

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.

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 [Under Japanese GAAP]



November 13, 2020

Company Name: JAPAN POST INSURANCE Co., Ltd. Stock exchange listing: Tokyo Stock Exchange
Code Number: 7181 URL: <https://www.jp-life.japanpost.jp/>
Representative: SENDA Tetsuya, Director and President, CEO, Representative Executive Officer
Scheduled date of filing quarterly securities report: November 25, 2020
Scheduled date of commencing dividend payments: —
Availability of supplementary briefing materials on quarterly financial results: Available
Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2020 (April 1, 2020 to September 30, 2020)

(1) Consolidated Results of Operations (% indicates changes from the previous corresponding period.)

	Ordinary income		Ordinary profit		Net income attributable to Japan Post Insurance	
	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2020	3,385,358	(7.5)	162,723	15.0	93,673	22.8
Six months ended September 30, 2019	3,661,332	(6.1)	141,504	(12.4)	76,312	11.0

(Note) Comprehensive Income (Loss) Six months ended September 30, 2020 ¥580,770 million [134.1%]
Six months ended September 30, 2019 ¥248,136 million [245.5%]

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2020	166.55	-
Six months ended September 30, 2019	135.15	-

(Note) Diluted net income per share is not presented as potential common stock did not exist.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2020	70,397,285	2,487,798	3.5
As of March 31, 2020	71,664,781	1,928,380	2.7

Net assets attributable to the Company's shareholders as of September 30, 2020 and March 31, 2020 were ¥2,487,798 million and ¥1,928,380 million, respectively.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Annual
Fiscal year ended March 31, 2020	Yen -	Yen 38.00	Yen -	Yen 38.00	Yen 76.00
Fiscal year ending March 31, 2021	-	0.00			
Fiscal year ending March 31, 2021 (Forecast)			-	76.00	76.00

(Note) Revisions to the most recently announced dividend forecast: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% indicates changes from the previous corresponding period.)

	Ordinary income		Ordinary profit		Net income attributable to Japan Post Insurance		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	6,850,000	(5.0)	200,000	(30.2)	124,000	(17.7)	220.47

(Note) Revisions to the most recently announced financial results forecast: No

*** Notes:**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying change in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (3) Total number of shares issued (common stock)
- 1) Total number of shares issued at the end of the period:
 - September 30, 2020: 562,600,000 shares
 - March 31, 2020: 562,600,000 shares
 - 2) Total number of treasury stock at the end of the period:
 - September 30, 2020: 167,300 shares
 - March 31, 2020: 178,000 shares
 - 3) Average number of shares during the period:
 - Six months ended September 30, 2020: 562,426,128 shares
 - Six months ended September 30, 2019: 564,646,908 shares

(Note) Total number of treasury stock at the end of the period includes shares of the Company held in the Board Benefit Trust (BBT), namely 156,200 shares as of September 30, 2020, and 166,900 shares as of March 31, 2020.

The average number of treasury stock held in the BBT (162,771 shares for the six months ended September 30, 2020 and 178,524 shares for the six months ended September 30, 2019) was deducted from the calculation of the average number of shares during the six months ended September 30, 2020 and 2019.

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Six Months Ended September 30, 2020 (April 1, 2020 to September 30, 2020)

(1) Non-Consolidated Results of Operations (% indicates changes from the previous corresponding period.)

	Ordinary income		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2020	3,385,347	(7.5)	162,203	14.3	93,362	21.5
Six months ended September 30, 2019	3,661,331	(6.1)	141,945	(12.1)	76,865	11.7

	Net income per share
	Yen
Six months ended September 30, 2020	166.00
Six months ended September 30, 2019	136.13

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2020	70,398,249	2,484,893	3.5
As of March 31, 2020	71,667,398	1,926,474	2.7

Net assets attributable to the Company's shareholders as of September 30, 2020 and March 31, 2020 were ¥2,484,893 million and ¥1,926,474 million, respectively.

* The summary of interim consolidated financial results is outside the scope of the interim audit by certified public accountants or audit corporations.

* Explanation on the appropriate use of financial results forecasts, and other notes
(Cautionary note concerning forward-looking statements)

The financial results forecasts and other forward-looking statements herein are based on certain assumptions deemed reasonable by the Company at the time of this document's disclosure. Please note that actual results may differ from the forecast figures due to various factors including changes in the operating environment.

The Company used economic assumptions as of March 31, 2020 in formulating the Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021, which the Company announced on May 15, 2020. As the Company made a reasonable estimate of impairment of stocks based on these economic assumptions, and as payment of insurance claims and others was lower than expected, both ordinary profit and net income attributable to Japan Post Insurance have progressed at a higher rate compared to the forecast.

However, due to the uncertainty of the impact of the novel coronavirus disease (COVID-19), there is a continued possibility that the stock price will decline, and payment of insurance claims and others will increase. Considering the impact on ordinary profit and net income attributable to Japan Post Insurance in such a case, the Company has currently made no revisions to the Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021. Going forward, the Company will promptly make announcements when revisions to the Financial Results Forecast become necessary.

(Supplementary briefing materials on financial results)

The Company has prepared supplementary briefing materials, etc. in relation to financial information, which can be viewed on the Company's website.

Table of Contents of Appendix

1. Unaudited Consolidated Financial Statements and Principal Notes.....	2
(1) Consolidated Balance Sheets	2
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	3
(3) Consolidated Statements of Changes in Net Assets	5
(4) Notes to the Consolidated Financial Statements	7
(Notes on Going-Concern Assumption)	7
(Additional Information)	7

1. Unaudited Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
ASSETS:		
Cash and deposits	1,410,298	1,342,837
Call loans	380,000	140,000
Receivables under securities borrowing transactions	3,191,710	2,480,555
Monetary claims bought	318,581	397,738
Money held in trust	3,056,072	3,528,379
Securities	55,870,557	55,660,006
Loans	5,662,748	5,345,694
Tangible fixed assets	110,219	107,166
Intangible fixed assets	135,010	123,435
Agency accounts receivable	45,587	46,408
Reinsurance receivables	4,057	3,701
Other assets	306,596	247,105
Deferred tax assets	1,173,789	974,678
Reserve for possible loan losses	(448)	(422)
Total assets	71,664,781	70,397,285
LIABILITIES:		
Policy reserves and others	64,191,926	62,735,274
Reserve for outstanding claims	461,224	426,713
Policy reserves	62,293,166	60,903,482
Reserve for policyholder dividends	1,437,535	1,405,078
Reinsurance payables	6,595	6,437
Bonds payable	100,000	100,000
Payables under securities lending transactions	4,290,140	3,989,189
Other liabilities	193,449	173,671
Reserve for insurance claims and others	29,722	7,817
Liability for retirement benefits	66,060	66,071
Reserve for management board benefit trust	164	125
Reserve under the special law	858,339	830,900
Reserve for price fluctuations	858,339	830,900
Total liabilities	69,736,400	67,909,487
NET ASSETS:		
Capital stock	500,000	500,000
Capital surplus	405,044	405,044
Retained earnings	756,665	828,960
Treasury stock	(422)	(397)
Total shareholders' equity	1,661,286	1,733,607
Net unrealized gains (losses) on available-for-sale securities	264,009	750,425
Net deferred gains (losses) on hedges	16	10
Accumulated adjustments for retirement benefits	3,067	3,754
Total accumulated other comprehensive income	267,094	754,191
Total net assets	1,928,380	2,487,798
Total liabilities and net assets	71,664,781	70,397,285

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

Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
ORDINARY INCOME	3,661,332	3,385,358
Insurance premiums and others	1,801,184	1,417,826
Investment income	574,092	520,301
Interest and dividend income	534,099	506,632
Gains on money held in trust	16,981	-
Gains on sales of securities	22,712	10,400
Gains on redemption of securities	247	608
Gains on foreign exchanges	-	2,628
Reversal of reserve for possible loan losses	8	-
Other investment income	42	31
Other ordinary income	1,286,056	1,447,230
Reversal of reserve for outstanding claims	75,398	34,511
Reversal of policy reserves	1,209,364	1,389,683
Other ordinary income	1,293	23,035
ORDINARY EXPENSES	3,519,828	3,222,635
Insurance claims and others	3,143,881	2,930,225
Insurance claims	2,492,681	2,332,133
Annuity payments	200,137	185,055
Benefits	50,934	54,782
Surrender benefits	300,155	232,068
Other refunds	88,040	114,628
Reinsurance premiums	11,931	11,556
Provision for policy reserves and others	4	4
Provision for interest on policyholder dividends	4	4
Investment expenses	67,090	45,679
Interest expenses	998	1,057
Losses on money held in trust	-	6,309
Losses on sales of securities	16,586	16,926
Losses on redemption of securities	2,990	5,760
Losses on derivative financial instruments	42,759	13,917
Losses on foreign exchanges	2,163	-
Provision for reserve for possible loan losses	-	1
Other investment expenses	1,591	1,706
Operating expenses	253,533	196,207
Other ordinary expenses	55,318	50,519
Ordinary profit	141,504	162,723
EXTRAORDINARY GAINS	26,031	27,439
Gains on sales of fixed assets	393	-
Reversal of reserve for price fluctuations	25,637	27,439
EXTRAORDINARY LOSSES	209	24
Losses on sales and disposal of fixed assets	209	24
Provision for reserve for policyholder dividends	54,558	47,281
Income before income taxes	112,766	142,856
Income taxes - Current	71,282	37,831
Income taxes - Deferred	(34,827)	11,351
Total income taxes	36,454	49,182
Net income	76,312	93,673
Net income attributable to non-controlling interests	-	-
Net income attributable to Japan Post Insurance	76,312	93,673

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net income	76,312	93,673
Other comprehensive income:		
Net unrealized gains (losses) on available-for-sale securities	172,034	486,416
Net deferred gains (losses) on hedges	1	(6)
Adjustments for retirement benefits	(211)	687
Total other comprehensive income (loss)	171,823	487,096
Comprehensive income (loss)	248,136	580,770
Total comprehensive income (loss) attributable to:		
Japan Post Insurance	248,136	580,770
Non-controlling interests	-	-

(3) Consolidated Statements of Changes in Net Assets

Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	500,000	500,044	675,526	(450)	1,675,120
Changes in the period					
Cash dividends			(43,200)		(43,200)
Net income attributable to Japan Post Insurance			76,312		76,312
Purchases of treasury stock				(99,999)	(99,999)
Disposals of treasury stock				35	35
Cancellation of treasury stock		(99,970)		99,970	-
Transfer from retained earnings to capital surplus		4,970	(4,970)		-
Net changes in items other than shareholders' equity in the period					
Net changes in the period	-	(95,000)	28,142	5	(66,852)
Balance at the end of the period	500,000	405,044	703,668	(445)	1,608,267

	Accumulated other comprehensive income				Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance at the beginning of the fiscal year	456,694	33	3,289	460,017	2,135,137
Changes in the period					
Cash dividends					(43,200)
Net income attributable to Japan Post Insurance					76,312
Purchases of treasury stock					(99,999)
Disposals of treasury stock					35
Cancellation of treasury stocks					-
Transfer from retained earnings to capital surplus					-
Net changes in items other than shareholders' equity in the period	172,034	1	(211)	171,823	171,823
Net changes in the period	172,034	1	(211)	171,823	104,971
Balance at the end of the period	628,728	34	3,077	631,841	2,240,109

Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	500,000	405,044	756,665	(422)	1,661,286
Changes in the period					
Cash dividends			(21,378)		(21,378)
Net income attributable to Japan Post Insurance			93,673		93,673
Disposals of treasury stock				25	25
Net changes in items other than shareholders' equity in the period					
Net changes in the period	-	-	72,295	25	72,320
Balance at the end of the period	500,000	405,044	828,960	(397)	1,733,607

	Accumulated other comprehensive income				Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance at the beginning of the fiscal year	264,009	16	3,067	267,094	1,928,380
Changes in the period					
Cash dividends					(21,378)
Net income attributable to Japan Post Insurance					93,673
Disposals of treasury stock					25
Net changes in items other than shareholders' equity in the period	486,416	(6)	687	487,096	487,096
Net changes in the period	486,416	(6)	687	487,096	559,417
Balance at the end of the period	750,425	10	3,754	754,191	2,487,798

(4) Notes to the Consolidated Financial Statements

(Notes on Going-Concern Assumption)

Not applicable.

(Additional Information)

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 six months ended September 30, 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 ¥15,866 million from reserve for insurance claims and others at the end of the previous fiscal year, and a reversal of ¥6,038 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 ¥7,817 million as of September 30, 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 six months ended September 30, 2020.