,847,811 million were included in “Securities” in the consolidated balance sheet as of December 31, 2017.

2. Changes in reserve for policyholder dividends for the nine months ended December 31, 2017 were as follows:
- |   |                    |
|---|--------------------|
| a. Balance at the beginning of the fiscal year                                | ¥1,772,565 million |
| b. Policyholder dividends paid during the nine months ended December 31, 2017 | ¥209,650 million   |
| c. Interest accrual   | ¥5 million         |
| d. Reduction due to the acquisition of additional annuity                     | ¥220 million       |
| e. Provision for reserve for policyholder dividends                           | ¥101,375 million   |
| f. Balance at the end of the nine months ended December 31, 2017              | ¥1,664,075 million |

3. Dividends paid were as follows:

Resolution	Class of shares	Total amount (Millions of yen)	Per share amount (Yen)	Record date	Effective date	Source of dividends
Board of Directors' meeting held on May 15, 2017	Common stock	36,000	60.00	March 31, 2017	June 22, 2017	Retained earnings

(\*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 commemorative dividend of ¥2 per share, in celebration of the 100th anniversary of the establishment of Postal Life Insurance Services.

4. Notes on subsequent events are as follows:

- (1) At the Board of Directors meeting held on February 1, 2018, the Company has decided to transfer its fixed assets. On February 2, 2018, the Company concluded a sales agreement and completed the transfer of property.

1) Reason for the transfer

The Company has decided to transfer the following fixed assets held by the Company in order to effectively utilize such assets and to reduce administrative and maintenance expenses.

2) Details of the assets to be transferred

Name and location of assets	Land	Buildings	Gain on transfer	Current status
Former Tokyo service center (Minato-ku, Tokyo)	26,808.85 m <sup>2</sup>	43,440.70 m <sup>2</sup>	85,034 million yen	warehouse

\* The gain on transfer is an amount calculated by deducting the carrying amount and the miscellaneous expenses related to the transfer from the transfer price.

3) Overview of the recipient of the transfer

The name of the recipient of the transfer and the transfer price will not be disclosed in consideration of the intent of the recipient.

In addition, there are no capital, human or business relationships between the Company and the recipient, and the recipient is not a related party of the Company.

4) Schedule of the transfer

Date of resolution of the Board of Directors meeting	February 1, 2018
Date of the sales agreement	February 2, 2018
Due date of transfer of property	February 2, 2018

(2) On February 9, 2018, the Company established an affiliated company to carry out private equity fund management (hereinafter the “New Company”).

1) Purpose of Establishing the New Company

The New Company was established for the purpose of making investment decisions based on assessments of commercial viability and provide management support to portfolio companies, focusing primarily on companies in Japan, along with supplying equity financing together with other outstanding fund managers and other partners, in order to drive further revenue growth through private equity investment.

2) Outline of the New Company

(i) Name	Japan Post Investment Corporation
(ii) Main business	Private offerings of interests in investment limited partnerships and related entities and wealth management
(iii) Stated capital and capital reserves	¥1.5 billion (comprising common shares worth ¥0.05 billion and preferred shares worth ¥1.45 billion)
(iv) Date of establishment	February 9, 2018
(v) Ownership of voting rights held	JAPAN POST BANK: 50.0% The Company: 25.0% Officers and employees of the New Company: 25.0%
(vi) Ownership of preferred shares	JAPAN POST BANK: 66.7% The Company: 33.3%

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

1. Net income per share for the nine months ended December 31, 2017 was ¥125.06.
2. Depreciation and amortization for the nine months ended December 31, 2017 was ¥46,664 million.

## (5) Consolidated Solvency Margin Ratio

(Millions of yen)

As of	March 31, 2017	December 31, 2017
Total amount of solvency margin (A)	5,425,821	5,832,212
Capital stock, etc.	1,490,882	1,552,811
Reserve for price fluctuations	788,712	835,561
Contingency reserve	2,254,027	2,151,267
Catastrophe loss reserve	-	-
General reserve for possible loan losses	59	61
(Net unrealized gains (losses) on available-for-sale securities (before taxes) • Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)	399,297	791,103
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	103	3,459
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)	6,064	5,607
Excess of continued Zillmerized reserve	486,674	491,987
Capital raised through debt financing	-	-
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin	-	-
Deductions	-	-
Other	-	352
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)	840,767	965,706
Insurance risk R <sub>1</sub>	153,070	148,653
General insurance risk R <sub>5</sub>	-	-
Catastrophe risk R <sub>6</sub>	-	-
Underwriting risk of third-sector insurance R <sub>8</sub>	69,104	63,983
Small amount and short-term insurance risk R <sub>9</sub>	-	-
Anticipated yield risk R <sub>2</sub>	158,838	152,689
Minimum guarantee risk R <sub>7</sub>	-	-
Investment risk R <sub>3</sub>	631,036	766,104
Business management risk R <sub>4</sub>	20,240	22,628
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,290.6%	1,207.8%

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