

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 12, 2021
JAPAN POST INSURANCE Co., Ltd.

**Announcement of Financial Results for
the Nine Months Ended December 31, 2020**

JAPAN POST INSURANCE Co., Ltd. (the “Company”; SENDA Tetsuya, Director and President, CEO, Representative Executive Officer) hereby announces its financial results for the nine months ended December 31, 2020 (April 1, 2020 to December 31, 2020).

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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, 2020		December 31, 2020			
	Number of policies	Policy amount	Number of policies		Policy amount	
			% of March 31, 2020 total	% of March 31, 2020 total		
Individual insurance	17,163	49,915.5	16,185	94.3	46,840.9	93.8
Individual annuities	1,164	1,930.6	1,041	89.5	1,651.0	85.5
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	2019				2020					
	Number of policies	Policy amount			Number of policies		Policy amount			
		New policies	Net increase arising from the conversion		% of December 31, 2019 total	% of December 31, 2019 total	New policies	Net increase arising from the conversion		
Individual insurance	634	1,859.4	1,859.4	-	89	14.1	281.0	15.1	281.0	-
Individual annuities	0	3.5	3.5	-	0	3.8	0.1	3.5	0.1	-
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, 2020	December 31, 2020	
			% of March 31, 2020 total
Individual insurance	3,144.6	2,908.1	92.5
Individual annuities	412.0	368.6	89.5
Total	3,556.6	3,276.8	92.1
Medical coverage, living benefits and other	393.8	370.8	94.2

▪ New Policies

(Billions of yen, %)

Nine months ended December 31	2019	2020	
			% of December 31, 2019 total
Individual insurance	143.8	22.3	15.5
Individual annuities	0.3	0.0	3.3
Total	144.1	22.3	15.5
Medical coverage, living benefits and other	22.0	1.0	4.7

- 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, 2020		December 31, 2020	
	Amount	Ratio	Amount	Ratio
Cash, deposits, call loans	1,786.6	2.5	1,074.1	1.5
Receivables under resale agreements	-	-	-	-
Receivables under securities borrowing transactions	3,191.7	4.5	2,284.0	3.3
Monetary claims bought	318.5	0.4	357.4	0.5
Trading account securities	-	-	-	-
Money held in trust	3,056.0	4.3	3,803.9	5.5
Securities	55,871.5	78.0	55,362.7	79.4
Corporate and government bonds	48,954.5	68.3	48,437.7	69.5
Domestic stocks	286.9	0.4	369.5	0.5
Foreign securities	4,687.3	6.5	4,539.9	6.5
Foreign corporate and government bonds	4,522.1	6.3	4,392.4	6.3
Foreign stocks and other securities	165.1	0.2	147.4	0.2
Other securities	1,942.7	2.7	2,015.5	2.9
Loans	5,662.7	7.9	5,316.5	7.6
Real estate	89.5	0.1	87.6	0.1
Deferred tax assets	1,173.7	1.6	914.1	1.3
Other	517.2	0.7	483.4	0.7
Reserve for possible loan losses	(0.4)	(0.0)	(0.4)	(0.0)
Total	71,667.3	100.0	69,683.6	100.0
Foreign currency-denominated assets	4,980.0	6.9	5,184.9	7.4

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, 2020					December 31, 2020				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)		
			Gains	Losses				Gains	Losses	
Held-to-maturity bonds	35,735.7	41,953.3	6,217.6	6,217.7	0.0	35,315.7	40,883.1	5,567.4	5,593.5	26.0
Policy-reserve-matching bonds	9,574.6	10,578.5	1,003.8	1,007.4	3.5	9,593.8	10,450.0	856.2	873.5	17.3
Equities of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	13,651.6	14,021.7	370.1	786.8	416.7	13,269.8	14,581.7	1,311.8	1,426.5	114.7
Corporate and government bonds	3,700.4	3,742.1	41.7	46.7	4.9	3,477.0	3,528.0	51.0	54.6	3.6
Domestic stocks	1,710.0	1,765.1	55.1	265.1	210.0	1,720.2	2,290.0	569.8	647.8	78.0
Foreign securities	4,754.4	5,159.2	404.8	448.6	43.7	4,666.3	5,243.5	577.2	581.5	4.3
Foreign corporate and government bonds	4,048.9	4,424.1	375.1	378.5	3.3	3,983.9	4,392.4	408.5	412.2	3.7
Foreign stocks and other securities	705.4	735.1	29.6	70.0	40.4	682.3	851.1	168.7	169.3	0.5
Other securities	2,635.1	2,501.5	(133.6)	24.3	157.9	2,540.5	2,652.6	112.0	140.7	28.7
Monetary claims bought	316.5	318.5	2.0	2.0	-	355.6	357.4	1.7	1.7	-
Negotiable certificates of deposit	535.0	535.0	-	-	-	510.0	510.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	58,962.0	66,553.7	7,591.6	8,012.0	420.3	58,179.4	65,914.9	7,735.4	7,893.6	158.1
Corporate and government bonds	48,912.7	56,175.8	7,263.0	7,271.6	8.6	48,386.7	54,861.3	6,474.6	6,521.7	47.1
Domestic stocks	1,710.0	1,765.1	55.1	265.1	210.0	1,720.2	2,290.0	569.8	647.8	78.0
Foreign securities	4,852.4	5,257.5	405.0	448.8	43.7	4,666.3	5,243.5	577.2	581.5	4.3
Foreign corporate and government bonds	4,146.9	4,522.4	375.4	378.7	3.3	3,983.9	4,392.4	408.5	412.2	3.7
Foreign stocks and other securities	705.4	735.1	29.6	70.0	40.4	682.3	851.1	168.7	169.3	0.5
Other securities	2,635.1	2,501.5	(133.6)	24.3	157.9	2,540.5	2,652.6	112.0	140.7	28.7
Monetary claims bought	316.5	318.5	2.0	2.0	-	355.6	357.4	1.7	1.7	-
Negotiable certificates of deposit	535.0	535.0	-	-	-	510.0	510.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-

Note: This table includes money held in trust other than trading securities and its book value is ¥2,549.0 billion with net unrealized gains of ¥73.0 billion as of March 31, 2020 and ¥2,571.6 billion with net unrealized gains of ¥710.6 billion as of December 31, 2020.

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, 2020	December 31, 2020
Held-to-maturity bonds	-	-
Unlisted foreign bonds	-	-
Other	-	-
Policy-reserve-matching bonds	-	-
Equities of subsidiaries and affiliates	10.9	16.8
Available-for-sale securities	305.1	393.8
Unlisted domestic stocks (excluding OTC traded equities)	4.2	4.2
Unlisted foreign stocks (excluding OTC traded equities)	-	-
Unlisted foreign bonds	-	-
Other	300.9	389.5
Total	316.0	410.6

Notes: 1. This table includes money held in trust other than trading securities (¥300.9 billion as of March 31, 2020 and ¥389.5 billion as of December 31, 2020).

2. Net unrealized gains (losses) based on foreign exchange valuation of the foreign currency-denominated assets classified as securities for which the fair values are deemed extremely difficult to determine are ¥(4.6) billion as of March 31, 2020 and ¥(11.5) billion as of December 31, 2020.

Note: Fair value information of securities includes the handling of securities under the Financial Instruments and Exchange Act.

(3) Fair Value of Money Held in Trust

(Billions of yen)

As of	March 31, 2020					December 31, 2020				
	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	2,744.3	2,744.3	-	-	-	3,393.9	3,393.9	-	-	-

- 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, 2020					December 31, 2020				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)		
				Gains	Losses				Gains	Losses
Assets held-to-maturity in trust	-	-	-	-	-	-	-	-	-	-
Assets held for reserves in trust	-	-	-	-	-	-	-	-	-	-
Other money held in trust	2,671.2	2,744.3	73.0	339.5	266.4	2,683.2	3,393.9	710.6	788.8	78.2

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 (¥311.7 billion as of March 31, 2020 and ¥409.9 billion as of December 31, 2020).

3. Unaudited Non-Consolidated Balance Sheets

(Millions of yen)

Items	Term	As of March 31, 2020	As of December 31, 2020
		Amount	Amount
ASSETS:			
Cash and deposits		1,406,640	954,111
Call loans		380,000	120,000
Receivables under securities borrowing transactions		3,191,710	2,284,058
Monetary claims bought		318,581	357,420
Money held in trust		3,056,072	3,803,913
Securities		55,871,541	55,362,743
[Japanese government bonds]		[36,730,786]	[37,042,881]
[Japanese local government bonds]		[6,737,380]	[6,015,594]
[Japanese corporate bonds]		[5,486,350]	[5,379,225]
[Stocks]		[286,975]	[369,567]
[Foreign securities]		[4,687,342]	[4,539,966]
Loans		5,662,748	5,316,513
Policy loans		152,681	166,136
Industrial and commercial loans		994,446	1,002,474
Loans to the Management Network		4,515,620	4,147,902
Tangible fixed assets		109,704	104,942
Intangible fixed assets		140,696	120,260
Agency accounts receivable		45,587	35,770
Reinsurance receivables		4,057	4,285
Other assets		306,755	305,893
Deferred tax assets		1,173,751	914,141
Reserve for possible loan losses		(448)	(450)
Total assets		71,667,398	69,683,604
LIABILITIES:			
Policy reserves and others		64,191,926	61,893,311
Reserve for outstanding claims		461,224	402,839
Policy reserves		62,293,166	60,105,268
Reserve for policyholder dividends		1,437,535	1,385,203
Reinsurance payables		6,595	6,435
Bonds payable		100,000	100,000
Other liabilities		4,485,343	4,036,132
Payables under securities lending transactions		4,290,140	3,903,758
Income taxes payable		62,298	13,188
Lease obligations		2,095	2,040
Asset retirement obligation		5	5
Other liabilities		130,803	117,138
Reserve for insurance claims and others		29,722	4,658
Reserve for employees' retirement benefits		68,831	70,583
Reserve for management board benefit trust		164	125
Reserve for price fluctuations		858,339	863,729
Total liabilities		69,740,924	66,974,975
NET ASSETS:			
Capital stock		500,000	500,000
Capital surplus		405,044	405,044
Legal capital surplus		405,044	405,044
Retained earnings		757,826	864,894
Legal retained earnings		60,485	64,761
Other retained earnings		697,340	800,133
Reserve for reduction entry of real estate		5,545	5,351
Retained earnings brought forward		691,794	794,781
Treasury stock		(422)	(397)
Total shareholders' equity		1,662,447	1,769,540
Net unrealized gains (losses) on available-for-sale securities		264,009	939,081
Net deferred gains (losses) on hedges		16	6
Total valuation and translation adjustments		264,026	939,087
Total net assets		1,926,474	2,708,628
Total liabilities and net assets		71,667,398	69,683,604

4. Unaudited Non-Consolidated Statements of Income

(Millions of yen)

Items	Term	Nine months ended December 31, 2019	Nine months ended December 31, 2020
		Amount	Amount
ORDINARY INCOME		5,461,550	5,127,324
Insurance premiums and others		2,525,729	2,052,722
[Insurance premiums]		[2,513,745]	[2,040,778]
Investment income		867,407	801,256
[Interest and dividend income]		[793,457]	[753,069]
[Gains on money held in trust]		[44,368]	[27,615]
[Gains on sales of securities]		[29,067]	[16,925]
Other ordinary income		2,068,413	2,273,346
[Reversal of reserve for outstanding claims]		[90,388]	[58,385]
[Reversal of policy reserves]		[1,976,329]	[2,187,897]
ORDINARY EXPENSES		5,227,269	4,867,304
Insurance claims and others		4,681,110	4,435,363
[Insurance claims]		[3,703,770]	[3,530,210]
[Annuity payments]		[298,275]	[273,850]
[Benefits]		[82,861]	[91,813]
[Surrender benefits]		[447,853]	[356,948]
[Other refunds]		[130,476]	[165,259]
Provision for policy reserves and others		6	6
Provision for interest on policyholder dividends		6	6
Investment expenses		91,359	53,112
[Interest expenses]		[1,532]	[1,503]
[Losses on sales of securities]		[20,126]	[24,196]
[Losses on derivative financial instruments]		[59,890]	[16,613]
Operating expenses		367,485	302,228
Other ordinary expenses		87,308	76,594
ORDINARY PROFIT		234,281	260,019
EXTRAORDINARY GAINS		10,228	-
Gains on sales of fixed assets		393	-
Reversal of reserve for price fluctuations		9,835	-
EXTRAORDINARY LOSSES		266	5,456
Losses on sales and disposal of fixed assets		266	66
Provision for reserve for price fluctuations		-	5,389
Provision for reserve for policyholder dividends		81,314	68,523
Income before income taxes		162,928	186,040
Income taxes - Current		110,702	57,584
Income taxes - Deferred		(63,282)	9
Total income taxes		47,420	57,593
Net income		115,508	128,446

NOTES TO THE UNAUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2020

(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 ¥4,394,009 million were included in “Securities” in the balance sheet as of December 31, 2020.

2. Changes in reserve for policyholder dividends for the nine months ended December 31, 2020 were as follows:

Balance at the beginning of the fiscal year	¥1,437,535 million
Policyholder dividends paid during the nine months ended December 31, 2020	¥120,611 million
Interest accrual	¥6 million
Reduction due to the acquisition of additional annuity	¥250 million
Provision for reserve for policyholder dividends	¥68,523 million
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Balance at the end of the nine months ended December 31, 2020	¥1,385,203 million

3. Information on dividends was as follows:

(1) Dividends paid

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, 2020	Common stock	21,378	38.00	March 31, 2020	June 16, 2020	Retained earnings

(*) Total amount of dividends includes ¥6 million of dividends paid to shares of the Company held in the Board Benefit Trust (BBT).

(2) Dividends whose effective date falls after the end of the nine months ended December 31, 2020

Not applicable.

4. Efforts to regain customers' trust

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. The Company 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. Additionally, the Company has been confirming with all customers with insurance policies whether their insurance policies are in line with their intentions, and compensating customers who have suffered disadvantages.

In the nine months ended December 31, 2020, the Company recorded the refund of premiums and payment of insurance claims to compensate for the disadvantages suffered by customers as part of insurance claims and others, and the corresponding adjustment to policy reserves as part of reversal of policy reserves, while recording a reduction of the net amount totaling ¥19,972 million from reserve for insurance claims and others at the end of the previous fiscal year, and a reversal of ¥5,091 million, a decrease as a result of reflecting the status of progress in the investigation of insurance policies in accounting estimates. Consequently, reserve for insurance claims and others stood at ¥4,658 million as of December 31, 2020. The amounts of the aforementioned reduction and reversal of reserve for insurance claims and others are included in other ordinary income in the statement of income for the nine months ended December 31, 2020.

5. Notes on subsequent events are as follows:

The Company adopted a resolution, at the Board of Directors' meeting held on January 6, 2021, on the issuance of subordinated unsecured bonds for domestic public offering, and completed payments on January 28, 2021. Summary of the issuance of subordinated unsecured bonds for domestic public offering is as follows:

1. Name of bond	Second series of subordinated unsecured bonds with interest deferral option and early redemption option
2. Principal amount	¥200 billion
3. Denomination	¥100 million
4. Maturity date	January 28, 2051 The Company may, at its discretion, redeem the bonds (i) on January 28, 2031 and every date which falls five, or a multiple of five, years thereafter or (ii) upon the occurrence and continuation of a regulatory event, a tax deductibility event or a rating agency event on and after the payment date, subject to the prior approval of the regulatory authority.
5. Interest rate	(1) From the day immediately following January 28, 2021 until January 28, 2031: 1.050% (2) From the day immediately following January 28, 2031: 5-year JGB plus 2.010% (reset every 5 years)
6. Interest payment dates	January 28 and July 28 of each year
7. Issue price	¥100 per principal amount of ¥100 of each bond
8. Redemption price	¥100 per principal amount of ¥100 of each bond
9. Payment date	January 28, 2021
10. Collateral and guarantees	No collateral or guarantee will be provided.
11. Subordination	As to the payment of debt in the liquidation proceedings of the issuer, the bonds shall be subordinated to general indebtedness, be treated substantially pari passu with the pari passu subordinated debt and the most preferred stock of the issuer (if the issuer issues any in the future), and be senior to its common stock.
12. Use of funds	For general working capital

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

Net income per share for the nine months ended December 31, 2020 was ¥228.38.

5. Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

Nine months ended December 31		2019	2020
Core profit	A	300,431	309,713
Capital gains		73,435	47,226
Gains on money held in trust		44,368	27,615
Gains on trading securities		-	-
Gains on sales of securities		29,067	16,925
Gains on derivative financial instruments		-	-
Gains on foreign exchanges		-	2,684
Other capital gains		-	-
Capital losses		130,864	89,251
Losses on money held in trust		-	-
Losses on trading securities		-	-
Losses on sales of securities		20,126	24,196
Losses on valuation of securities		-	-
Losses on derivative financial instruments		59,890	16,613
Losses on foreign exchanges		2,348	-
Other capital losses		48,497	48,442
Net capital gains (losses)	B	(57,428)	(42,024)
Core profit including net capital gains (losses)	A+B	243,002	267,688
Other one-time gains		124,327	-
Reinsurance income		-	-
Reversal of contingency reserve		124,327	-
Reversal of specific reserve for possible loan losses		-	-
Other		-	-
Other one-time losses		133,049	7,668
Reinsurance premiums		-	-
Provision for contingency reserve		-	7,668
Provision for specific reserve for possible loan losses		-	-
Provision for reserve for specific foreign loans		-	-
Write-off of loans		-	-
Other		133,049	-
Other one-time profits (losses)	C	(8,721)	(7,668)
Ordinary profit	A+B+C	234,281	260,019

- Notes: 1. The amount equivalent to income gains associated with money held in trust (¥48,497 million for the nine months ended December 31, 2019 and ¥48,442 million for the nine months ended December 31, 2020) is recognized as “other capital losses” and included in core profit.
2. “Other” in “other one-time losses” includes the amount of additional policy reserves accumulated pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act (¥133,049 million for the nine months ended December 31, 2019).

6. Solvency Margin Ratio

(Millions of yen)

As of		March 31, 2020	December 31, 2020
Total amount of solvency margin	(A)	5,168,422	6,080,388
Capital stock, etc.		1,641,069	1,756,137
Reserve for price fluctuations		858,339	863,729
Contingency reserve		1,797,366	1,805,035
General reserve for possible loan losses		37	38
(Net unrealized gains (losses) on available-for-sale securities (before taxes) + Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)		328,782	1,169,990
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		19	2,203
Excess of continued Zillmerized reserve		442,807	382,814
Capital raised through debt financing		100,000	100,000
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin		-	-
Deductions		-	-
Other		-	439
Total amount of risk	(B)	967,023	1,054,237
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$			
Insurance risk	R ₁	137,197	132,515
Underwriting risk of third-sector insurance	R ₈	54,172	50,579
Anticipated yield risk	R ₂	136,652	132,200
Minimum guarantee risk	R ₇	-	-
Investment risk	R ₃	788,454	881,697
Business management risk	R ₄	22,329	23,939
Solvency margin ratio			
$\frac{(A)}{(1/2) \times (B)} \times 100$		1,068.9 %	1,153.5 %

Note: These figures are calculated based on the provisions set forth in the Public Notice No. 50 issued by the Ministry of Finance in 1996, and Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act. 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, 2020

Not applicable.

8. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(Millions of yen)

Nine months ended December 31	2019	2020
Ordinary income	5,461,552	5,127,335
Ordinary profit	233,976	260,892
Net income attributable to Japan Post Insurance	115,008	129,015
Comprehensive income (loss)	395,868	804,638

As of	March 31, 2020	December 31, 2020
Total assets	71,664,781	69,684,021
Consolidated solvency margin ratio	1,070.9 %	1,156.7 %

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

- Number of consolidated subsidiaries: 1
- Number of non-consolidated subsidiaries accounted for under the equity method: 0
- Number of affiliates accounted for under the equity method: 0
- Changes in significant subsidiaries during the period: None

(3) Unaudited Consolidated Balance Sheets

(Millions of yen)

Items	Term	As of March 31, 2020	As of December 31, 2020
		Amount	Amount
ASSETS:			
Cash and deposits		1,410,298	959,955
Call loans		380,000	120,000
Receivables under securities borrowing transactions		3,191,710	2,284,058
Monetary claims bought		318,581	357,420
Money held in trust		3,056,072	3,803,913
Securities		55,870,557	55,361,759
Loans		5,662,748	5,316,513
Tangible fixed assets		110,219	105,387
Intangible fixed assets		135,010	115,881
Agency accounts receivable		45,587	35,770
Reinsurance receivables		4,057	4,285
Other assets		306,596	305,799
Deferred tax assets		1,173,789	913,728
Reserve for possible loan losses		(448)	(450)
Total assets		71,664,781	69,684,021
LIABILITIES:			
Policy reserves and others		64,191,926	61,893,311
Reserve for outstanding claims		461,224	402,839
Policy reserves		62,293,166	60,105,268
Reserve for policyholder dividends		1,437,535	1,385,203
Reinsurance payables		6,595	6,435
Bonds payable		100,000	100,000
Payables under securities lending transactions		4,290,140	3,903,758
Other liabilities		193,449	133,206
Reserve for insurance claims and others		29,722	4,658
Liability for retirement benefits		66,060	67,128
Reserve for management board benefit trust		164	125
Reserve for price fluctuations		858,339	863,729
Total liabilities		69,736,400	66,972,354
NET ASSETS:			
Capital stock		500,000	500,000
Capital surplus		405,044	405,044
Retained earnings		756,665	864,302
Treasury stock		(422)	(397)
Total shareholders' equity		1,661,286	1,768,949
Net unrealized gains (losses) on available-for-sale securities		264,009	939,081
Net deferred gains (losses) on hedges		16	6
Accumulated adjustments for retirement benefits		3,067	3,629
Total accumulated other comprehensive income		267,094	942,716
Total net assets		1,928,380	2,711,666
Total liabilities and net assets		71,664,781	69,684,021

(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, 2019	Nine months ended December 31, 2020
	Amount	Amount
ORDINARY INCOME	5,461,552	5,127,335
Insurance premiums and others	2,525,729	2,052,722
Investment income	867,407	801,256
[Interest and dividend income]	[793,457]	[753,069]
[Gains on money held in trust]	[44,368]	[27,615]
[Gains on sales of securities]	[29,067]	[16,925]
Other ordinary income	2,068,415	2,273,357
[Reversal of reserve for outstanding claims]	[90,388]	[58,385]
[Reversal of policy reserves]	[1,976,329]	[2,187,897]
ORDINARY EXPENSES	5,227,575	4,866,443
Insurance claims and others	4,681,110	4,435,363
[Insurance claims]	[3,703,770]	[3,530,210]
[Annuity payments]	[298,275]	[273,850]
[Benefits]	[82,861]	[91,813]
[Surrender benefits]	[447,853]	[356,948]
Provision for policy reserves and others	6	6
Provision for interest on policyholder dividends	6	6
Investment expenses	91,361	53,112
[Interest expenses]	[1,533]	[1,504]
[Losses on sales of securities]	[20,126]	[24,196]
[Losses on derivative financial instruments]	[59,890]	[16,613]
Operating expenses	368,834	302,586
Other ordinary expenses	86,263	75,373
ORDINARY PROFIT	233,976	260,892
EXTRAORDINARY GAINS	10,228	-
Gains on sales of fixed assets	393	-
Reversal of reserve for price fluctuations	9,835	-
EXTRAORDINARY LOSSES	266	5,456
Losses on sales and disposal of fixed assets	266	67
Provision for reserve for price fluctuations	-	5,389
Provision for reserve for policyholder dividends	81,314	68,523
Income before income taxes	162,624	186,912
Income taxes - Current	110,702	57,653
Income taxes - Deferred	(63,087)	242
Total income taxes	47,615	57,896
Net income	115,008	129,015
Net income attributable to non-controlling interests	-	-
Net income attributable to Japan Post Insurance	115,008	129,015

(Unaudited Consolidated Statements of Comprehensive Income)

(Millions of yen)

Term Items	Nine months ended December 31, 2019	Nine months ended December 31, 2020
	Amount	Amount
Net income	115,008	129,015
Other comprehensive income (loss)	280,860	675,622
Net unrealized gains (losses) on available-for-sale securities	281,194	675,071
Net deferred gains (losses) on hedges	(16)	(10)
Adjustments for retirement benefits	(317)	561
Total comprehensive income (loss)	395,868	804,638
Comprehensive income (loss) attributable to Japan Post Insurance	395,868	804,638
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, 2020

(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 ¥4,394,009 million were included in “Securities” in the consolidated balance sheet as of December 31, 2020.

2. Changes in reserve for policyholder dividends for the nine months ended December 31, 2020 were as follows:

Balance at the beginning of the fiscal year	¥1,437,535 million
Policyholder dividends paid during the nine months ended December 31, 2020	¥120,611 million
Interest accrual	¥6 million
Reduction due to the acquisition of additional annuity	¥250 million
Provision for reserve for policyholder dividends	¥68,523 million
Balance at the end of the nine months ended December 31, 2020	¥1,385,203 million

3. Information on dividends was as follows:

(1) Dividends paid

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, 2020	Common stock	21,378	38.00	March 31, 2020	June 16, 2020	Retained earnings

(*) Total amount of dividends includes ¥6 million of dividends paid to shares of the Company held in the Board Benefit Trust (BBT).

(2) Dividends whose effective date falls after the end of the nine months ended December 31, 2020

Not applicable.

4. Efforts to regain customers' trust

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. The Company 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. Additionally, the Company has been confirming with all customers with insurance policies whether their insurance policies are in line with their intentions, and compensating customers who have suffered disadvantages.

In the nine months ended December 31, 2020, the Company recorded the refund of premiums and payment of insurance claims to compensate for the disadvantages suffered by customers as part of insurance claims and others, and the corresponding adjustment to policy reserves as part of reversal of policy reserves, while recording a reduction of the net amount totaling ¥19,972 million from reserve for insurance claims and others at the end of the previous fiscal year, and a reversal of ¥5,091 million, a decrease as a result of reflecting the status of progress in the investigation of insurance policies in accounting estimates. Consequently, reserve for insurance claims and others stood at ¥4,658 million as of December 31, 2020. The amounts of the aforementioned reduction and reversal of reserve for insurance claims and others are included in other ordinary income in the consolidated statement of income for the nine months ended December 31, 2020.

5. Notes on subsequent events are as follows:

The Company adopted a resolution, at the Board of Directors' meeting held on January 6, 2021, on the issuance of subordinated unsecured bonds for domestic public offering, and completed payments on January 28, 2021. Summary of the issuance of subordinated unsecured bonds for domestic public offering is as follows:

1. Name of bond	Second series of subordinated unsecured bonds with interest deferral option and early redemption option
2. Principal amount	¥200 billion
3. Denomination	¥100 million
4. Maturity date	January 28, 2051 The Company may, at its discretion, redeem the bonds (i) on January 28, 2031 and every date which falls five, or a multiple of five, years thereafter or (ii) upon the occurrence and continuation of a regulatory event, a tax deductibility event or a rating agency event on and after the payment date, subject to the prior approval of the regulatory authority.
5. Interest rate	(1) From the day immediately following January 28, 2021 until January 28, 2031: 1.050% (2) From the day immediately following January 28, 2031: 5-year JGB plus 2.010% (reset every 5 years)
6. Interest payment dates	January 28 and July 28 of each year
7. Issue price	¥100 per principal amount of ¥100 of each bond
8. Redemption price	¥100 per principal amount of ¥100 of each bond
9. Payment date	January 28, 2021
10. Collateral and guarantees	No collateral or guarantee will be provided.
11. Subordination	As to the payment of debt in the liquidation proceedings of the issuer, the bonds shall be subordinated to general indebtedness, be treated substantially pari passu with the pari passu subordinated debt and the most preferred stock of the issuer (if the issuer issues any in the future), and be senior to its common stock.
12. Use of funds	For general working capital

(Notes to the Unaudited Consolidated Statement of Income)

1. Net income per share for the nine months ended December 31, 2020 was ¥229.39.
2. Depreciation and amortization for the nine months ended December 31, 2020 was ¥44,793 million.

(5) Consolidated Solvency Margin Ratio

(Millions of yen)

As of	March 31, 2020	December 31, 2020
Total amount of solvency margin (A)	5,161,600	6,068,976
Capital stock, etc.	1,639,908	1,755,545
Reserve for price fluctuations	858,339	863,729
Contingency reserve	1,797,366	1,805,035
Catastrophe loss reserve	-	-
General reserve for possible loan losses	37	38
(Net unrealized gains (losses) on available-for-sale securities (before taxes) • Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)	328,782	1,169,990
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	19	2,203
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)	4,261	5,041
Excess of continued Zillmerized reserve	442,807	382,814
Capital raised through debt financing	100,000	100,000
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin	-	-
Deductions	(9,923)	(15,861)
Other	-	439
Total amount of risk	963,888	1,049,321
$\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ (B)		
Insurance risk R ₁	137,197	132,515
General insurance risk R ₅	-	-
Catastrophe risk R ₆	-	-
Underwriting risk of third-sector insurance R ₈	54,172	50,579
Small amount and short-term insurance risk R ₉	-	-
Anticipated yield risk R ₂	136,652	132,200
Minimum guarantee risk R ₇	-	-
Investment risk R ₃	785,317	876,800
Business management risk R ₄	22,266	23,841
Solvency margin ratio		
$\frac{(A)}{(1/2) \times (B)} \times 100$	1,070.9 %	1,156.7 %

Note: These figures are calculated based on the provisions set forth in the Public Notice No. 23 issued by the Financial Services Agency in 2011, and Articles 86-2 and 88 of the Ordinance for Enforcement of the Insurance Business Act. 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.