

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 11, 2021
JAPAN POST INSURANCE Co., Ltd.

**Announcement of Financial Results for
the Three Months Ended June 30, 2021**

JAPAN POST INSURANCE Co., Ltd. (the “Company”; SENDA Tetsuya, Director and President, CEO, Representative Executive Officer) hereby announces its financial results for the three months ended June 30, 2021 (April 1, 2021 to June 30, 2021).

<Table of Contents>

1. Business Highlights	1
2. Investment Performance (General Account)	3
3. Unaudited Non-Consolidated Balance Sheets	6
4. Unaudited Non-Consolidated Statements of Income	7
5. Breakdown of Ordinary Profit (Core Profit)	10
6. Solvency Margin Ratio	11
7. Separate Account for the Three Months Ended June 30, 2021	12
8. Consolidated Financial Summary	12

End

1. Business Highlights

(1) Policies in Force and New Policies

▪ Policies in Force

(Thousands of policies, billions of yen, %)

As of	March 31, 2021		June 30, 2021			
	Number of policies	Policy amount	Number of policies		Policy amount	
				% of March 31, 2021 total		% of March 31, 2021 total
Individual insurance	15,893	45,912.2	15,586	98.1	44,936.2	97.9
Individual annuities	1,009	1,563.8	959	95.0	1,478.0	94.5
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, %)

Three months ended June 30	2020				2021					
	Number of policies	Policy amount			Number of policies		Policy amount			
		New policies		Net increase by conversion		% of June 30, 2020 total	% of June 30, 2020 total	New policies	Net increase by conversion	
Individual insurance	23	76.6	76.6	-	41	171.3	140.7	183.5	140.6	0.0
Individual annuities	0	0.0	0.0	-	0	160.0	0.0	181.9	0.0	-
Group insurance	-	-	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-	-	-

Notes: 1. Number of policies includes policies after conversion.

2. 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, 2021	June 30, 2021	
			% of March 31, 2021 total
Individual insurance	2,840.0	2,770.7	97.6
Individual annuities	357.1	339.7	95.1
Total	3,197.2	3,110.4	97.3
Medical coverage, living benefits and other	364.6	357.8	98.1

▪ New Policies

(Billions of yen, %)

Three months ended June 30	2020	2021	
			% of June 30, 2020 total
Individual insurance	6.0	11.6	193.0
Individual annuities	0.0	0.0	160.3
Total	6.0	11.7	193.0
Medical coverage, living benefits and other	0.2	0.4	172.8

- 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).
3. New policies include net increase by conversion.

2. Investment Performance (General Account)

(1) Asset Composition

(Billions of yen, %)

As of	March 31, 2021		June 30, 2021	
	Amount	Ratio	Amount	Ratio
Cash, deposits, call loans	1,459.7	2.1	1,052.4	1.5
Receivables under resale agreements	-	-	1,948.8	2.8
Receivables under securities borrowing transactions	2,585.0	3.7	-	-
Monetary claims bought	276.7	0.4	206.3	0.3
Trading account securities	-	-	-	-
Money held in trust	4,189.2	6.0	4,306.9	6.3
Securities	55,274.5	78.8	54,936.8	79.8
Corporate and government bonds	48,264.4	68.8	47,872.6	69.6
Domestic stocks	404.5	0.6	407.0	0.6
Foreign securities	4,632.3	6.6	4,697.4	6.8
Foreign corporate and government bonds	4,479.8	6.4	4,552.4	6.6
Foreign stocks and other securities	152.5	0.2	144.9	0.2
Other securities	1,973.1	2.8	1,959.6	2.8
Loans	4,964.0	7.1	4,944.0	7.2
Real estate	88.7	0.1	89.2	0.1
Deferred tax assets	904.3	1.3	879.1	1.3
Other	431.6	0.6	465.4	0.7
Reserve for possible loan losses	(0.3)	(0.0)	(0.4)	(0.0)
Total	70,173.8	100.0	68,828.8	100.0
Foreign currency-denominated assets	5,397.0	7.7	5,566.2	8.1

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

(2) Fair Value Information of Securities (Other Than Trading Securities)

(Billions of yen)

As of	March 31, 2021					June 30, 2021				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)		
			Gains	Losses	Gains			Losses		
Held-to-maturity bonds	35,327.9	40,512.9	5,184.9	5,225.9	40.9	35,024.9	40,227.0	5,202.1	5,249.2	47.0
Policy-reserve-matching bonds	9,382.4	10,158.5	776.1	798.4	22.3	9,416.8	10,189.5	772.7	798.4	25.7
Equities of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	13,445.1	14,865.0	1,419.8	1,521.5	101.6	13,193.0	14,743.8	1,550.7	1,626.5	75.7
Corporate and government bonds	3,519.1	3,554.0	34.8	42.3	7.4	3,384.4	3,430.8	46.3	50.4	4.0
Domestic stocks	1,754.3	2,514.2	759.9	790.2	30.2	1,769.3	2,516.6	747.3	792.9	45.6
Foreign securities	4,835.9	5,398.1	562.1	578.6	16.5	4,892.9	5,511.8	618.9	626.7	7.7
Foreign corporate and government bonds	4,147.5	4,479.8	332.2	348.6	16.3	4,200.0	4,552.4	352.4	359.5	7.1
Foreign stocks and other securities	688.3	918.2	229.8	230.0	0.1	692.8	959.3	266.5	267.1	0.6
Other securities	2,580.5	2,641.8	61.2	108.5	47.3	2,516.5	2,653.1	136.5	154.8	18.3
Monetary claims bought	275.1	276.7	1.5	1.5	-	204.7	206.3	1.5	1.5	-
Negotiable certificates of deposit	480.0	480.0	-	-	-	425.0	425.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	58,155.5	65,536.5	7,380.9	7,545.9	164.9	57,634.8	65,160.5	7,525.6	7,674.2	148.5
Corporate and government bonds	48,229.5	54,225.5	5,995.9	6,066.8	70.8	47,826.2	53,847.5	6,021.2	6,098.1	76.9
Domestic stocks	1,754.3	2,514.2	759.9	790.2	30.2	1,769.3	2,516.6	747.3	792.9	45.6
Foreign securities	4,835.9	5,398.1	562.1	578.6	16.5	4,892.9	5,511.8	618.9	626.7	7.7
Foreign corporate and government bonds	4,147.5	4,479.8	332.2	348.6	16.3	4,200.0	4,552.4	352.4	359.5	7.1
Foreign stocks and other securities	688.3	918.2	229.8	230.0	0.1	692.8	959.3	266.5	267.1	0.6
Other securities	2,580.5	2,641.8	61.2	108.5	47.3	2,516.5	2,653.1	136.5	154.8	18.3
Monetary claims bought	275.1	276.7	1.5	1.5	-	204.7	206.3	1.5	1.5	-
Negotiable certificates of deposit	480.0	480.0	-	-	-	425.0	425.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-

Notes: 1. This table includes money held in trust other than trading securities and its book value is ¥2,647.0 billion with net unrealized gains of ¥920.1 billion as of March 31, 2021 and ¥2,665.2 billion with net unrealized gains of ¥977.4 billion as of June 30, 2021.

2. Stocks, etc. with no market price and investments in partnerships, etc. are not included in this table.

The book values of stocks, etc. with no market price and investments in partnerships, etc. are as follows:

(Billions of yen)

As of	March 31, 2021	June 30, 2021
Equities of subsidiaries and affiliates	18.8	21.0
Available-for-sale securities	445.1	488.0
Domestic stocks	4.2	4.2
Foreign stocks	-	-
Other	440.9	483.8
Total	464.0	509.1

Notes: 1. This table includes money held in trust other than trading securities (¥440.9 billion as of March 31, 2021 and ¥483.8 billion as of June 30, 2021).

2. Net unrealized gains (losses) based on foreign exchange valuation of the foreign currency-denominated assets classified as stocks, etc. with no market price and investments in partnerships, etc. are ¥6.7 billion as of March 31, 2021 and ¥7.4 billion as of June 30, 2021.

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, 2021					June 30, 2021				
	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	3,696.9	3,696.9	-	-	-	3,773.4	3,773.4	-	-	-

- 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, 2021					June 30, 2021				
	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	2,776.7	3,696.9	920.1	970.0	49.8	2,795.9	3,773.4	977.4	1,027.7	50.3

Note: Other money held in trust, which is not subject to fair value disclosure, is ¥492.3 billion as of March 31, 2021 and ¥533.4 billion as of June 30, 2021.

3. Unaudited Non-Consolidated Balance Sheets

(Millions of yen)

Items	Term	As of March 31, 2021	As of June 30, 2021
		Amount	Amount
ASSETS:			
Cash and deposits		1,329,749	857,405
Call loans		130,000	195,000
Receivables under resale agreements		-	1,948,849
Receivables under securities borrowing transactions		2,585,087	-
Monetary claims bought		276,772	206,367
Money held in trust		4,189,294	4,306,902
Securities		55,274,594	54,936,881
[Japanese government bonds]		[37,345,671]	[37,274,666]
[Japanese local government bonds]		[5,593,508]	[5,325,557]
[Japanese corporate bonds]		[5,325,276]	[5,272,407]
[Stocks]		[404,577]	[407,074]
[Foreign securities]		[4,632,376]	[4,697,485]
Loans		4,964,087	4,944,091
Policy loans		161,419	147,528
Industrial and commercial loans		996,127	1,005,430
Loans to the Management Network		3,806,540	3,791,131
Tangible fixed assets		104,977	104,478
Intangible fixed assets		118,748	107,860
Agency accounts receivable		53,250	35,856
Reinsurance receivables		3,938	3,830
Other assets		239,407	302,623
Deferred tax assets		904,333	879,117
Reserve for possible loan losses		(384)	(443)
Total assets		70,173,857	68,828,822
LIABILITIES:			
Policy reserves and others		61,159,597	60,394,156
Reserve for outstanding claims		419,021	415,555
Policy reserves		59,397,720	58,661,561
Reserve for policyholder dividends		1,342,855	1,317,039
Reinsurance payables		6,394	6,294
Bonds payable		300,000	300,000
Other liabilities		4,891,788	4,557,605
Payables under repurchase agreements		-	2,329,736
Payables under securities lending transactions		4,587,469	2,028,940
Income taxes payable		42,915	19,506
Lease obligations		1,950	1,796
Asset retirement obligation		5	5
Other liabilities		259,448	177,619
Reserve for insurance claims and others		2,851	3,143
Reserve for employees' retirement benefits		69,659	70,595
Reserve for management board benefit trust		110	158
Reserve for price fluctuations		904,816	923,740
Total liabilities		67,335,219	66,255,693
NET ASSETS:			
Capital stock		500,000	500,000
Capital surplus		405,044	405,044
Legal capital surplus		405,044	405,044
Retained earnings		902,034	900,168
Legal retained earnings		64,761	73,312
Other retained earnings		837,272	826,856
Reserve for reduction entry of real estate		5,286	5,221
Retained earnings brought forward		831,986	821,634
Treasury stock		(397)	(359,268)
Total shareholders' equity		1,806,680	1,445,944
Net unrealized gains (losses) on available-for-sale securities		1,031,384	1,126,653
Net deferred gains (losses) on hedges		573	530
Total valuation and translation adjustments		1,031,957	1,127,183
Total net assets		2,838,638	2,573,128
Total liabilities and net assets		70,173,857	68,828,822

4. Unaudited Non-Consolidated Statements of Income

(Millions of yen)

Items	Term	Three months ended June 30, 2020	Three months ended June 30, 2021
		Amount	Amount
ORDINARY INCOME		1,696,408	1,665,101
Insurance premiums and others		712,835	644,021
[Insurance premiums]		[709,010]	[640,179]
Investment income		260,729	280,978
[Interest and dividend income]		[254,662]	[252,435]
[Gains on money held in trust]		[-]	[25,912]
[Gains on sales of securities]		[5,786]	[2,325]
Other ordinary income		722,843	740,102
[Reversal of reserve for outstanding claims]		[7,397]	[3,465]
[Reversal of policy reserves]		[701,221]	[736,158]
ORDINARY EXPENSES		1,626,818	1,573,434
Insurance claims and others		1,461,956	1,437,805
[Insurance claims]		[1,168,701]	[1,165,498]
[Annuity payments]		[94,728]	[84,194]
[Benefits]		[27,520]	[31,452]
[Surrender benefits]		[117,433]	[118,729]
[Other refunds]		[47,780]	[32,329]
Provision for policy reserves and others		2	2
Provision for interest on policyholder dividends		2	2
Investment expenses		38,310	13,820
[Interest expenses]		[609]	[696]
[Losses on money held in trust]		[15,071]	[-]
[Losses on sales of securities]		[8,966]	[7,863]
[Losses on derivative financial instruments]		[10,089]	[2,392]
Operating expenses		100,279	94,290
Other ordinary expenses		26,270	27,515
ORDINARY PROFIT		69,590	91,667
EXTRAORDINARY GAINS		22,397	-
Reversal of reserve for price fluctuations		22,397	-
EXTRAORDINARY LOSSES		16	18,925
Losses on sales and disposal of fixed assets		16	2
Provision for reserve for price fluctuations		-	18,923
Provision for reserve for policyholder dividends		20,400	15,404
Income before income taxes		71,570	57,337
Income taxes - Current		19,008	28,486
Income taxes - Deferred		6,088	(12,040)
Total income taxes		25,096	16,445
Net income		46,473	40,891

NOTES TO THE UNAUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE THREE MONTHS ENDED JUNE 30, 2021

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

1. Changes in Accounting Policies

The Company has applied the “Accounting Standard for Fair Value Measurement” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 30, July 4, 2019; hereinafter referred to as “Fair Value Measurement Accounting Standard”), etc. from the beginning of the first quarter of the fiscal year ending March 31, 2022. In accordance with the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019; hereinafter referred to as “Financial Instruments Accounting Standard”), the Company decided to apply a new accounting policy prescribed in the Fair Value Measurement Accounting Standard, etc. into the future. Accordingly, while the fair value method based on the average market price over the month preceding the quarterly non-consolidated balance sheet date was previously adopted for stocks with market price included in available-for-sale securities, from the first quarter of the fiscal year ending March 31, 2022, the fair value method based on the market price as of the quarterly non-consolidated balance sheet date is adopted.

2. 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 (all insurance policies)
- 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 remaining period of insurance contracts comprising the sub-group Postal Life Insurance Contracts used to be within 30 years, but has been eliminated from the beginning of the first quarter of the fiscal year ending March 31, 2022, as the issuance of 30- and 40-year Japanese government bonds has stably expanded to facilitate possession of super long-term bonds and duration gap adjustment of longer-term insurance contracts. This change has no impact on profit or loss.

3. Securities lent under lending agreements in the amount of ¥2,791,895 million were included in “Securities” in the balance sheet as of June 30, 2021.

4. Changes in reserve for policyholder dividends for the three months ended June 30, 2021 were as follows:

Balance at the beginning of the fiscal year	¥1,342,855 million
Policyholder dividends paid during the three months ended June 30, 2021	¥41,150 million
Interest accrual	¥2 million
Reduction due to the acquisition of additional annuity	¥72 million
Provision for reserve for policyholder dividends	¥15,404 million
Balance at the end of the three months ended June 30, 2021	¥1,317,039 million

5. Information on dividends were 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 14, 2021	Common stock	42,756	76.00	March 31, 2021	June 17, 2021	Retained earnings

(*) Total amount of dividends includes ¥11 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 three months ended June 30, 2021
Not applicable.

6. The Company acquired 162,906 thousand shares of its treasury stock (acquisition amount: ¥358,882 million) based on the resolution at the Board of Directors meeting held on May 14, 2021. As a result of this acquisition of treasury stock and others, treasury stock increased by ¥358,870 million in the three months ended June 30, 2021, and stood at ¥359,268 million as of June 30, 2021.

7. Notes on the subsequent events are as follows:

(Cancellation of treasury stock)

The Company resolved to cancel its treasury stock in accordance with Article 178 of the Companies Act at the Board of Directors meeting held on July 28, 2021.

(1) Class of shares to be cancelled: Common stock of the Company

(2) Number of shares to be cancelled: 162,906,300 shares

(29.0% of the total number of shares issued before the cancellation)

(3) Scheduled date of the cancellation: August 20, 2021

(Reference)

Total number of shares issued (after the cancellation): 399,693,700 shares

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

Net income per share for the three months ended June 30, 2021 was ¥84.09.

5. Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

Three months ended June 30		2020	2021
Core profit	A	110,455	102,523
Capital gains		5,786	28,289
Gains on money held in trust		-	25,912
Gains on trading securities		-	-
Gains on sales of securities		5,786	2,325
Gains on derivative financial instruments		-	-
Gains on foreign exchanges		-	51
Other capital gains		-	-
Capital losses		44,032	25,357
Losses on money held in trust		15,071	-
Losses on trading securities		-	-
Losses on sales of securities		8,966	7,863
Losses on valuation of securities		-	-
Losses on derivative financial instruments		10,089	2,392
Losses on foreign exchanges		259	-
Other capital losses		9,645	15,101
Net capital gains (losses)	B	(38,246)	2,932
Core profit including net capital gains (losses)	A+B	72,209	105,456
Other one-time gains		-	-
Reinsurance income		-	-
Reversal of contingency reserve		-	-
Reversal of specific reserve for possible loan losses		-	-
Other		-	-
Other one-time losses		2,619	13,788
Reinsurance premiums		-	-
Provision for contingency reserve		2,619	13,788
Provision for specific reserve for possible loan losses		-	-
Provision for reserve for specific foreign loans		-	-
Write-off of loans		-	-
Other		-	-
Other one-time profits (losses)	C	(2,619)	(13,788)
Ordinary profit	A+B+C	69,590	91,667

Note: The amount equivalent to income gains associated with money held in trust (¥9,645 million for the three months ended June 30, 2020 and ¥15,101 million for the three months ended June 30, 2021) is recognized as "other capital losses" and included in core profit.

6. Solvency Margin Ratio

(Millions of yen)

As of		March 31, 2021	June 30, 2021
Total amount of solvency margin	(A)	6,229,928	6,045,917
Capital stock, etc.		1,763,923	1,444,983
Reserve for price fluctuations		904,816	923,740
Contingency reserve		1,611,343	1,625,132
General reserve for possible loan losses		36	38
(Net unrealized gains (losses) on available-for-sale securities (before taxes) • Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)		1,283,545	1,402,832
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		2,203	2,203
Excess of continued Zillmerized reserve		364,059	346,759
Capital raised through debt financing		300,000	300,000
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin		-	-
Deductions		-	-
Other		-	227
Total amount of risk	(B)	1,114,326	1,107,160
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$			
Insurance risk	R ₁	130,961	129,454
Underwriting risk of third-sector insurance	R ₈	49,371	48,066
Anticipated yield risk	R ₂	131,404	129,817
Minimum guarantee risk	R ₇	-	-
Investment risk	R ₃	942,799	937,781
Business management risk	R ₄	25,090	24,902
Solvency margin ratio			
$\frac{(A)}{(1/2) \times (B)} \times 100$		1,118.1 %	1,092.1 %

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 Three Months Ended June 30, 2021

Not applicable.

8. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(Millions of yen)

Three months ended June 30	2020	2021
Ordinary income	1,696,390	1,665,111
Ordinary profit	69,956	92,077
Net income attributable to Japan Post Insurance	46,729	41,215
Comprehensive income (loss)	446,822	136,315

As of	March 31, 2021	June 30, 2021
Total assets	70,172,982	68,829,525
Consolidated solvency margin ratio	1,121.2 %	1,095.4 %

(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, 2021	As of June 30, 2021
		Amount	Amount
ASSETS:			
Cash and deposits		1,335,014	863,296
Call loans		130,000	195,000
Receivables under resale agreements		-	1,948,849
Receivables under securities borrowing transactions		2,585,087	-
Monetary claims bought		276,772	206,367
Money held in trust		4,189,294	4,306,902
Securities		55,273,610	54,935,897
Loans		4,964,087	4,944,091
Tangible fixed assets		105,399	104,876
Intangible fixed assets		113,420	103,558
Agency accounts receivable		53,250	35,856
Reinsurance receivables		3,938	3,830
Other assets		239,354	302,557
Deferred tax assets		904,135	878,883
Reserve for possible loan losses		(384)	(443)
Total assets		70,172,982	68,829,525
LIABILITIES:			
Policy reserves and others		61,159,597	60,394,156
Reserve for outstanding claims		419,021	415,555
Policy reserves		59,397,720	58,661,561
Reserve for policyholder dividends		1,342,855	1,317,039
Reinsurance payables		6,394	6,294
Bonds payable		300,000	300,000
Payables under securities lending transactions		4,587,469	2,028,940
Other liabilities		303,851	2,529,362
Reserve for insurance claims and others		2,851	3,143
Liability for retirement benefits		66,414	67,564
Reserve for management board benefit trust		110	158
Reserve for price fluctuations		904,816	923,740
Total liabilities		67,331,506	66,253,361
NET ASSETS:			
Capital stock		500,000	500,000
Capital surplus		405,044	405,044
Retained earnings		901,390	899,848
Treasury stock		(397)	(359,268)
Total shareholders' equity		1,806,036	1,445,624
Net unrealized gains (losses) on available-for-sale securities		1,031,384	1,126,653
Net deferred gains (losses) on hedges		573	530
Accumulated adjustments for retirement benefits		3,480	3,355
Total accumulated other comprehensive income		1,035,438	1,130,539
Total net assets		2,841,475	2,576,163
Total liabilities and net assets		70,172,982	68,829,525

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

(Unaudited Consolidated Statements of Income)

(Millions of yen)

Term Items	Three months ended June 30, 2020	Three months ended June 30, 2021
	Amount	Amount
ORDINARY INCOME	1,696,390	1,665,111
Insurance premiums and others	712,835	644,021
Investment income	260,729	280,978
[Interest and dividend income]	[254,662]	[252,435]
[Gains on money held in trust]	[-]	[25,912]
[Gains on sales of securities]	[5,786]	[2,325]
Other ordinary income	722,825	740,111
[Reversal of reserve for outstanding claims]	[7,397]	[3,465]
[Reversal of policy reserves]	[701,221]	[736,158]
ORDINARY EXPENSES	1,626,434	1,573,034
Insurance claims and others	1,461,956	1,437,805
[Insurance claims]	[1,168,701]	[1,165,498]
[Annuity payments]	[94,728]	[84,194]
[Benefits]	[27,520]	[31,452]
[Surrender benefits]	[117,433]	[118,729]
Provision for policy reserves and others	2	2
Provision for interest on policyholder dividends	2	2
Investment expenses	38,310	13,820
[Interest expenses]	[609]	[696]
[Losses on money held in trust]	[15,071]	[-]
[Losses on sales of securities]	[8,966]	[7,863]
[Losses on derivative financial instruments]	[10,089]	[2,392]
Operating expenses	100,313	94,314
Other ordinary expenses	25,850	27,090
ORDINARY PROFIT	69,956	92,077
EXTRAORDINARY GAINS	22,397	-
Reversal of reserve for price fluctuations	22,397	-
EXTRAORDINARY LOSSES	16	18,925
Losses on sales and disposal of fixed assets	16	2
Provision for reserve for price fluctuations	-	18,923
Provision for reserve for policyholder dividends	20,400	15,404
Income before income taxes	71,937	57,746
Income taxes - Current	19,008	28,486
Income taxes - Deferred	6,199	(11,955)
Total income taxes	25,207	16,531
Net income	46,729	41,215
Net income attributable to non-controlling interests	-	-
Net income attributable to Japan Post Insurance	46,729	41,215

(Unaudited Consolidated Statements of Comprehensive Income)

(Millions of yen)

Term Items	Three months ended June 30, 2020	Three months ended June 30, 2021
	Amount	Amount
Net income	46,729	41,215
Other comprehensive income (loss)	400,093	95,100
Net unrealized gains (losses) on available-for-sale securities	400,207	95,268
Net deferred gains (losses) on hedges	(4)	(42)
Adjustments for retirement benefits	(109)	(125)
Total comprehensive income (loss)	446,822	136,315
Comprehensive income (loss) attributable to Japan Post Insurance	446,822	136,315
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, 2021

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

1. Changes in Accounting Policies

The Company has applied the Fair Value Measurement Accounting Standard, etc. from the beginning of the first quarter of the fiscal year ending March 31, 2022. In accordance with the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Financial Instruments Accounting Standard, the Company decided to apply a new accounting policy prescribed in the Fair Value Measurement Accounting Standard, etc. into the future. Accordingly, while the fair value method based on the average market price over the month preceding the quarterly consolidated balance sheet date was previously adopted for stocks with market price included in available-for-sale securities, from the first quarter of the fiscal year ending March 31, 2022, the fair value method based on the market price as of the quarterly consolidated balance sheet date is adopted.

2. 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 (all insurance policies)

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 remaining period of insurance contracts comprising the sub-group Postal Life Insurance Contracts used to be within 30 years, but has been eliminated from the beginning of the first quarter of the fiscal year ending March 31, 2022, as the issuance of 30- and 40-year Japanese government bonds has stably expanded to facilitate possession of super long-term bonds and duration gap adjustment of longer-term insurance contracts. This change has no impact on profit or loss.

3. Securities lent under lending agreements in the amount of ¥2,791,895 million were included in “Securities” in the consolidated balance sheet as of June 30, 2021.

4. Changes in reserve for policyholder dividends for the three months ended June 30, 2021 were as follows:

Balance at the beginning of the fiscal year	¥1,342,855 million
Policyholder dividends paid during the three months ended June 30, 2021	¥41,150 million
Interest accrual	¥2 million
Reduction due to the acquisition of additional annuity	¥72 million
Provision for reserve for policyholder dividends	¥15,404 million
<hr/> Balance at the end of the three months ended June 30, 2021	<hr/> ¥1,317,039 million

5. Information on dividends were 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 14, 2021	Common stock	42,756	76.00	March 31, 2021	June 17, 2021	Retained earnings

(*) Total amount of dividends includes ¥11 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 three months ended June 30, 2021
Not applicable.

6. The Company acquired 162,906 thousand shares of its treasury stock (acquisition amount: ¥358,882 million) based on the resolution at the Board of Directors meeting held on May 14, 2021. As a result of this acquisition of treasury stock and others, treasury stock increased by ¥358,870 million in the three months ended June 30, 2021, and stood at ¥359,268 million as of June 30, 2021.

7. Notes on the subsequent events are as follows:

(Cancellation of treasury stock)

The Company resolved to cancel its treasury stock in accordance with Article 178 of the Companies Act at the Board of Directors meeting held on July 28, 2021.

(1) Class of shares to be cancelled: Common stock of the Company

(2) Number of shares to be cancelled: 162,906,300 shares

(29.0% of the total number of shares issued before the cancellation)

(3) Scheduled date of the cancellation: August 20, 2021

(Reference)

Total number of shares issued (after the cancellation): 399,693,700 shares

(Notes to the Unaudited Consolidated Statement of Income)

1. Net income per share for the three months ended June 30, 2021 was ¥84.75.

2. Depreciation and amortization for the three months ended June 30, 2021 was ¥15,013 million.

(5) Consolidated Solvency Margin Ratio

(Millions of yen)

As of	March 31, 2021	June 30, 2021
Total amount of solvency margin (A)	6,216,257	6,030,167
Capital stock, etc.	1,763,280	1,444,663
Reserve for price fluctuations	904,816	923,740
Contingency reserve	1,611,343	1,625,132
Catastrophe loss reserve	-	-
General reserve for possible loan losses	36	38
(Net unrealized gains (losses) on available-for-sale securities (before taxes) • Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)	1,283,545	1,402,832
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	2,203	2,203
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)	4,835	4,661
Excess of continued Zillmerized reserve	364,059	346,759
Capital raised through debt financing	300,000	300,000
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin	-	-
Deductions	(17,862)	(20,090)
Other	-	227
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)	1,108,789	1,100,956
Insurance risk R ₁	130,961	129,454
General insurance risk R ₅	-	-
Catastrophe risk R ₆	-	-
Underwriting risk of third-sector insurance R ₈	49,371	48,066
Small amount and short-term insurance risk R ₉	-	-
Anticipated yield risk R ₂	131,404	129,817
Minimum guarantee risk R ₇	-	-
Investment risk R ₃	937,296	931,616
Business management risk R ₄	24,980	24,779
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,121.2 %	1,095.4 %

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.