

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

February 12, 2021



**JAPAN POST INSURANCE**

# Summary of Financial Results

|   | 9 months ended<br>Dec-20                     | Year on Year  |
|---|--|---|
| <b>Ordinary Profit</b>                            | <b>¥ 260.8bn</b>                             | ¥ 26.9bn<br>+ 11.5 %<br>(Forecast)<br>¥ 300.0bn<br>Achievement : 87.0 % |
| <b>Net income</b>                                 | <b>¥ 129.0bn</b>                             | ¥ 14.0bn<br>+ 12.2 %<br>(Forecast)<br>¥ 157.0bn<br>Achievement : 82.2 % |
| <b>Annualized premiums from New policies</b>      | (Individual Insurance)<br><b>¥ 22.3bn</b>    | ¥ (121.5)bn<br>(84.5) %   |
|   | (Medical Care)<br><b>¥ 1.0bn</b>             | ¥ 20.9bn<br>(95.3) %  |
| <b>Annualized premiums from Policies in Force</b> | (Individual Insurance)<br><b>¥ 3,995.5bn</b> | ¥ (323.0)bn<br>(7.5) %  |
|   | (Medical Care)<br><b>¥ 679.7bn</b>           | ¥ (35.8)bn<br>(5.0) %   |
| <b>EV</b>   | <b>¥ 3,918.9bn</b>                           | ¥ 594.6bn<br>+ 17.9 %   |

## 【Financial Highlights】

- Ordinary profit was ¥ 260.8billion, an 11.5% increase year on year, and net income was ¥ 129.0billion, a 12.2% increase year on year, mainly due to a decrease in operating expenses as a result of decreased new policy sales.
- The Company revised up its full-year financial results forecast for FY21/3. Achievement toward the revised forecast were 87.0% (ordinary profit) and 82.2% (net income). The details of the revisions are described at page 11.

## 【Policy Sales】

- Annualized premiums from new policies for individual insurance were ¥ 22.3billion, an 84.5% decrease year on year, while annualized premiums from new policies for medical care were ¥ 1.0billion, a 95.3% decrease year on year as we had been refraining from proactive sales proposal despite the start of operations aimed at regaining customers' trust from October 5, 2020, in order to apologize to customers for inconveniences caused.

## 【Embedded Value】

- EV increased by 17.9% from the end of the previous fiscal year to ¥ 3,918.9billion, due to increases in interest rates and stock prices and other factors.

# Financial Results for the Nine Months Ended December 31, 2020 (Year on Year)

## Statement of Income

|  | 9months<br>ended<br>Dec-19 | 9months<br>ended<br>Dec-20 | Change  | (¥bn)<br>(Reference)<br>Year ended<br>Mar-20 |
|--|----------------------------|----------------------------|---------|--|
| Ordinary income                                  | 5,461.5                    | 5,127.3                    | (334.2) | 7,211.4                                      |
| Insurance premiums and others                    | 2,525.7                    | 2,052.7                    | (473.0) | 3,245.5                                      |
| Investment income                                | 867.4                      | 801.2                      | (66.1)  | 1,137.7                                      |
| Reversal of policy reserves                      | 1,976.3                    | 2,187.8                    | 211.5   | 2,767.3                                      |
| Ordinary expenses                                | 5,227.5                    | 4,866.4                    | (361.1) | 6,924.8                                      |
| Insurance claims and others                      | 4,681.1                    | 4,435.3                    | (245.7) | 6,191.3                                      |
| Investment expenses                              | 91.3                       | 53.1                       | (38.2)  | 124.0  |
| Operating expenses etc <sup>1</sup>              | 455.0                      | 377.9                      | (77.1)  | 609.4  |
| Ordinary profit                                  | 233.9                      | 260.8                      | 26.9    | 286.6  |
| Extraordinary gains and losses                   | 9.9                        | (5.4)                      | (15.4)  | 39.2   |
| Reversal of reserve for price fluctuations       | 9.8                        | (5.3)                      | (15.2)  | 39.1   |
| Provision for reserve for policyholder dividends | 81.3                       | 68.5                       | (12.7)  | 109.2  |
| Total income taxes                               | 47.6                       | 57.8                       | 10.2    | 65.9   |
| Net income attributable to Japan Post Insurance  | 115.0                      | 129.0                      | 14.0    | 150.6  |

Note: Only major line items are shown.

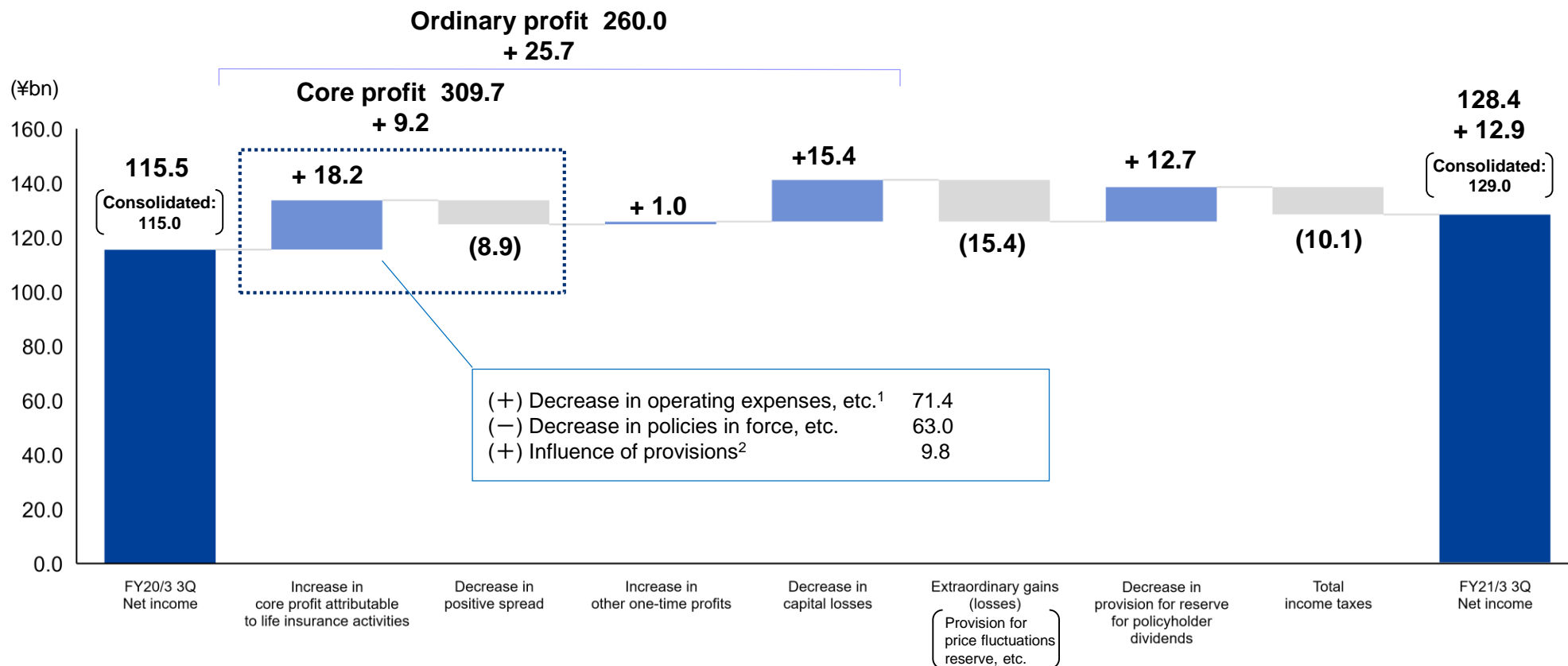
1. Sum of Operating expenses and Other ordinary expenses

## Details of Ordinary Profit (Non-Consolidated)

|   | 9months<br>ended Dec-19 | 9months<br>ended Dec-20 | Change | (¥bn)<br>(Reference)<br>Year ended<br>Mar-20 |
|---|-------------------------|-------------------------|--------|--|
| Core profit   | 300.4                   | 309.7                   | 9.2    | 400.6  |
| Core profit attributable to life insurance activities | 250.1                   | 268.3                   | 18.2   | 320.1  |
| Positive spread                                       | 50.3                    | 41.3                    | (8.9)  | 80.4   |
| Net capital gains (losses)                            | (57.4)                  | (42.0)                  | 15.4   | (102.4)                                      |
| Other one-time profits (losses)                       | (8.7)                   | (7.6)                   | 1.0    | (11.3)                                       |
| Ordinary profit                                       | 234.2                   | 260.0                   | 25.7   | 286.8  |

# Factors for Year on Year Changes (Non-Consolidated)

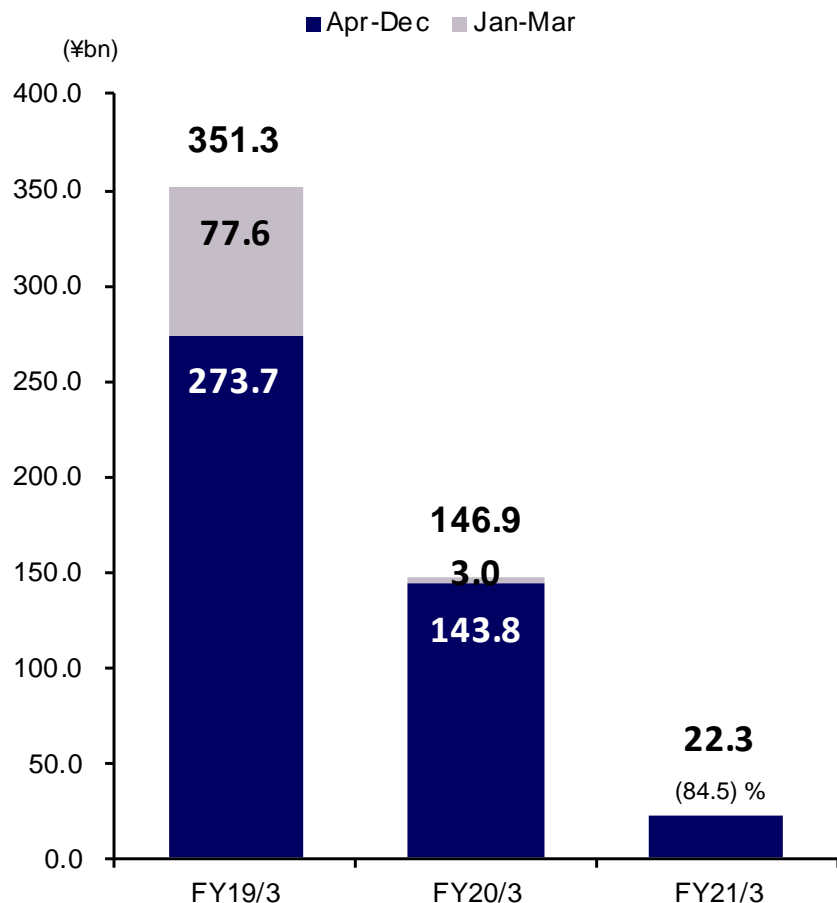
- Core profit increased from the previous fiscal year to ¥ 309.7billion, as core profit attributable to life insurance activities significantly increased year on year mainly due to a decrease in operating expenses as a result of decreased new policy sales, despite a decrease in positive spread.
- Regarding capital gains or losses, we continued to adopt accounting treatments to provide or to reverse the price fluctuation reserves corresponding to the gain or loss amount. Net income increased year on year to ¥ 128.4billion as a result of an increase in core profit, etc.



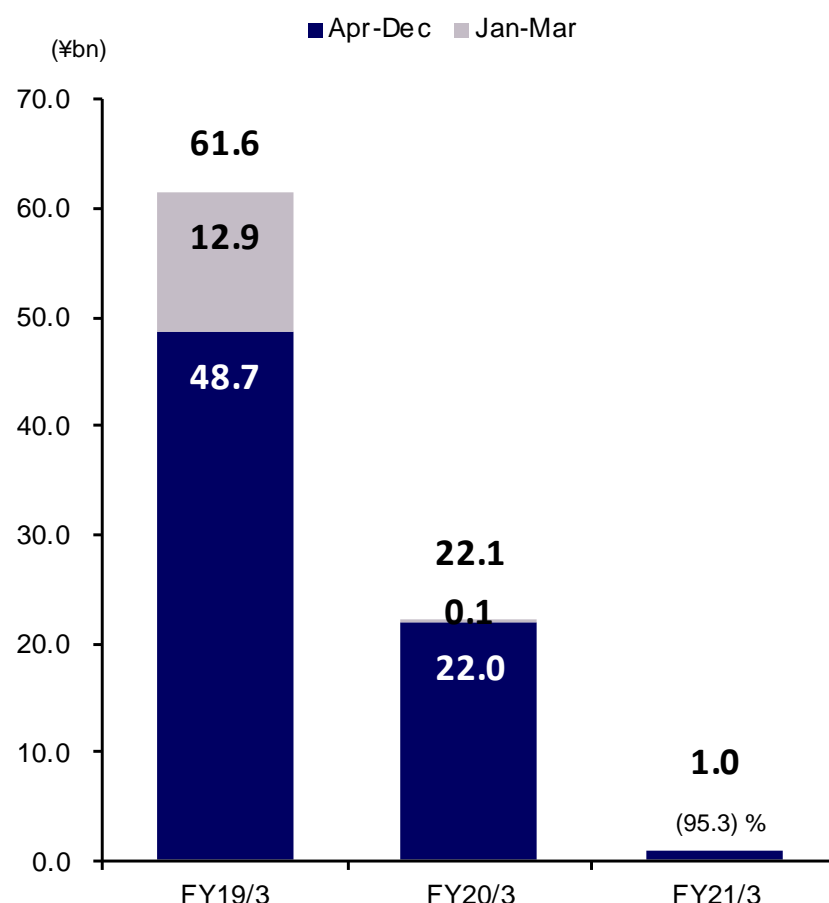
1. "Decrease in operating expenses, etc." shows the difference of figures of 3Q between FY20/3 and FY21/3. This figure is calculated by adding up "Operating expenses" and "Other ordinary expenses". However, the impact of reserve for insurance claims and others, etc. have been adjusted through the item "Influence of provisions".
2. Influence of reversal of reserve for insurance claims and others, etc. on core profit attributable to life insurance activities based on the progress in the policy investigation and actual policy reinstatement. This includes the impact of reserve for insurance claims and others, etc. in 3Q of FY20/3. (Amount of reversal, etc. in 3Q of FY21/3: ¥ 5.0billion, Amount of provision, etc. in 3Q of FY20/3: ¥ 4.7billion)

# Policy Sales [Annualized Premiums from New Policies]

## Annualized Premiums from New Policies (Individual Insurance)



## Annualized Premiums from New Policies (Medical Care)

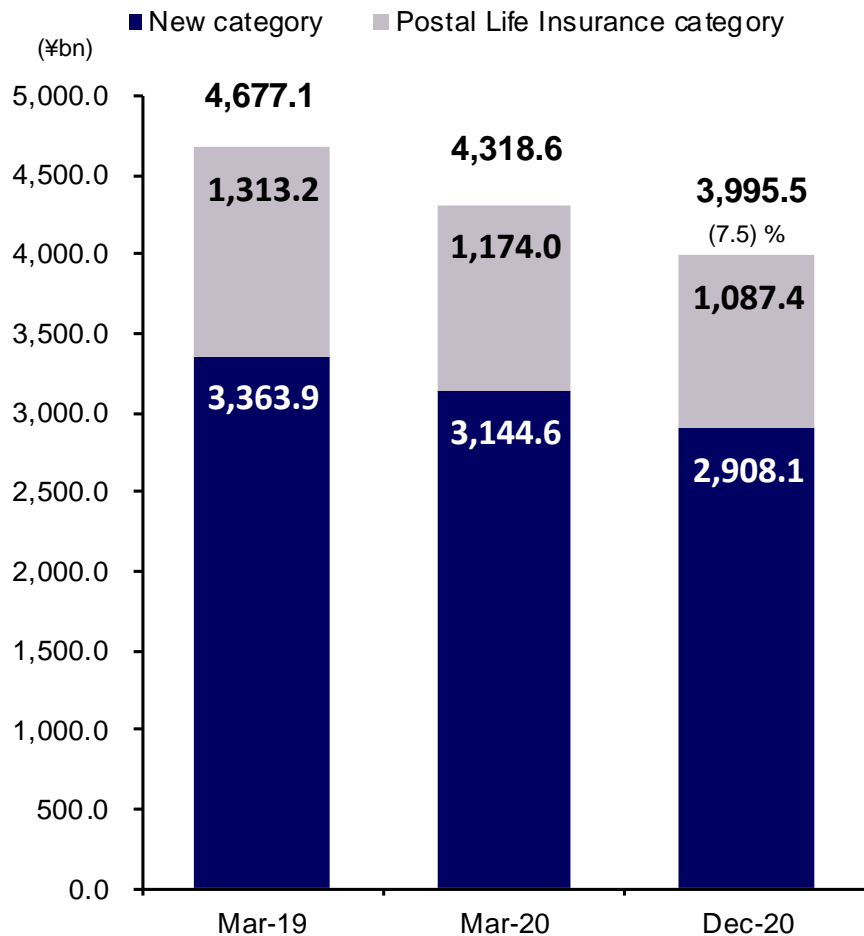


Note1 : Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined according to the relevant payment method to arrive at a single annualized amount. (For lump-sum payments, annualized premiums are calculated by dividing the total premium by the insured period.) Medical care corresponds to medical and living benefits, etc. Annualized premiums (individual insurance) include the premiums for medical care related to individual insurance.

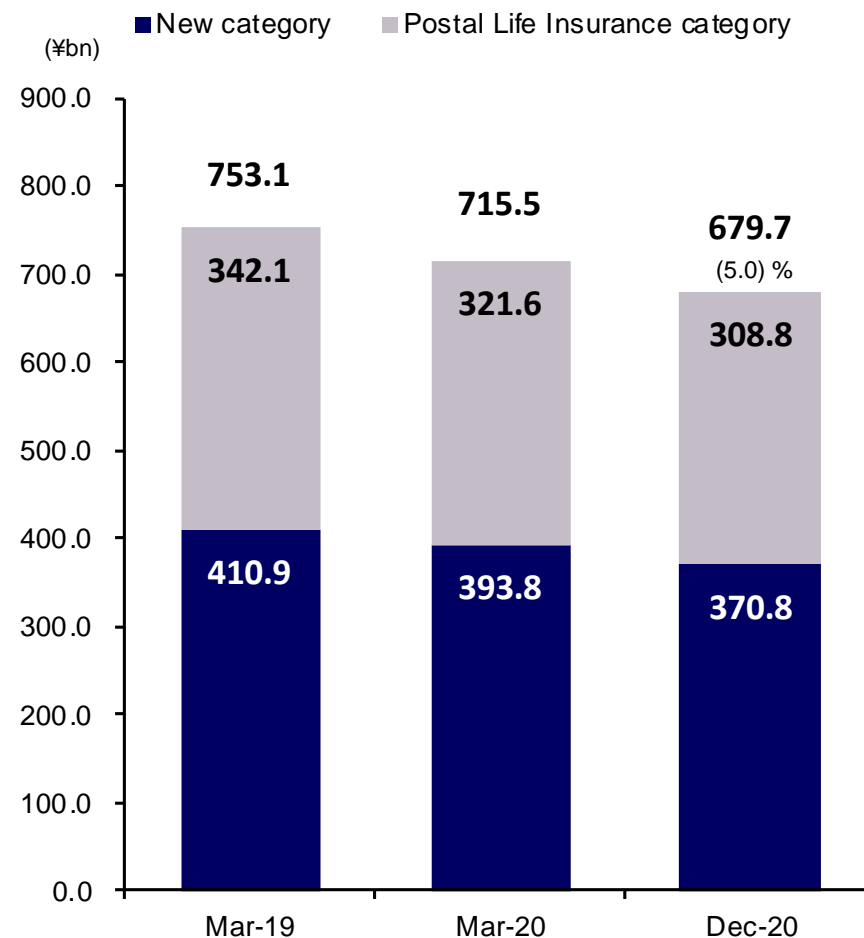
Note2 : The figures for FY20/3 and FY21/3 include the influence by refraining from proactive sales proposal from mid-July 2019 and business suspension from January 2020 to March 2020.

# Policy Sales [Annualized Premiums from Policies in Force]

## Annualized Premiums from Policies in Force (Individual Insurance)



## Annualized Premiums from Policies in Force (Medical Care)



Note: "New category" shows individual insurance policies underwritten by Japan Post Insurance. The "Postal Life Insurance category" shows postal life insurance policies reinsured by Japan Post Insurance from the Postal Management and Support Organization.

# Investments [Asset Portfolio]

## Asset Portfolio

|   | Mar-20          |                | Dec-20          |                | Change           |
|---|-----------------|----------------|-----------------|----------------|------------------|
|   | Amount          | Share          | Amount          | Share          |                  |
| Bonds   | 48,830.6        | 68.1 %         | 48,267.8        | 69.3 %         | (562.8)          |
| Japanese government bonds                           | 36,730.7        | 51.3 %         | 37,042.8        | 53.2 %         | 312.0            |
| Japanese local government bonds                     | 6,728.7         | 9.4 %          | 6,006.3         | 8.6 %          | (722.4)          |
| Japanese corporate bonds                            | 5,371.1         | 7.5 %          | 5,218.5         | 7.5 %          | (152.5)          |
| Return seeking assets <sup>1</sup>                  | 9,938.6         | 13.9 %         | 10,734.9        | 15.4 %         | 796.2            |
| Domestic stocks <sup>2</sup>                        | 1,765.1         | 2.5 %          | 2,290.0         | 3.3 %          | 524.8            |
| Foreign stocks <sup>2</sup>                         | 323.5           | 0.5 %          | 431.8           | 0.6 %          | 108.3            |
| Foreign bonds <sup>2</sup>                          | 6,445.1         | 9.0 %          | 6,529.2         | 9.4 %          | 84.0             |
| Other <sup>3</sup>                                  | 1,404.8         | 2.0 %          | 1,483.8         | 2.1 %          | 79.0             |
| Loans   | 5,662.7         | 7.9 %          | 5,316.5         | 7.6 %          | (346.2)          |
| Others  | 7,232.7         | 10.1 %         | 5,364.7         | 7.7 %          | (1,867.9)        |
| Cash and deposits, call loans                       | 1,790.2         | 2.5 %          | 1,079.9         | 1.5 %          | (710.3)          |
| Receivables under securities borrowing transactions | 3,191.7         | 4.5 %          | 2,284.0         | 3.3 %          | (907.6)          |
| <b>Total assets</b>                                 | <b>71,664.7</b> | <b>100.0 %</b> | <b>69,684.0</b> | <b>100.0 %</b> | <b>(1,980.7)</b> |

- Return seeking assets include domestic and foreign stocks, foreign-currency-denominated bonds, investment trusts, etc. held for investment purposes among the assets recorded under "money held in trust" and "securities" on the balance sheet.
- "Domestic stocks," "Foreign stocks" and "Foreign bonds" include individual stocks and bonds, as well as investment trusts that invest only in the specified assets.
- "Bank loans," "multi-asset" and "real estate fund" etc.

## Spread and Investment Yield

|   | 9months ended Dec-19 | 9months ended Dec-20 | (Reference) Year ended Mar-20 |
|---|----------------------|----------------------|-------------------------------|
| Positive spread                               | 50.3                 | 41.3                 | 80.4                          |
| Average assumed rates of return <sup>1</sup>  | 1.69 %               | 1.69 %               | 1.69 %                        |
| Investment return on core profit <sup>2</sup> | 1.80 %               | 1.78 %               | 1.82 %                        |
| Net capital gains (losses)                    | (57.4)               | (42.0)               | (102.4)                       |

- Average assumed rates of return are the assumed return on general account policy reserves.
- Investment return on core profit is the return with respect to earned policy reserves.

# Investments [Fair Value Information of Securities]

## Fair Value Information of Securities

(¥bn)

|                               | Mar-20     |            |                               | Dec-20     |            |                               | Change     |            |                               |
|-------------------------------|------------|------------|-------------------------------|------------|------------|-------------------------------|------------|------------|-------------------------------|
|                               | Book value | Fair value | Net unrealized gains (losses) | Book value | Fair value | Net unrealized gains (losses) | Book value | Fair value | Net unrealized gains (losses) |
| Total                         | 59,084.1   | 66,675.8   | 7,591.6                       | 58,291.1   | 66,026.6   | 7,735.4                       | (793.0)    | (649.1)    | 143.8                         |
| Held-to-maturity bonds        | 35,735.7   | 41,953.3   | 6,217.6                       | 35,315.7   | 40,883.1   | 5,567.4                       | (419.9)    | (1,070.1)  | (650.2)                       |
| Policy-reserve-matching bonds | 9,574.6    | 10,578.5   | 1,003.8                       | 9,593.8    | 10,450.0   | 856.2                         | 19.2       | (128.4)    | (147.6)                       |
| Available-for-sale securities | 13,773.7   | 14,143.9   | 370.1                         | 13,381.5   | 14,693.3   | 1,311.8                       | (392.2)    | 549.4      | 941.7                         |
| Securities etc.               | 11,102.5   | 11,399.6   | 297.0                         | 10,698.2   | 11,299.4   | 601.2                         | (404.3)    | (100.1)    | 304.1                         |
| Bonds                         | 3,700.4    | 3,742.1    | 41.7                          | 3,477.0    | 3,528.0    | 51.0                          | (223.3)    | (214.0)    | 9.2                           |
| Domestic stocks               | 322.0      | 281.2      | (40.8)                        | 320.9      | 363.8      | 42.9                          | (1.1)      | 82.5       | 83.7                          |
| Foreign securities            | 4,221.6    | 4,589.3    | 367.6                         | 4,123.5    | 4,539.9    | 416.4                         | (98.1)     | (49.3)     | 48.7                          |
| Other securities              | 2,006.8    | 1,933.2    | (73.5)                        | 1,911.0    | 2,000.1    | 89.1                          | (95.8)     | 66.8       | 162.6                         |
| Deposits etc.                 | 851.5      | 853.5      | 2.0                           | 865.6      | 867.4      | 1.7                           | 14.0       | 13.8       | (0.2)                         |
| Money held in trust           | 2,671.2    | 2,744.3    | 73.0                          | 2,683.2    | 3,393.9    | 710.6                         | 12.0       | 649.6      | 637.5                         |
| Domestic stocks <sup>1</sup>  | 1,387.9    | 1,483.9    | 95.9                          | 1,399.3    | 1,926.1    | 526.8                         | 11.3       | 442.2      | 430.8                         |
| Foreign stocks <sup>1</sup>   | 297.2      | 323.5      | 26.2                          | 302.0      | 431.8      | 129.7                         | 4.8        | 108.3      | 103.4                         |
| Foreign bonds <sup>1</sup>    | 736.0      | 698.4      | (37.5)                        | 741.1      | 791.2      | 50.1                          | 5.1        | 92.7       | 87.6                          |
| Other <sup>2</sup>            | 250.0      | 238.3      | (11.6)                        | 240.7      | 244.6      | 3.8                           | (9.2)      | 6.2        | 15.5                          |

Note: This table only shows securities with a fair value. It also includes the handling of securities under the Financial Instruments and Exchange Act.

1. "Domestic stocks," "foreign stocks" and "foreign bonds" include individual stocks and bonds, as well as investment trusts investing only in the respective assets.

2. "Cash and deposits", "bank loans" and "real estate fund"



# Expenses

## Operating Expenses (Commissions<sup>1</sup> etc.)

(¥bn)

|                                      | 9months ended<br>Dec-19 | 9months ended<br>Dec-20 | Change | (Reference)<br>Year ended<br>Mar-20 |
|--------------------------------------|-------------------------|-------------------------|--------|-------------------------------------|
| Operating expenses                   | 368.8                   | 302.5                   | (66.2) | 473.8                               |
| Commissions                          | 200.7                   | 151.9                   | (48.8) | 248.7                               |
| Sales Commissions                    | 86.9                    | 34.2                    | (52.7) | 100.9                               |
| Maintenance Commissions <sup>2</sup> | 113.8                   | 117.7                   | 3.8    | 147.8                               |
| Contributions <sup>3</sup>           | 43.1                    | 42.0                    | (1.1)  | 57.5                                |
| Others                               | 124.8                   | 108.5                   | (16.2) | 167.4                               |
| Depreciation and amortization        | 42.3                    | 44.7                    | 2.4    | 57.4                                |

1. Commissions paid to Japan Post Co.

2. For FY21/3, unit price of maintenance commissions were reviewed in January 2021. The difference was recorded dating back to April 2020.

3. Contributions paid to The Postal Management and Support Organization based on the related law

# Financial Soundness

## Internal Reserves

|                                | Mar-20  | Dec-20  | (¥bn)                    |
|--------------------------------|---------|---------|--------------------------|
|                                |         |         | Provisions in the period |
| Contingency reserve            | 1,797.3 | 1,805.0 | 7.6                      |
| Postal Life Insurance category | 1,320.6 | 1,324.9 | 4.2                      |
| New category                   | 476.6   | 480.1   | 3.4                      |
| Price fluctuations reserve     | 858.3   | 863.7   | 5.3                      |
| Postal Life Insurance category | 631.9   | 625.3   | (6.6)                    |
| New category                   | 226.3   | 238.4   | 12.0                     |
| Additional policy reserve      | 5,830.3 | 5,669.0 | (161.3)                  |
| Postal Life Insurance category | 5,820.2 | 5,661.1 | (159.0)                  |
| New category                   | 10.0    | 7.8     | (2.2)                    |

Note : "Postal Life Insurance category" shows the amounts generated from the postal life insurance policies, and "New category" shows the figures after deduction of "Postal Life Insurance category" from the total.

## Solvency Margin Ratio

|                                 | Mar-20    | Dec-20    | (¥bn) |
|---------------------------------|-----------|-----------|-------|
| Solvency Margin Ratio           | 1,070.9 % | 1,156.7 % |       |
| Total amount of solvency margin | 5,161.6   | 6,068.9   |       |
| Total amount of risk            | 963.8     | 1,049.3   |       |

# Embedded Value

## Breakdown of EV

|    |                                     | (¥bn)   |                     |                     |
|----|-------------------------------------|---------|---------------------|---------------------|
|    |                                     | Mar-20  | Dec-20 <sup>1</sup> | Change              |
| EV |                                     | 3,324.2 | 3,918.9             | 594.6<br>(+ 17.9 %) |
|    | Adjusted net worth                  | 2,212.4 | 2,349.1             | 136.7<br>(+ 6.2 %)  |
|    | Value of in- force covered business | 1,111.8 | 1,569.8             | 457.9<br>(+ 41.2 %) |

## Value of New Business

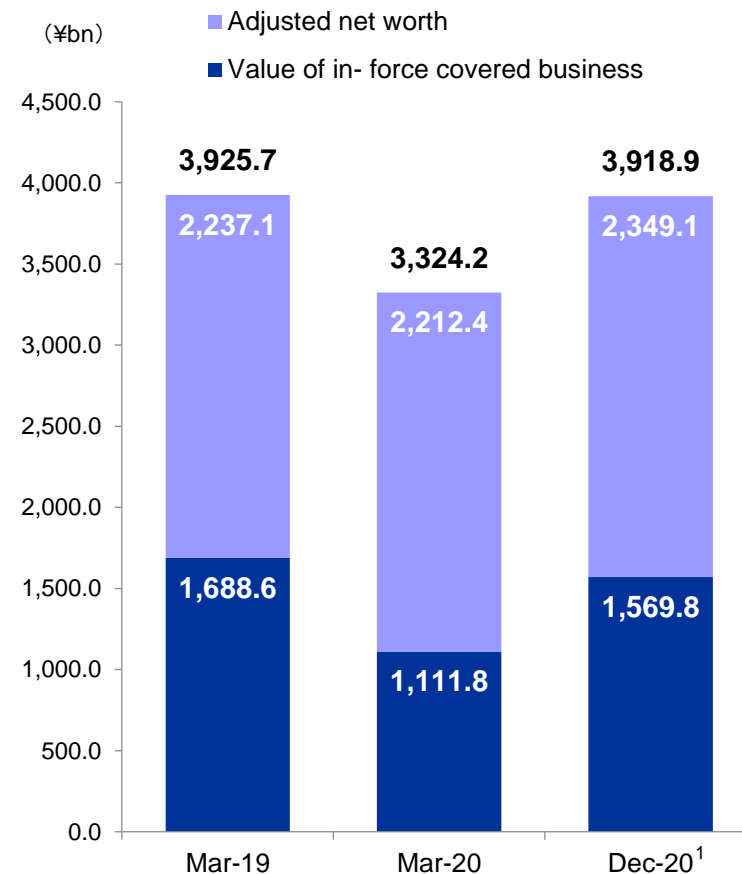
Value of new business as of 9 months ended Dec-20<sup>1,2</sup>                      ¥ (2.8)bn

New business margin as of 9 months ended Dec-20<sup>1,2,3</sup>                      (1.5) %

- Although Japan Post Insurance had been refraining from proactive sales proposal during the period under review, certain amount of operating expenses for new policy acquisition is required regardless of the amount of new policies sold. As a result, the value of new business of current period turned negative.

1. Provisional calculations that have not been verified by a third party
2. Using the economic assumptions as of December 31, 2020, based on the new policies written in the period from April 2020 to December 2020. The value of new business includes the increase or decrease due to switchover of riders and conditional cancellation.
3. The value of new business divided by the present value of future premium income

## EV



# Revisions to the Forecasts for Full-year Financial Results for the Year Ending March 31, 2021

## Full-year Financial Results Forecast

(¥bn)

|                          | Year ending Mar-21<br>(Previous forecasts) | Year ending Mar-21<br>(Revised forecasts) | Change  |
|--------------------------|--|---|---------|
| Ordinary income          | 6,850.0                                    | 6,750.0                                   | (100.0) |
| Ordinary profit          | 200.0                                      | 300.0                                     | + 100.0 |
| Net income <sup>1</sup>  | 124.0                                      | 157.0                                     | + 33.0  |
| Net income per share     | ¥ 220.47                                   | ¥ 279.15                                  | —       |
| Dividend per share (DPS) | ¥ 76<br>(Year-end Dividend ¥ 76)           | ¥ 76<br>(Year-end Dividend ¥ 76)          | —       |

### [Reasons of the Revisions]

#### [Ordinary income]

The Company has revised down its forecast for ordinary income due to an expected decrease in reversal of policy reserves caused by lower-than-expected cancellations and an expected excess provision for contingency reserves<sup>2</sup>, despite the improvement in market environment compared with that of when the initial financial results forecast<sup>3</sup> was formulated.

#### [Ordinary profit, Net income]

The Company has revised up its forecasts for ordinary profit and net income attributable to Japan Post Insurance, due to the improvement in market environment compared with that of when the initial financial results forecast<sup>3</sup> was formulated and an expected increase in core profit attributable to life insurance activities caused by lower-than-expected insurance claims, etc. despite an expected excess provision for contingency reserves<sup>2</sup>.

1. Net income attributable to Japan Post Insurance
2. For the Postal Life Insurance category, the Company plans to accumulate additional policy reserves which will be funded by contingency reserves at the end of March, 2021. With this operation, the Company also plans to provide excess provision for contingency reserves in order to restore the level of them at the end of March, 2021. As a prerequisite, the Company will apply and obtain approval of regulatory authorities.
3. The initial consolidated financial results forecast for the year ending March 31, 2021, which was announced on May 15, 2020. This is based on the economic assumptions as of March 31, 2020.

# The Forecasts for Full-year Financial Results for the Year Ending March 31, 2021

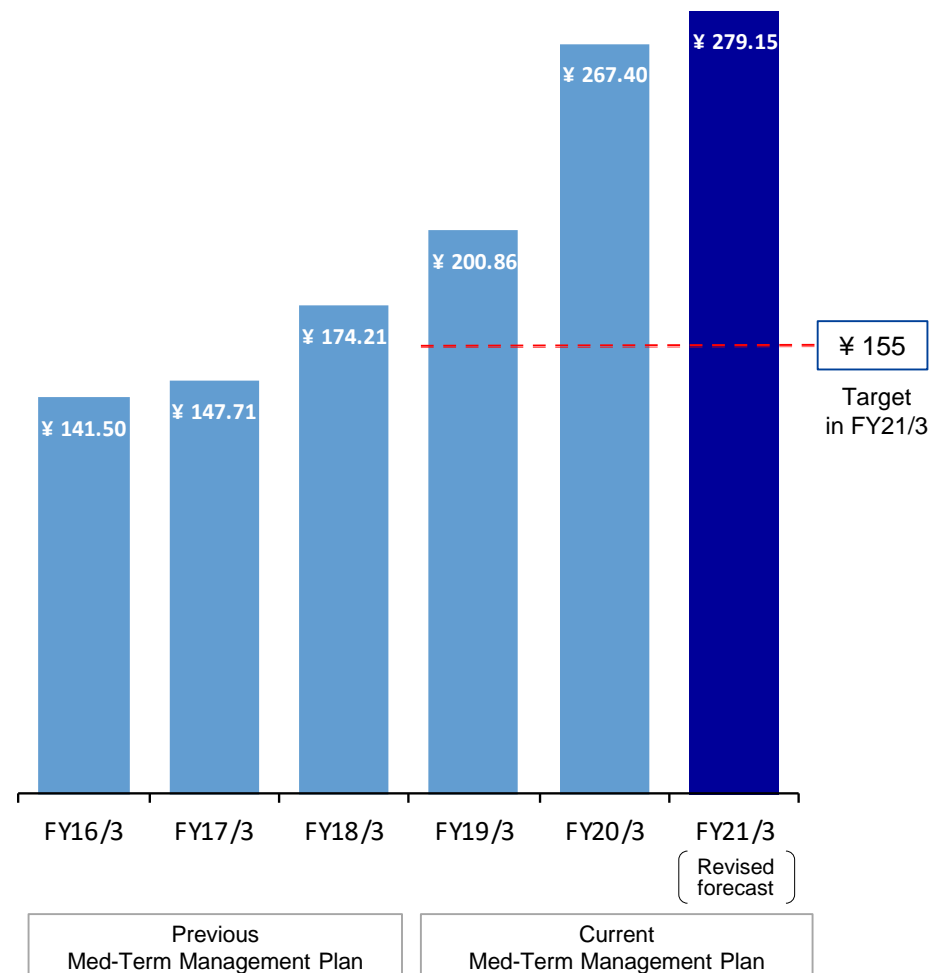
## Full-year Financial Results Forecast

(¥bn)

|                         | 9months ended Dec-20 | Year ending Mar-21<br>(Revised forecasts) | Achievement |
|-------------------------|----------------------|---|-------------|
| Ordinary income         | 5,127.3              | 6,750.0                                   | 76.0 %      |
| Ordinary profit         | 260.8                | 300.0                                     | 87.0 %      |
| Net income <sup>1</sup> | 129.0                | 157.0                                     | 82.2 %      |
| Net income per share    | ¥ 229.39             | ¥ 279.15                                  | 82.2 %      |

1. Net income attributable to Japan Post Insurance

## Earnings Per Share



# Shareholder Return

## Shareholder Return Policy

- We recognize that the distribution of profit to shareholders is an important policy of management
- Aim for a steady dividends per share while considering earning prospects and financial soundness

## Shareholder Return for the Year Ending March 31, 2021

- The ordinary dividend per share is ¥ 76 (Forecast)
- Only the year-end dividend is scheduled to be paid, as it is necessary to carefully identify the impact of the spread of COVID-19

(The dividend forecast of ¥76 per share remains unchanged from that had announced on May 15, 2020, although the Company has revised its financial results forecast on February 12, 2021.)

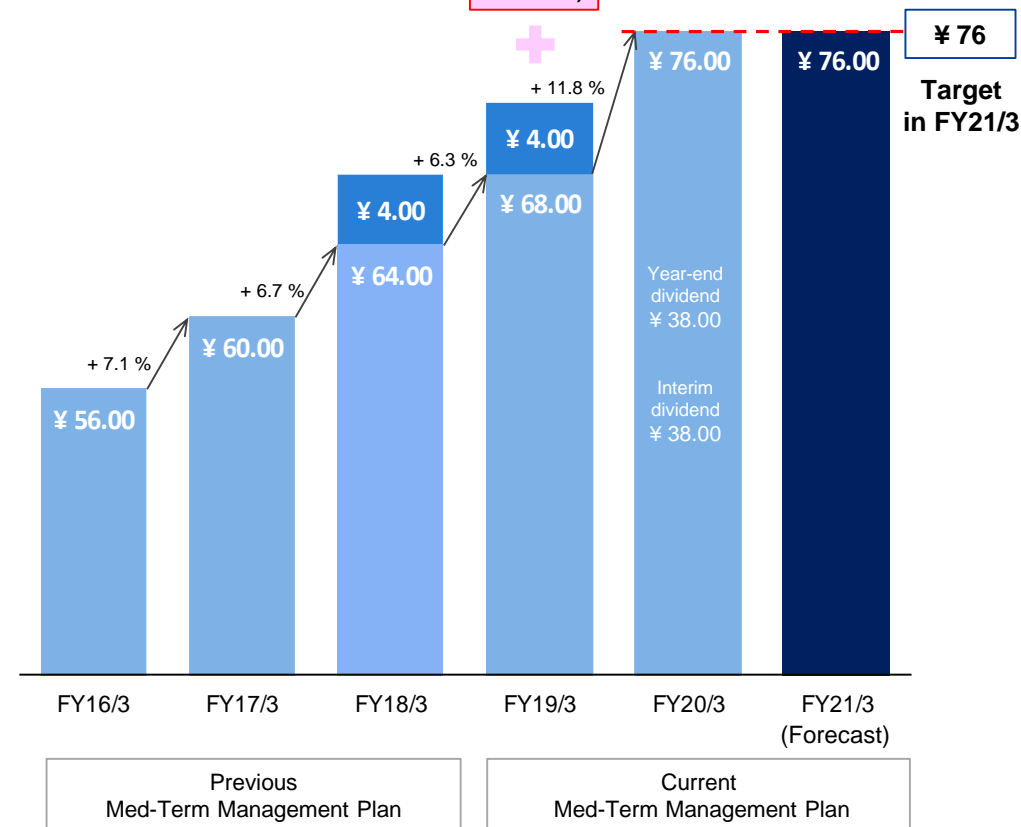
## Shareholder Return

(Total Return Ratio)

39.6 %    40.6 %    39.0 %    118.9 %<sup>2</sup>    28.4 %    27.2 %

Share repurchase<sup>1</sup>  
(Approx. ¥ 100.0bn)

(forecast)



1. Share repurchase on April 2019

2. Total return ratio including share repurchase as mentioned in Note 1

# APPENDIX

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# Overview of Balance Sheets

## Overview of Balance Sheets

(¥bn)

|                         | Mar-20   | Dec-20   | Change    |  | Mar-20   | Dec-20   | Change    |
|-------------------------|----------|----------|-----------|--|----------|----------|-----------|
| Total Assets            | 71,664.7 | 69,684.0 | (1,980.7) | Total Liabilities <sup>1</sup>               | 69,736.4 | 66,972.3 | (2,764.0) |
| Cash and deposits       | 1,410.2  | 959.9    | (450.3)   | Policy reserves                              | 62,293.1 | 60,105.2 | (2,187.8) |
| Money held in trust     | 3,056.0  | 3,803.9  | 747.8     | Contingency reserve                          | 1,797.3  | 1,805.0  | 7.6       |
| Securities              | 55,870.5 | 55,361.7 | (508.7)   | Additional policy reserve                    | 5,830.3  | 5,669.0  | (161.3)   |
| Loans                   | 5,662.7  | 5,316.5  | (346.2)   | Bonds payable                                | 100.0    | 100.0    | -         |
| Tangible fixed assets   | 110.2    | 105.3    | (4.8)     | Reserve for price fluctuations               | 858.3    | 863.7    | 5.3       |
| Intangible fixed assets | 135.0    | 115.8    | (19.1)    | Net assets                                   | 1,928.3  | 2,711.6  | 783.2     |
| Deferred tax assets     | 1,173.7  | 913.7    | (260.0)   | Total shareholders' equity                   | 1,661.2  | 1,768.9  | 107.6     |
|                         |          |          |           | Capital stock                                | 500.0    | 500.0    | -         |
|                         |          |          |           | Capital surplus                              | 405.0    | 405.0    | -         |
|                         |          |          |           | Retained earnings                            | 756.6    | 864.3    | 107.6     |
|                         |          |          |           | Treasury stock                               | (0.4)    | (0.3)    | 0.0       |
|                         |          |          |           | Total accumulated other comprehensive income | 267.0    | 942.7    | 675.6     |

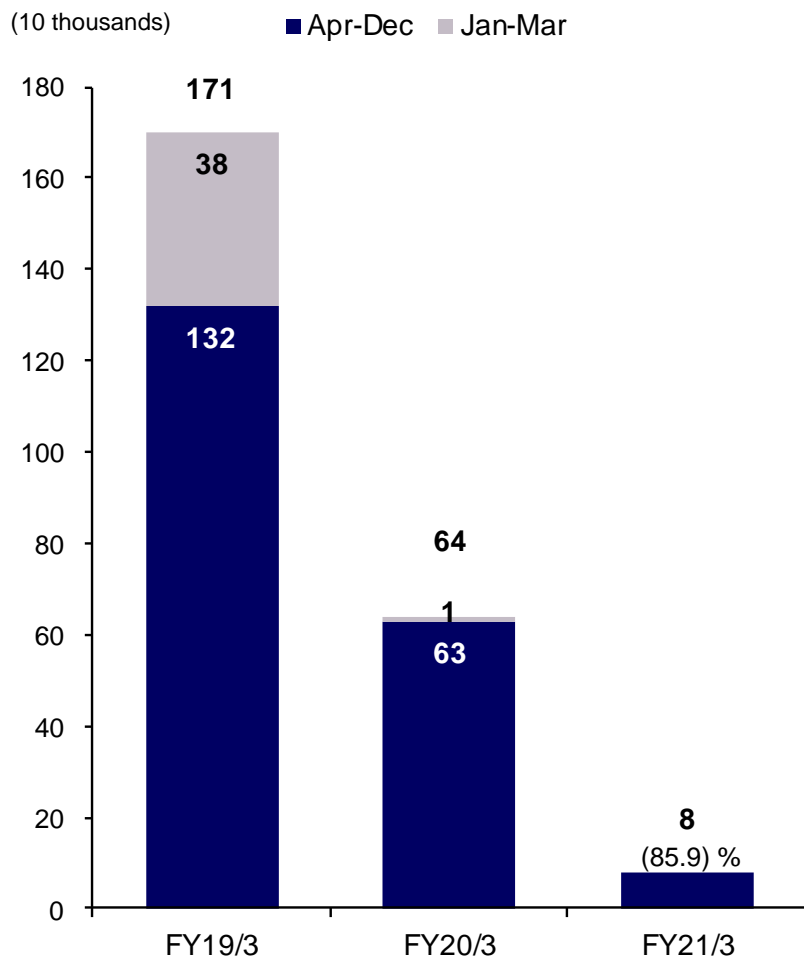
Note: Only major line items are shown.

1. Including reserve for insurance claims and others, which decreased ¥ 25.0billion from ¥ 29.7billion as of March 31, 2020 to ¥ 4.6billion as of December 31, 2020



# Policy Sales [Number of New Policies]

## Number of New Policies (Individual Insurance)



Note : The figures for FY20/3 and FY21/3 include the influence by refraining from proactive sales proposal from mid-July 2019 and business suspension from January 2020 to March 2020.

## Breakdown of New Policies

(10 thousands)

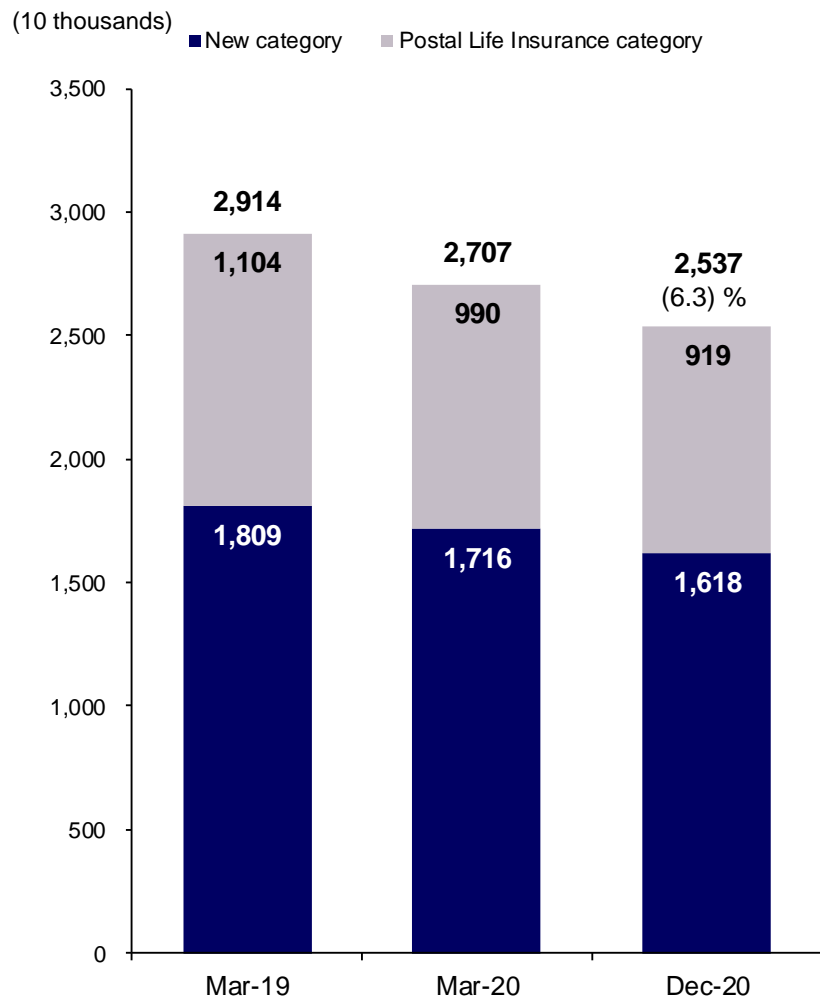
|  | 9months ended Dec-19 |         | 9months ended Dec-20 |         |
|--|----------------------|---------|----------------------|---------|
|  | Number of policies   | Share   | Number of policies   | Share   |
| Individual insurance   | 63                   | 100.0 % | 8                    | 100.0 % |
| Endowment insurance  | 33                   | 53.0 %  | 6                    | 72.9 %  |
| Ordinary endowment insurance   | 18                   | 28.7 %  | 4                    | 53.9 %  |
| Ordinary endowment insurance (with a relaxed underwriting criteria)  | 3                    | 5.3 %   | 0                    | 1.3 %   |
| Special endowment insurance <sup>1</sup>                             | 12                   | 18.9 %  | 1                    | 17.8 %  |
| Whole life insurance   | 25                   | 39.7 %  | 0                    | 9.7 %   |
| Ordinary whole life insurance (Fixed amount type)                    | 6                    | 9.5 %   | 0                    | 2.2 %   |
| Ordinary whole life insurance (with a relaxed underwriting criteria) | 6                    | 10.2 %  | 0                    | 0.5 %   |
| Ordinary whole life insurance (Increased amount type)                | 10                   | 16.2 %  | 0                    | 5.4 %   |
| Special whole life insurance   | 2                    | 3.9 %   | 0                    | 1.6 %   |
| Educational endowment insurance                                      | 4                    | 7.2 %   | 1                    | 17.2 %  |
| Other insurance  | 0                    | 0.1 %   | 0                    | 0.2 %   |

Note: Only major products are shown.

1. Increased amount type endowment insurance

# Policy Sales [Number of Policies in Force]

## Number of Policies in Force (Individual Insurance)



Note: "New category" shows individual insurance policies underwritten by Japan Post Insurance. "Postal Life Insurance category" shows postal life insurance policies reinsured by Japan Post Insurance from the Postal Management and Support Organization.

## Breakdown of Policies in Force

(10 thousands)

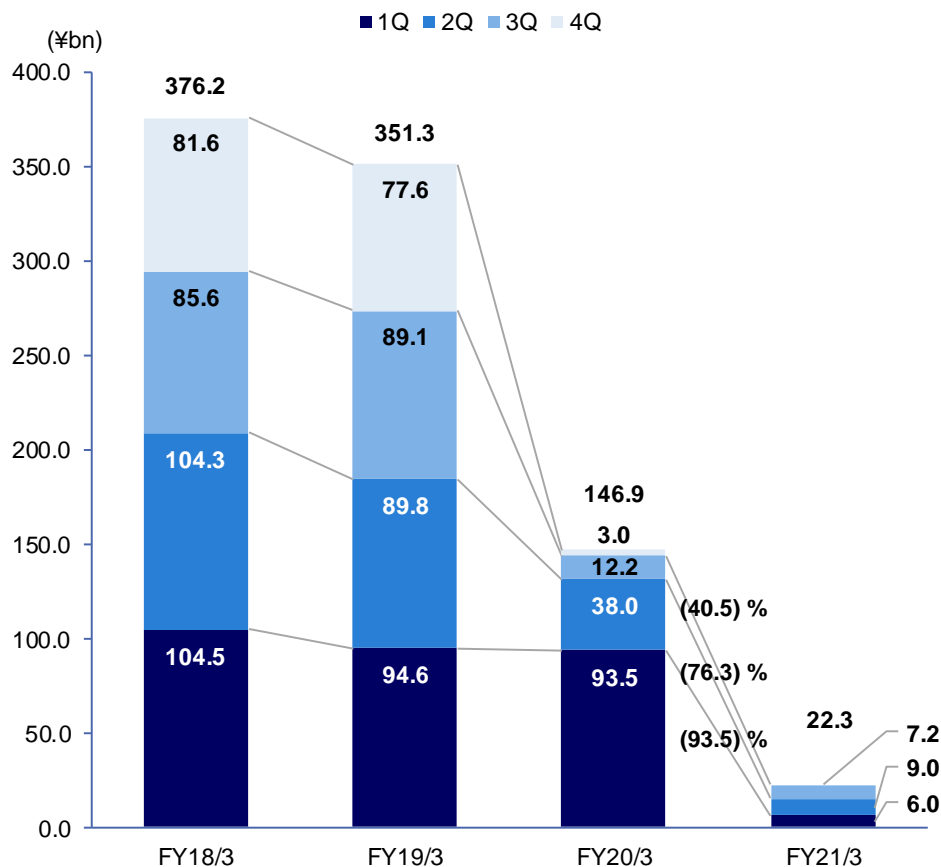
|  | Mar-20             |         | Dec-20             |         |
|--|--------------------|---------|--------------------|---------|
|  | Number of policies | Share   | Number of policies | Share   |
| Individual insurance   | 2,707              | 100.0 % | 2,537              | 100.0 % |
| Endowment insurance  | 1,041              | 38.5 %  | 937                | 36.9 %  |
| Ordinary endowment insurance   | 668                | 24.7 %  | 602                | 23.7 %  |
| Ordinary endowment insurance (with a relaxed underwriting criteria)  | 3                  | 0.1 %   | 3                  | 0.1 %   |
| Special endowment insurance <sup>1</sup>                             | 363                | 13.4 %  | 329                | 13.0 %  |
| Whole life insurance   | 1,259              | 46.5 %  | 1,219              | 48.1 %  |
| Ordinary whole life insurance (Fixed amount type)                    | 393                | 14.5 %  | 377                | 14.9 %  |
| Ordinary whole life insurance (with a relaxed underwriting criteria) | 5                  | 0.2 %   | 5                  | 0.2 %   |
| Ordinary whole life insurance (Increased amount type)                | 273                | 10.1 %  | 265                | 10.4 %  |
| Special whole life insurance   | 585                | 21.6 %  | 570                | 22.5 %  |
| Educational endowment insurance                                      | 393                | 14.5 %  | 367                | 14.5 %  |
| Other insurance  | 13                 | 0.5 %   | 13                 | 0.5 %   |

Note: Only major products are shown.

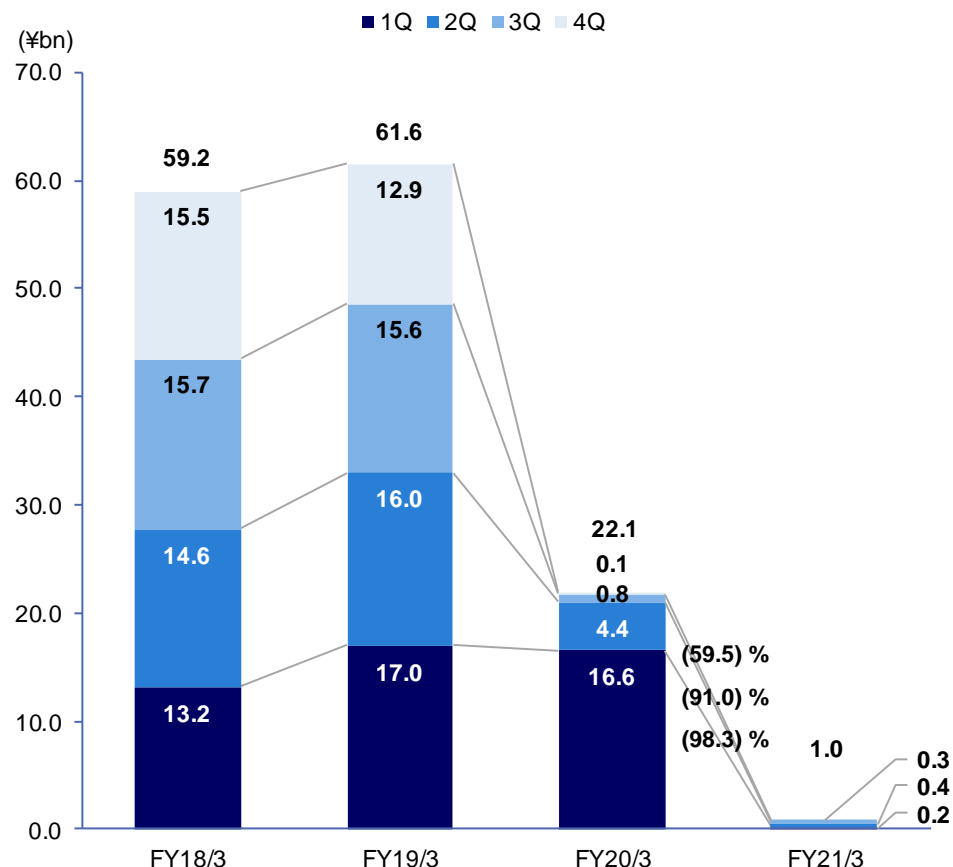
1. Increased amount type endowment insurance

# Quarterly Trends in Annualized Premiums from New Policies

## Annualized Premiums from New Policies (Individual Insurance)



## Annualized Premiums from New Policies (Medical Care)



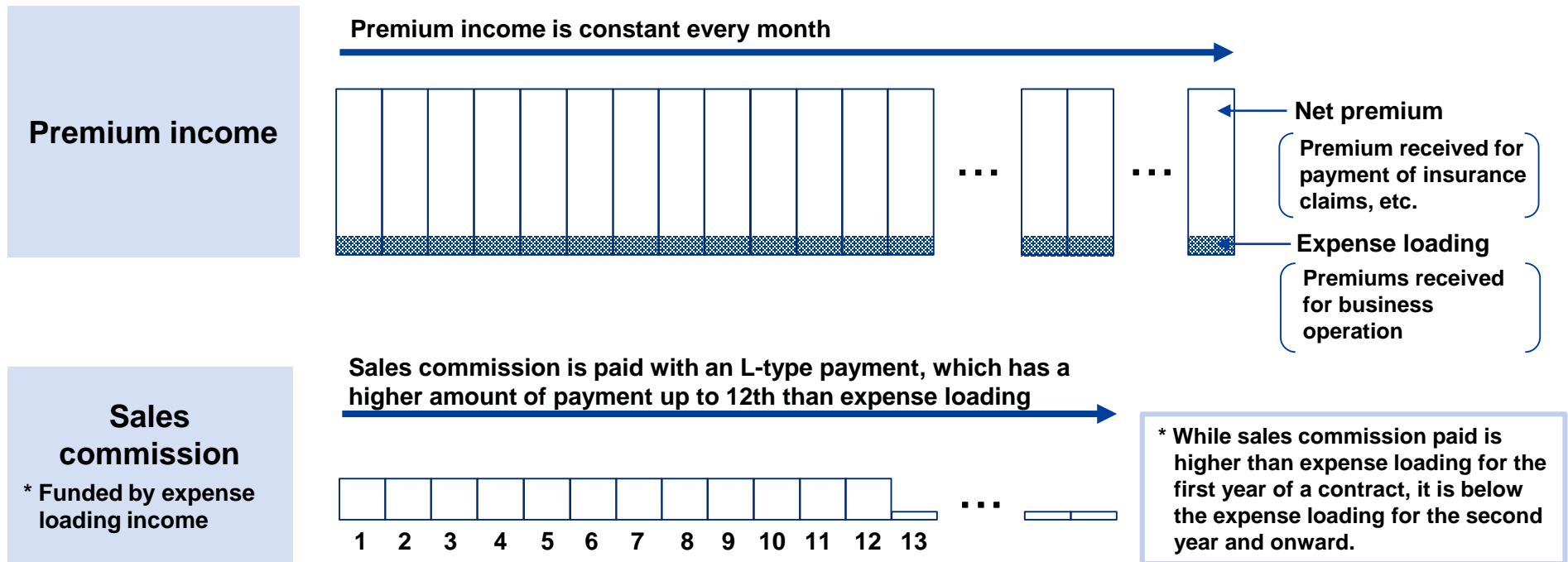
Note 1: Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined according to the relevant payment method to arrive at a single annualized amount. (For lump-sum payments, annualized premiums are calculated by dividing the total premium by the insured period.) Medical care corresponds to medical and living benefits, etc. Annualized premiums (individual insurance) include the premiums for medical care related to individual insurance.

Note2: The figures for FY20/3 and FY21/3 include the influence by refraining from proactive sales proposal from mid-July 2019 and business suspension from January 2020 to March 2020.

# Impact on Profit Due to Decline in New Policy Sales

- Of the premiums received from customers, Japan Post Insurance receives a fixed amount of expense loading every month in order to operate its business. Using this expense loading as funds, Japan Post Insurance pays sales commissions monthly to Japan Post Co. However, the payment method is an L-type payment, which has a higher amount of payment up to the 12th than expense loading, and therefore profit for the first year of Japan Post Insurance worsen as the number of new policies increase.
- In the event of a significant decrease in new policy sales, a resultant decrease in operating expenses, etc. will be a factor for an increase in Japan Post Insurance's profit. However, this will effect only for a short term, and from a medium- to long-term perspective, the decrease in new policies will have a negative impact on profit of Japan Post Insurance.

## <Model of receipt of premiums and payment of sales commissions (model for one contract)>



# Interest, Dividends and Other Income and Capital gains(losses)

## Interest, Dividends and Other Income

|  | 9months<br>ended Dec-19 | 9months<br>ended Dec-20 | (¥bn)<br>(Reference)<br>Year ended<br>Mar-20 |
|--|-------------------------|-------------------------|--|
| Investment income                                | 867.4                   | 801.2                   | 1,137.7                                      |
| Interest, dividends and other income             | 793.4                   | 753.0                   | 1,049.8                                      |
| Interest on deposits                             | 0.0                     | 0.0                     | 0.0  |
| Interest and dividends on securities             | 697.9                   | 672.2                   | 924.0  |
| Interest on corporate and government bonds       | 575.3                   | 551.9                   | 762.0  |
| Domestic stock dividends                         | 3.7                     | 4.4                     | 7.6  |
| Interest and dividends on foreign securities     | 99.9                    | 85.1                    | 129.7  |
| Others   | 18.8                    | 30.7                    | 24.6   |
| Interest on loans                                | 11.0                    | 10.0                    | 14.6   |
| Interest on loans to the Management Organization | 80.7                    | 66.2                    | 105.8  |
| Rent revenue from real estate                    | -                       | -                       | -  |
| Interest and dividends on others                 | 3.6                     | 4.4                     | 5.1  |

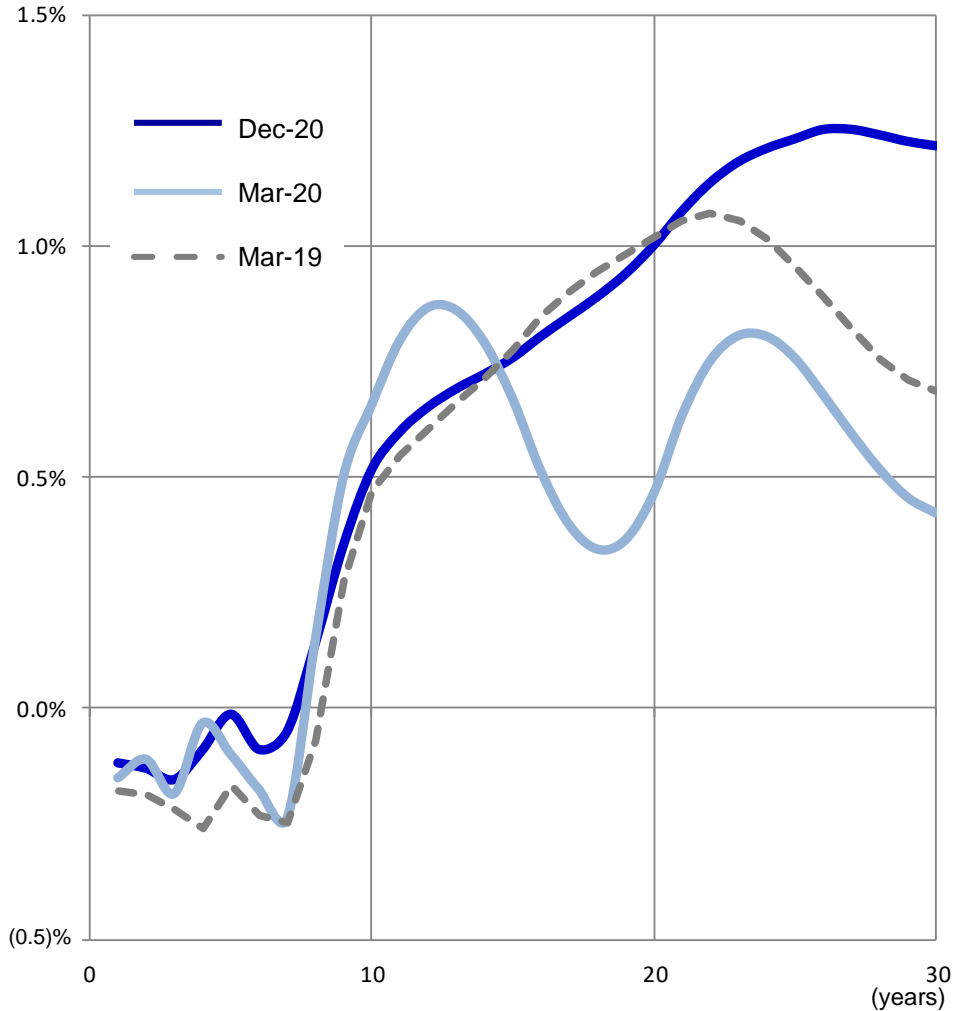
## Breakdown of Capital gains(losses)

|  | 9months<br>ended Dec-19 | 9months<br>ended Dec-20 | (¥bn)<br>(Reference)<br>Year ended<br>Mar-20 |
|--|-------------------------|-------------------------|--|
| Capital gains                              | 73.4                    | 47.2                    | 87.2   |
| Gains on money held in trust               | 44.3                    | 27.6                    | 51.5   |
| Gains on sales of securities               | 29.0                    | 16.9                    | 35.6   |
| Gains on derivative financial instruments  | -                       | -                       | -  |
| Gains on foreign exchanges                 | -                       | 2.6                     | -  |
| Other capital gains                        | -                       | -                       | -  |
| Capital losses                             | (130.8)                 | (89.2)                  | (189.6)                                      |
| Losses on money held in trust              | -                       | -                       | -  |
| Losses on sales of securities              | (20.1)                  | (24.1)                  | (32.0)                                       |
| Losses on valuation of securities          | -                       | -                       | (2.6)  |
| Losses on derivative financial instruments | (59.8)                  | (16.6)                  | (74.7)                                       |
| Losses on foreign exchanges                | (2.3)                   | -                       | (2.0)  |
| Other capital losses <sup>1</sup>          | (48.4)                  | (48.4)                  | (78.0)                                       |
| Net Capital gains(losses)                  | (57.4)                  | (42.0)                  | (102.4)                                      |

1. Amount equivalent to income gains associated with money held in trust is recognized as "other capital losses"

# Fluctuations of Interest Rates (EV Assumptions)<sup>1</sup>

Forward Rate (Mar-19 to Dec-20)



Forward Rate

(%)

|          | Mar-19 | Mar-20 <sup>①</sup> | Dec-20 <sup>②</sup> |
|----------|--------|---------------------|---------------------|
| 10 years | 0.471  | 0.657               | 0.516               |
| 20 years | 1.017  | 0.466               | 1.001               |
| 30 years | 0.683  | 0.422               | 1.216               |

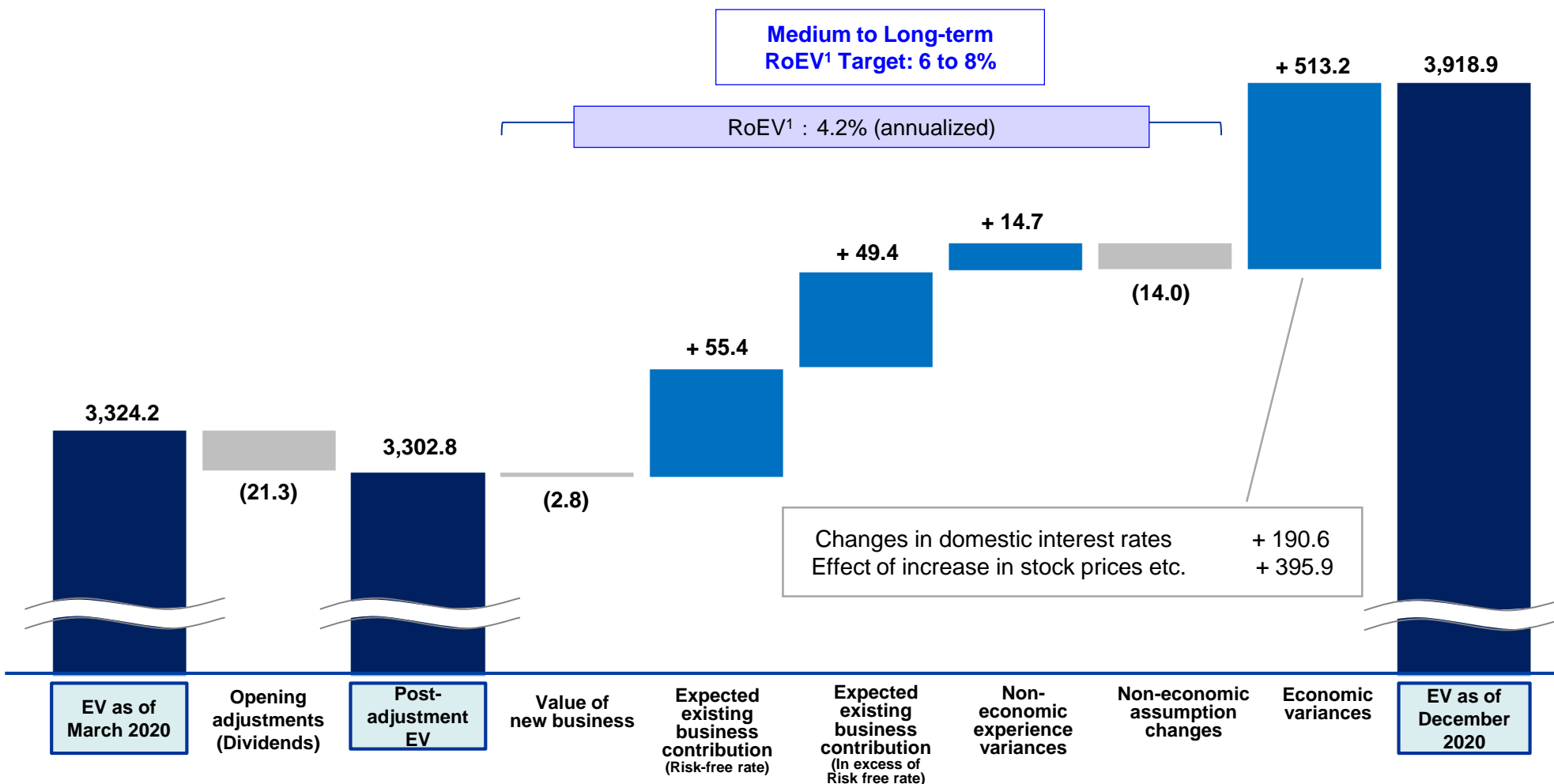
Note: The economic assumptions used for the calculation of EV and the value of new business are as follows:

- EV as of March 31, 2020 : ①
- Value of new business for 3Q of FY21/3 : ②
- EV as of December 31, 2020 : ②

1. Interest rates used herein (assumptions for EV) are forward rates calculated based on the market yields on JGBs announced by the Ministry of Finance, Japan.

# Movement Analysis of EV

(¥bn)



Note1 : Provisional calculations that have not been verified by a third party

Note2 : Mortality rates, surrender and lapse rates and expense assumptions in future are the same assumptions as those for the EV as of March 31, 2020.

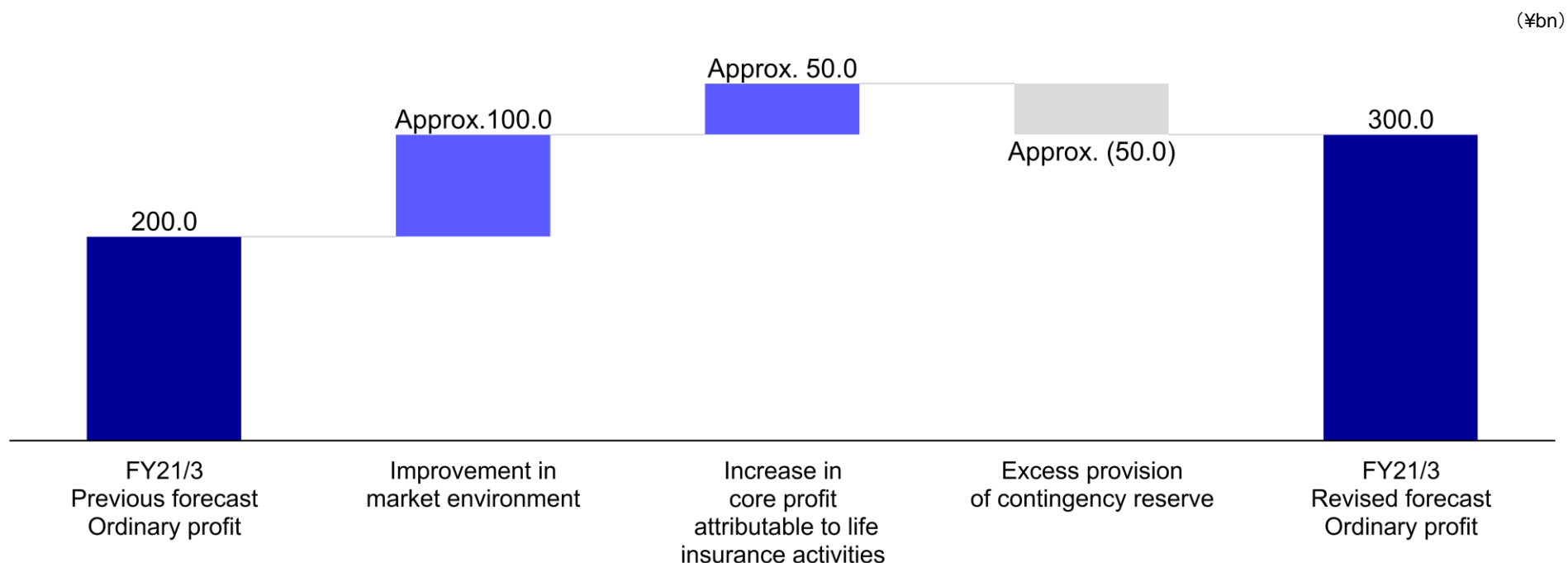
1. Calculated by excluding economic variance factors

# Revisions to the Forecasts for Full-year Financial Results for the Year Ending March 31, 2021 (factors for changes between previous and revised forecasts in ordinary profit)

## ■ Revised forecast for ordinary profit from ¥200.0bn to ¥300.0bn

### [Reasons for the Revision]

1. The improvement in market environment compared with that of when the initial financial results forecast<sup>1</sup> was formulated
2. The increase in core profit attributable to life insurance activities is expected due to the lower-than-expected insurance claims, etc.
3. Excess provision for contingency reserves<sup>2</sup> is expected



1. The initial consolidated financial results forecast for the year ending March 31, 2021, which was announced on May 15, 2020. This is based on the economic assumptions as of March 31, 2020.
2. For the Postal Life Insurance category, the Company plans to accumulate additional policy reserves which will be funded by contingency reserves at the end of March, 2021. With this operation, the Company also plans to provide excess provision for contingency reserves in order to restore the level of them at the end of March, 2021. As a prerequisite, the Company will apply and obtain approval of regulatory authorities.



# Handling in Response to the Spread of COVID-19

- As the spread of the COVID-19 has a major impact on individuals' lives and corporate management, we have been fulfill our social mission as a life insurance company by maintaining a system that enables us to carry on necessary operations, such as paying insurance claims, from the viewpoint of maintaining financial functions and protecting customers, while also implementing initiatives to support customers.

## Major Initiatives Supporting Customers

|  |   |
|--|---|
| <b>Emergency handling for insurance premiums</b>     | <ul style="list-style-type: none"> <li>Extension of the grace period for payment of premiums (up to 9 months)</li> <li>Dealing with payment in installments of premiums for the grace period for payment [Implemented until December 30, 2020]</li> </ul>   |
| <b>Emergency handling for insurance payment</b>      | <ul style="list-style-type: none"> <li>Due to the situation of medical institutions caused by the impact of COVID-19, the following cases are handled as payment targets for hospitalization benefit by submitting certificates of doctors, etc.                             <ul style="list-style-type: none"> <li>Medical treatment at an accommodation facility offered by prefectural governments or at home</li> <li>In the case that the patient could not be hospitalized despite the need for inpatient treatment, or he/she is forced to exit earlier than originally planned</li> </ul> </li> <li>In the event of death due to COVID-19, insurance benefits will be doubled as "Double payment of insurance benefits" are applied in addition to the death benefit</li> <li>Omission of part of necessary documents at the time of claim, etc.</li> </ul> |
| <b>Emergency handling for the loan interest rate</b> | <ul style="list-style-type: none"> <li>Policy loan at a reduced interest rate (0% interest rate) [Implemented until June 30, 2020]</li> </ul>   |
| <b>Non-face-to-face procedures in claims</b>         | <ul style="list-style-type: none"> <li>In response to the growing demand for non-face-to-face claims and requests, we accept hospitalization insurance claims by mail (through mailing of documents between customers and post offices / branches) or by online in response to customer requests.</li> <li>To extend the grace period for premium payments, Kampo website, call centers, and post offices and branches accepted customers' request by phone calls.</li> </ul>   |

## [Reference] Number of cases handled (as of the end of December 2020)

| Item  | Number of cases         | Amount  |
|---|-------------------------|---|
| Extension of the grace period for payment of premiums | 16,113                  | —   |
| Status of Insurance payment                           | Hospitalization Benefit | 4,900<br>¥ 337.90mn   |
|   | Death Benefit           | 433<br>*Double payment :429<br>¥ 1,524.57mn<br>*Included double payment |
| Policy loan (Reduction of interest)                   | 314thousand             | ¥ 134.5bn   |

# New and Postal Life Insurance Category in the Statement of Income (Non-consolidated)

## New and Postal Life Insurance Category in the Statement of Income (Non-consolidated)

(¥bn)

|   | FY17/3  |             | FY18/3  |             | FY19/3  |             | FY20/3  |             | FY20/3 3Q |             | FY21/3 3Q |             |
|---|---------|-------------|---------|-------------|---------|-------------|---------|-------------|-----------|-------------|-----------|-------------|
|   | New     | Postal Life | New     | Postal Life | New     | Postal Life | New     | Postal Life | New       | Postal Life | New       | Postal Life |
| Ordinary income <sup>1</sup>                          | 4,464.2 | 6,889.2     | 3,938.8 | 5,489.2     | 3,814.7 | 4,374.4     | 3,582.6 | 3,658.6     | 2,675.5   | 2,788.0     | 2,723.9   | 2,403.7     |
| Insurance premiums and others                         | 4,039.0 | 1,002.8     | 3,481.2 | 755.2       | 3,369.5 | 590.3       | 2,786.3 | 459.1       | 2,173.3   | 352.3       | 1,773.7   | 278.9       |
| Investment income <sup>1</sup>                        | 422.8   | 945.0       | 454.6   | 830.3       | 440.1   | 764.3       | 441.2   | 696.5       | 337.0     | 530.3       | 327.2     | 474.3       |
| Other ordinary income <sup>1</sup>                    | 2.3     | 4,941.3     | 3.0     | 3,903.7     | 4.9     | 3,019.8     | 354.9   | 2,503.0     | 165.2     | 1,905.3     | 622.9     | 1,650.4     |
| Ordinary expenses <sup>1</sup>                        | 4,370.1 | 6,704.0     | 3,767.1 | 5,352.2     | 3,663.5 | 4,260.4     | 3,388.2 | 3,566.1     | 2,521.7   | 2,707.6     | 2,532.9   | 2,334.6     |
| Insurance claims and others                           | 1,136.5 | 6,413.7     | 1,765.6 | 5,124.3     | 2,837.9 | 4,030.9     | 2,842.0 | 3,349.3     | 2,128.5   | 2,552.5     | 2,227.2   | 2,208.1     |
| Provision for policy reserves and others <sup>1</sup> | 2,694.0 | -           | 1,474.7 | -           | 272.5   | -           | 29.9    | -           | 2.1       | -           | 0.0       | -           |
| Investment expenses <sup>1</sup>                      | 103.8   | 56.5        | 78.5    | 27.9        | 99.1    | 46.8        | 85.7    | 38.2        | 64.5      | 26.8        | 46.1      | 7.3         |
| Operating expenses                                    | 366.5   | 193.6       | 372.8   | 159.9       | 376.2   | 142.1       | 336.3   | 135.8       | 265.7     | 101.7       | 207.4     | 94.8        |
| Other ordinary expenses                               | 69.0    | 40.0        | 75.2    | 39.8        | 77.7    | 40.4        | 94.2    | 42.7        | 60.7      | 26.5        | 52.2      | 24.3        |
| Ordinary profit                                       | 94.0    | 185.2       | 171.7   | 137.0       | 151.1   | 113.9       | 194.3   | 92.4        | 153.8     | 80.4        | 190.9     | 69.0        |
| Extraordinary gains and losses <sup>2</sup>           | 5.7     | (12.6)      | (27.2)  | (17.0)      | 13.8    | 3.6         | 9.3     | 29.8        | 0.8       | 9.1         | (12.1)    | 6.6         |
| Provision for reserve for policyholder dividends      | 15.6    | 137.0       | 21.6    | 96.1        | 19.6    | 92.1        | 15.4    | 93.7        | 11.6      | 69.6        | 13.7      | 54.7        |
| Income before income taxes                            | 84.2    | 35.5        | 122.9   | 23.8        | 145.3   | 25.5        | 188.2   | 28.5        | 143.0     | 19.8        | 165.0     | 20.9        |
| Total income taxes                                    | 21.7    | 9.5         | 35.4    | 6.9         | 41.1    | 8.7         | 54.9    | 10.7        | 40.5      | 6.8         | 46.3      | 11.2        |
| Net income  | 62.4    | 26.0        | 87.4    | 16.8        | 104.1   | 16.7        | 133.3   | 17.8        | 102.5     | 13.0        | 118.7     | 9.7         |

Note: "Postal Life Insurance category" shows the amounts generated from the Postal Life Insurance policies, and "New category" shows the figure after deduction of "Postal Life Insurance category" from the total.

- Adjusted if the resulting number for the new category is negative when the Postal Life Insurance category is subtracted from Japan Post Insurance as a whole.  
(E.g.: FY21/3 3Q, ¥ 0.3billion was added to "Gains on foreign exchanges," under "Investment income," and to "Losses on foreign exchanges," under "Investment expenses")
- "Extraordinary gains and losses" includes "Price fluctuations reserve, provision" and "Price fluctuations reserve, reversal."

# Figures by New and Postal Life Insurance Categories (Non-Consolidated)

|  |       | FY17/3     | FY18/3     | FY19/3     | FY20/3     | FY20/3 3Q  | FY21/3 3Q  |
|--|-------|------------|------------|------------|------------|------------|------------|
| <b>Total assets</b>                                    | ¥mn   | 80,336,414 | 76,832,508 | 73,904,576 | 71,667,398 | 71,882,635 | 69,683,604 |
| Postal Life Insurance category                         |       | 51,447,550 | 46,684,937 | 41,354,076 | 39,225,493 | 39,567,643 | 37,869,228 |
| New category   |       | 28,888,864 | 30,147,570 | 32,550,500 | 32,441,904 | 32,314,991 | 31,814,376 |
| <b>Number of policies in force</b>                     | (000) | 31,562     | 30,405     | 29,143     | 27,070     | 27,738     | 25,377     |
| Postal Life Insurance category (insurance)             |       | 14,411     | 12,484     | 11,048     | 9,907      | 10,190     | 9,192      |
| New category (individual insurance)                    |       | 17,150     | 17,921     | 18,095     | 17,163     | 17,547     | 16,185     |
| <b>Insurance premiums and others</b>                   | ¥mn   | 5,041,868  | 4,236,461  | 3,959,928  | 3,245,541  | 2,525,729  | 2,052,722  |
| Postal Life Insurance category                         |       | 1,002,816  | 755,221    | 590,340    | 459,151    | 352,379    | 278,961    |
| New category   |       | 4,039,051  | 3,481,240  | 3,369,588  | 2,786,389  | 2,173,350  | 1,773,760  |
| <b>Ordinary profit</b>                                 | ¥mn   | 279,347    | 308,845    | 265,143    | 286,829    | 234,281    | 260,019    |
| Postal Life Insurance category                         |       | 185,250    | 137,074    | 113,981    | 92,490     | 80,408     | 69,075     |
| New category   |       | 94,097     | 171,771    | 151,162    | 194,338    | 153,872    | 190,944    |
| <b>Net income</b>                                      | ¥mn   | 88,520     | 104,309    | 120,958    | 151,132    | 115,508    | 128,446    |
| Postal Life Insurance category                         |       | 26,044     | 16,878     | 16,763     | 17,806     | 13,000     | 9,702      |
| New category   |       | 62,475     | 87,430     | 104,195    | 133,325    | 102,507    | 118,744    |
| <b>Contingency reserve (reversal) provision</b>        | ¥mn   | (120,819)  | (139,678)  | (151,592)  | (165,388)  | (124,327)  | 7,668      |
| Postal Life Insurance category                         |       | (172,881)  | (173,722)  | (173,590)  | (170,814)  | (128,539)  | 4,238      |
| New category   |       | 52,061     | 34,043     | 21,997     | 5,425      | 4,212      | 3,430      |
| <b>Price fluctuations reserve (reversal) provision</b> | ¥mn   | 6,444      | 128,031    | (19,251)   | (39,152)   | (9,835)    | 5,389      |
| Postal Life Insurance category                         |       | 12,625     | 17,090     | (3,686)    | (29,845)   | (9,132)    | (6,671)    |
| New category   |       | (6,181)    | 110,940    | (15,564)   | (9,306)    | (702)      | 12,061     |
| <b>Additional policy reserve (reversal) provision</b>  | ¥mn   | (50,454)   | (30,648)   | (50,292)   | (49,750)   | (36,430)   | (161,314)  |
| Postal Life Insurance category                         |       | (50,454)   | (47,674)   | (46,698)   | (46,396)   | (33,876)   | (159,087)  |
| New category   |       | -          | 17,025     | (3,594)    | (3,354)    | (2,553)    | (2,227)    |

Note: "Postal Life Insurance category" shows the amounts generated from the Postal Life Insurance policies, and "New category" shows the figure after deduction of "Postal Life Insurance category" from the total.

# Key Financial Indicators

(¥bn)

|   | FY17/3   | FY18/3   | FY19/3   | FY20/3   | FY20/3 3Q | FY21/3 3Q |
|---|----------|----------|----------|----------|-----------|-----------|
| Insurance premiums and others                         | 5,041.8  | 4,236.4  | 3,959.9  | 3,245.5  | 2,525.7   | 2,052.7   |
| Ordinary profit                                       | 279.7    | 309.2    | 264.8    | 286.6    | 233.9     | 260.8     |
| Provision for reserve for policyholder dividends      | 152.6    | 117.7    | 111.8    | 109.2    | 81.3      | 68.5      |
| Net income  | 88.5     | 104.4    | 120.4    | 150.6    | 115.0     | 129.0     |
| Net assets  | 1,853.2  | 2,003.1  | 2,135.1  | 1,928.3  | 2,366.4   | 2,711.6   |
| Total assets  | 80,336.7 | 76,831.2 | 73,905.0 | 71,664.7 | 71,883.2  | 69,684.0  |
| Return on equity                                      | 4.7 %    | 5.4 %    | 5.8 %    | 7.4 %    | -         | -         |
| RoEV <sup>1</sup>                                     | 4.9 %    | 9.9 %    | 8.6 %    | (2.8) %  | -         | 4.2 %     |
| Dividends to shareholders                             | 36.0     | 40.8     | 43.2     | 42.7     | 21.3      | -         |
| Total Return Ratio <sup>2</sup>                       | 40.6 %   | 39.0 %   | 118.9 %  | 28.4 %   | -         | -         |
| EV  | 3,355.6  | 3,743.3  | 3,925.7  | 3,324.2  | 3,585.3   | 3,918.9   |
| Value of New Business                                 | 36.8     | 226.7    | 223.8    | 60.6     | 63.8      | (2.8)     |
| Core profit<br>(Non-consolidated)                     | 390.0    | 386.1    | 377.1    | 400.6    | 300.4     | 309.7     |
| Core profit attributable to life insurance activities | 311.4    | 320.3    | 318.7    | 320.1    | 250.1     | 268.3     |
| Spread<br>(positive/negative spread)                  | 78.5     | 65.8     | 58.4     | 80.4     | 50.3      | 41.3      |

1. Calculated by excluding economic variance factors. The movement analysis for FY20/3 3Q was not measured. The figure for FY21/3 3Q is annualized.

2. The figure for FY19/3 represents the total return ratio including share repurchase (approximately ¥ 100.0billion) in April 2019.

<Disclaimer>

The financial results forecasts and other forward-looking statements herein are based on certain assumptions deemed reasonable by Japan Post Insurance at the time of this document's disclosure. Please note that actual results may differ materially from such forward-looking statements due to various factors including changes in the operating environment, interest rates or general economic conditions or other future events and circumstances.

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