Outline of Financial Results for the Six Months Ended September 30, 2020

November 13, 2020

JAPAN POST INSURANCE

Summary of Financial Results

	6 months ended Sep-20	Year on Year
Ordinary Profit	**¥ 162.7bn**	¥ 21.2bn + 15.0 % (Forecast) ¥ 200.0bn Achievement : 81.4 %
Net income	**¥ 93.6bn**	¥ 17.3bn + 22.8 % (Forecast) ¥ 124.0bn Achievement : 75.5 %
Annualized premiums from New policies	(Individual Insurance) **¥ 15.0bn**	¥ (116.5)bn (88.6) %
	(Medical Care) **¥ 0.6bn**	¥ (20.4)bn (96.7) %
Annualized premiums from Policies in Force	(Individual Insurance) **¥ 4,100.1bn**	¥ (218.5)bn (5.1) %
	(Medical Care) **¥ 691.1bn**	¥ (24.3)bn (3.4) %
EV	**¥ 3,734.1bn**	¥ 409.8bn + 12.3 %

【Financial Highlights】

- Ordinary profit was ¥ 162.7billion, a 15.0% increase year on year, and net income was ¥ 93.6billion, a 22.8% increase year on year, mainly due to a decrease in operating expenses, etc. as a result of decreased new policy sales.

- The Company used economic assumptions as of March 31, 2020 in formulating the financial results forecast for the year ending March 31, 2021. As we 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 have progressed at a higher rate compared to the forecast.

【Policy Sales】

- Annualized premiums from new policies for individual insurance were ¥ 15.0billion, an 88.6% decrease year on year, while annualized premiums from new policies for medical care were ¥ 0.6billion, a 96.7% decrease year on year as we had been refraining from proactive sales proposal since mid-July 2019.

【Embedded Value】

- EV increased by 12.3% from the end of the previous fiscal year to ¥ 3,734.1billion, due to increases in interest rates and stock prices and other factors.

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Financial Results for the Six Months Ended September 30, 2020 (Year on Year)

Statement of Income

(¥bn)

	6months ended Sep-19	6months ended Sep-20	Change	(Reference) Year ended Mar-20
Ordinary income	3,661.3	3,385.3	(275.9)	7,211.4
Insurance premiums and others	1,801.1	1,417.8	(383.3)	3,245.5
Investment income	574.0	520.3	(53.7)	1,137.7
Reversal of policy reserves	1,209.3	1,389.6	180.3	2,767.3
Ordinary expenses	3,519.8	3,222.6	(297.1)	6,924.8
Insurance claims and others	3,143.8	2,930.2	(213.6)	6,191.3
Investment expenses	67.0	45.6	(21.4)	124.0
Operating expenses etc[1]	308.8	246.7	(62.1)	609.4
Ordinary profit	141.5	162.7	21.2	286.6
Extraordinary gains and losses	25.8	27.4	1.5	39.2
Reversal of reserve for price fluctuations	25.6	27.4	1.8	39.1
Provision for reserve for policyholder dividends	54.5	47.2	(7.2)	109.2
Total income taxes	36.4	49.1	12.7	65.9
Net income attributable to Japan Post Insurance	76.3	93.6	17.3	150.6

Note: Only major line items are shown.
1. Sum of Operating expenses and Other ordinary expenses

Details of Ordinary Profit (Non-Consolidated)

(¥bn)

	6months ended Sep-19	6months ended Sep-20	Change	(Reference) Year ended Mar-20
Core profit	205.7	226.5	20.8	400.6
Core profit attributable to life insurance activities	167.1	196.4	29.3	320.1
Positive spread	38.5	30.1	(8.4)	80.4
Net capital gains (losses)	(57.4)	(59.0)	(1.6)	(102.4)
Other one-time profits (losses)	(6.3)	(5.2)	1.0	(11.3)
Ordinary profit	141.9	162.2	20.2	286.8

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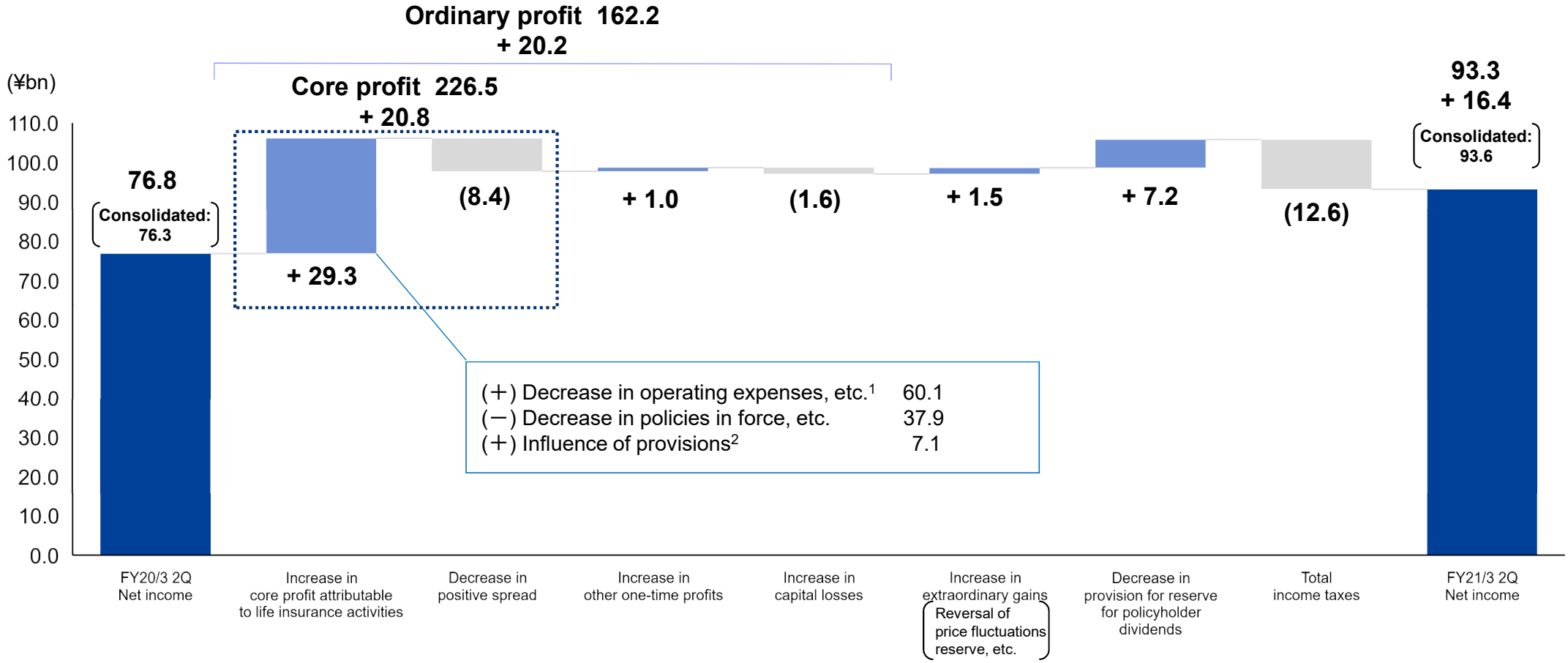
Factors for Year on Year Changes (Non-Consolidated)

- **Core profit increased from the previous fiscal year to ¥ 226.5billion, as core profit attributable to life insurance activities significantly increased year on year due to a decrease in operating expenses, etc. as a result of decreased new policy sales and the reversal of provisions based on the progress in the policy investigation and actual policy reinstatement, despite a decrease in positive spread.**
- **As for capital losses, we continued to adopt accounting treatments to reverse the price fluctuation reserves corresponding to the loss amount. Net income increased year on year to ¥ 93.3billion as a result of an increase in core profit.**



1. "Decrease in operating expenses, etc." shows the difference of figures of the second quarter between the year ended March 31, 2020, and the year ending March 31, 2021. This figure is calculated by adding up "Operating expenses" and "Other ordinary expenses". However, the impact of reserve for insurance claims and others in the second quarter of the year ended March 31, 2020, has been adjusted through the item "Influence of provisions".
2. Influence of reversal of reserve for insurance claims and others 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 in the second quarter of the year ended March 31, 2020, as described in 1. above.
(Amount of reversal in the second quarter of the year ending March 31, 2021: ¥ 6.0billion, Amount of provision in the second quarter of the year ended March 31, 2020: ¥ 1.0billion)

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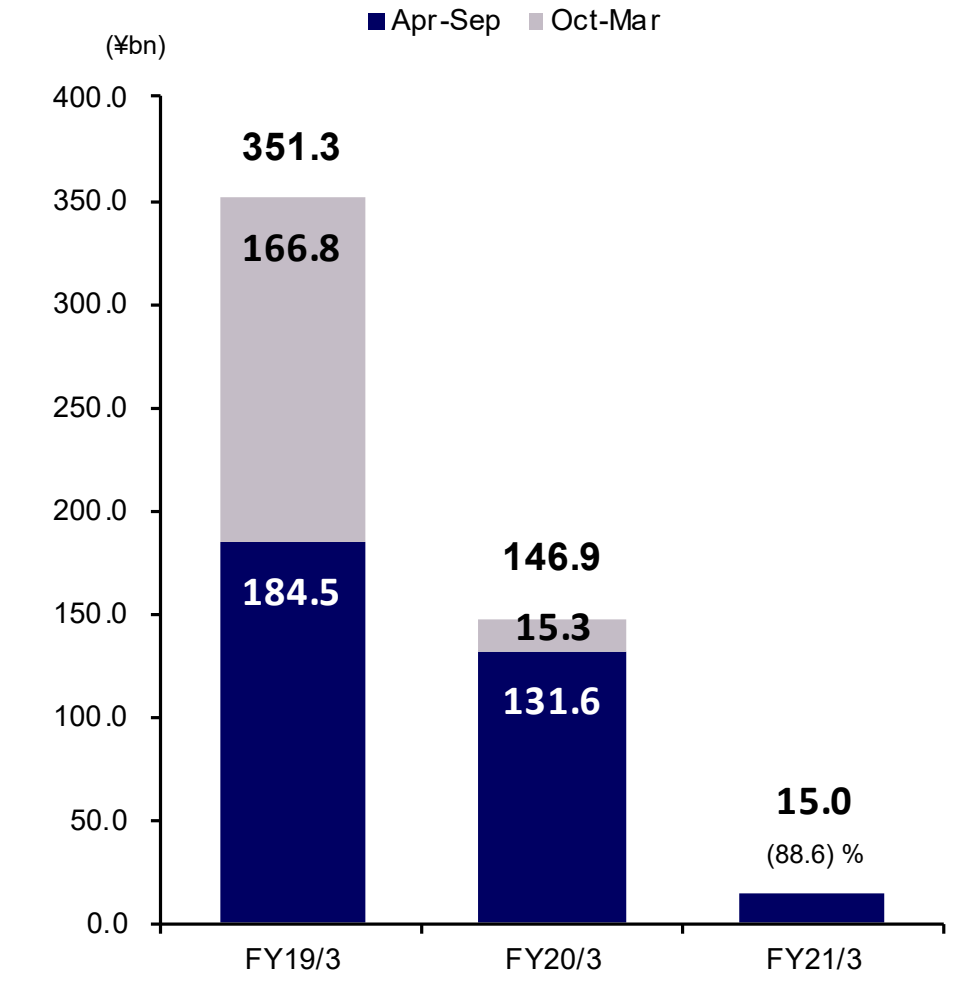
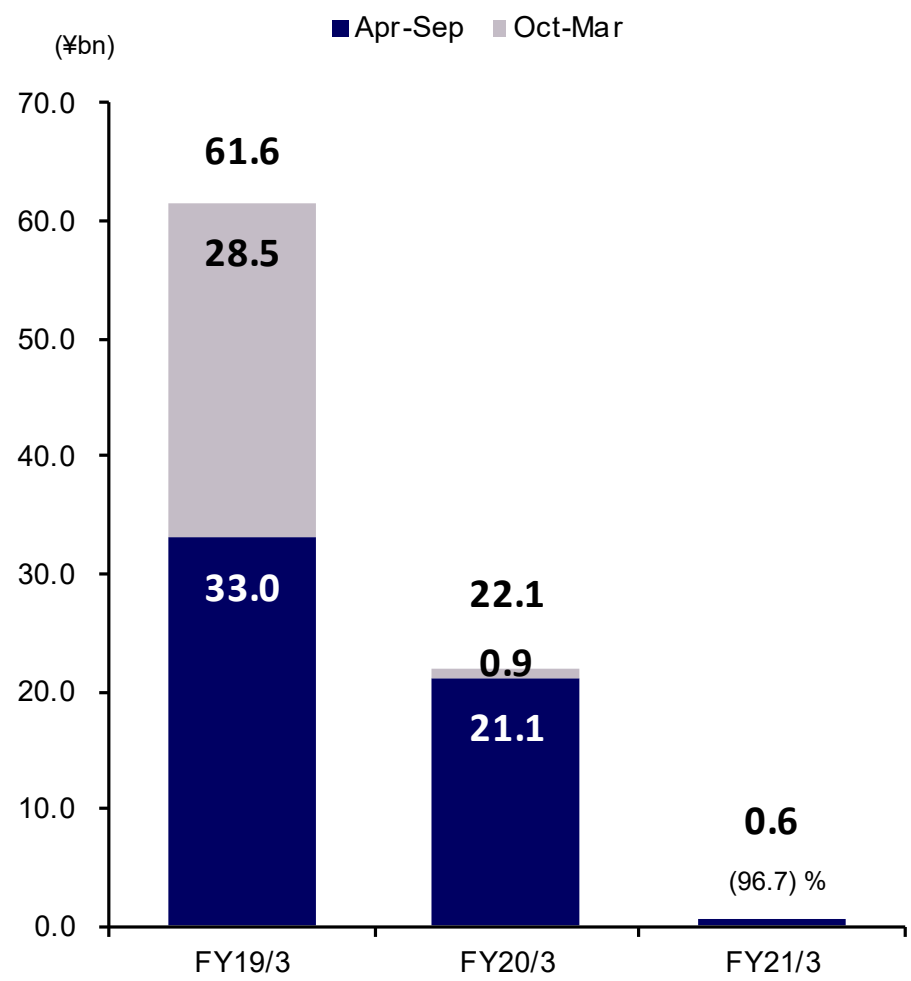
Policy Sales 〔Annualized Premiums from New Policies〕

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 the year ended March 31, 2020 and the year ending March 31, 2021 include the influence by refraining from proactive sales proposal from mid-July 2019 and business suspension from January 2020 to March 2020.

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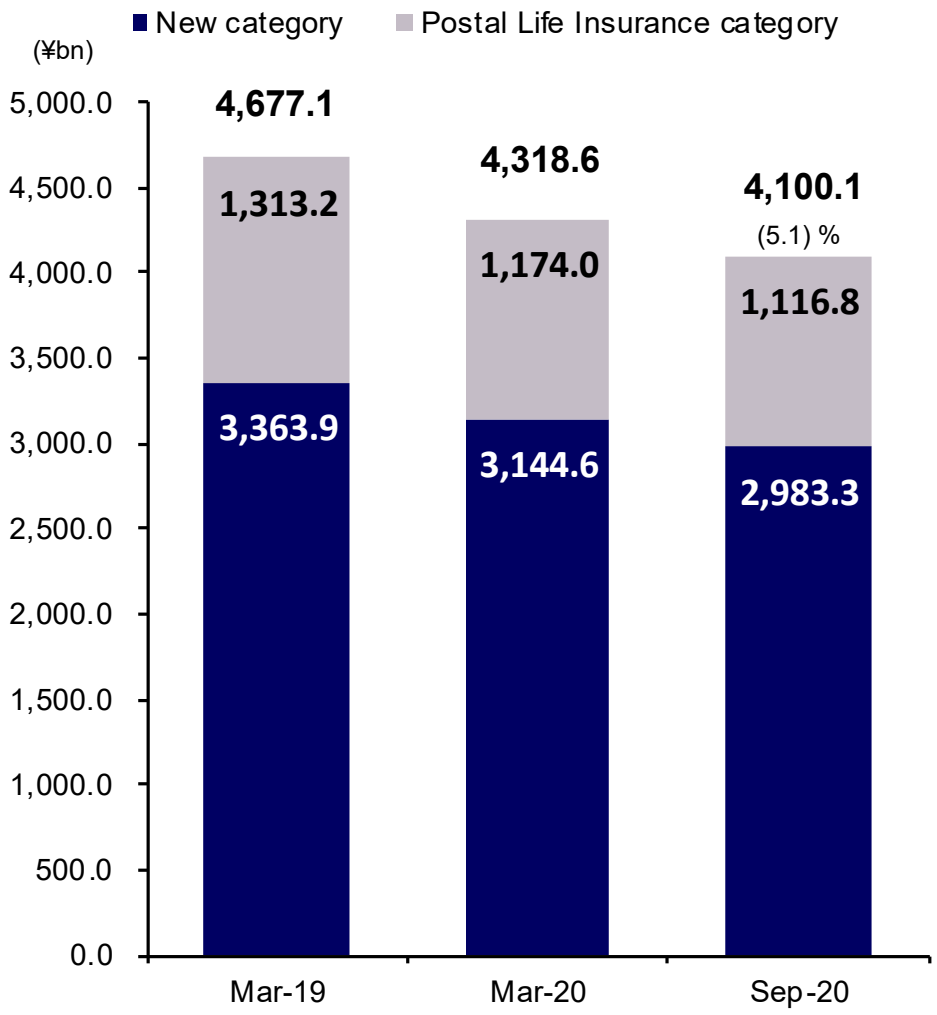
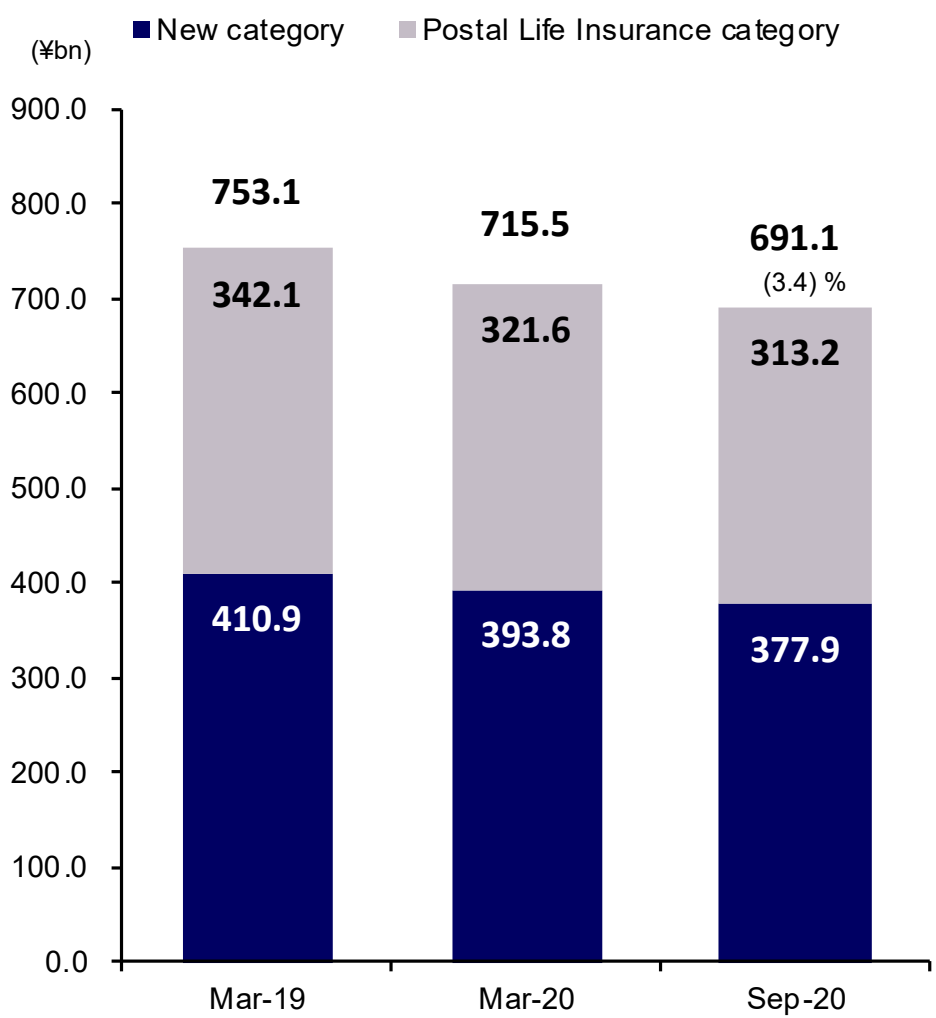
Policy Sales 〔Annualized Premiums from Policies in Force〕

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.

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Investments ［Asset Portfolio］

Asset Portfolio

(¥bn)

	Mar-20		Sep-20		Change
	Amount	Share	Amount	Share	
Bonds	48,830.6	68.1 %	48,543.1	69.0 %	(287.4)
Japanese government bonds	36,730.7	51.3 %	37,092.5	52.7 %	361.7
Japanese local government bonds	6,728.7	9.4 %	6,228.1	8.8 %	(500.6)
Japanese corporate bonds	5,371.1	7.5 %	5,222.4	7.4 %	(148.6)
Return seeking assets[1]	9,938.6	13.9 %	10,473.9	14.9 %	535.3
Domestic stocks[2]	1,765.1	2.5 %	2,083.8	3.0 %	318.6
Foreign stocks[2]	323.5	0.5 %	394.8	0.6 %	71.2
Foreign bonds[2]	6,445.1	9.0 %	6,543.2	9.3 %	98.1
Other[3]	1,404.8	2.0 %	1,452.0	2.1 %	47.2
Loans	5,662.7	7.9 %	5,345.6	7.6 %	(317.0)
Others	7,232.7	10.1 %	6,034.4	8.6 %	(1,198.2)
Cash and deposits, call loans	1,790.2	2.5 %	1,482.8	2.1 %	(307.4)
Receivables under securities borrowing transactions	3,191.7	4.5 %	2,480.5	3.5 %	(711.1)
Total assets	71,664.7	100.0 %	70,397.2	100.0 %	(1,267.4)

1. 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.
2. “Domestic stocks,” “Foreign stocks” and “Foreign bonds” include individual stocks and bonds, as well as investment trusts that invest only in the specified assets.
3. “Bank loans,” “multi-asset” and “real estate fund” etc.

Spread and Investment Yield

(¥bn)

	6months ended Sep-19	6months ended Sep-20	(Reference) Year ended Mar-20
Positive spread	38.5	30.1	80.4
Average assumed rates of return[1]	1.69 %	1.69 %	1.69 %
Investment return on core profit[2]	1.81 %	1.79 %	1.82 %
Net capital gains (losses)	(57.4)	(59.0)	(102.4)

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

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Investments ［Fair Value Information of Securities］

Fair Value Information of Securities

(¥bn)

	Mar-20			Sep-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	58,686.8	66,335.0	7,648.2	(397.3)	(340.7)	56.5
Held-to-maturity bonds	35,735.7	41,953.3	6,217.6	35,472.5	41,182.1	5,709.6	(263.1)	(771.2)	(508.0)
Policy-reserve-matching bonds	9,574.6	10,578.5	1,003.8	9,578.4	10,469.4	891.0	3.7	(109.0)	(112.8)
Available-for-sale securities	13,773.7	14,143.9	370.1	13,635.8	14,683.4	1,047.6	(137.9)	539.5	677.5
Securities etc.	11,102.5	11,399.6	297.0	10,979.2	11,520.9	541.7	(123.3)	121.3	244.7
Bonds	3,700.4	3,742.1	41.7	3,595.5	3,646.5	51.0	(104.8)	(95.5)	9.3
Domestic stocks	322.0	281.2	(40.8)	318.8	332.1	13.2	(3.1)	50.8	54.0
Foreign securities	4,221.6	4,589.3	367.6	4,227.8	4,660.0	432.1	6.2	70.6	64.4
Other securities	2,006.8	1,933.2	(73.5)	1,911.0	1,954.5	43.4	(95.8)	21.2	117.0
Deposits etc.	851.5	853.5	2.0	925.8	927.7	1.8	74.2	74.1	(0.1)
Money held in trust	2,671.2	2,744.3	73.0	2,656.6	3,162.5	505.8	(14.5)	418.1	432.7
Domestic stocks[1]	1,387.9	1,483.9	95.9	1,365.0	1,751.7	386.6	(22.8)	267.7	290.6
Foreign stocks[1]	297.2	323.5	26.2	300.3	394.8	94.4	3.1	71.2	68.1
Foreign bonds[1]	736.0	698.4	(37.5)	739.4	763.8	24.3	3.4	65.3	61.8
Other[2]	250.0	238.3	(11.6)	251.6	252.1	0.4	1.6	13.7	12.0

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”

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Expenses

Operating Expenses (Commissions[1] etc.)

(¥bn)

	6months ended Sep-19	6months ended Sep-20	Change	(Reference) Year ended Mar-20
Operating expenses	253.5	196.2	(57.3)	473.8
Commissions	141.0	95.3	(45.7)	248.7
Sales Commissions	62.4	24.5	(37.9)	100.9
Maintenance Commissions	78.6	70.7	(7.8)	147.8
Contributions[2]	28.7	28.0	(0.7)	57.5
Others	83.6	72.8	(10.8)	167.4
Depreciation and amortization	28.0	30.4	2.4	57.4

1. Commissions paid to Japan Post Co.
2. Contributions paid to The Postal Management and Support Organization based on the related law

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Financial Soundness

Internal Reserves

(¥bn)

	Mar-20	Sep-20	Provisions in the period
Contingency reserve	1,797.3	1,802.6	5.2
Postal Life Insurance category	1,320.6	1,323.5	2.8
New category	476.6	479.1	2.4
Price fluctuations reserve	858.3	830.9	(27.4)
Postal Life Insurance category	631.9	604.9	(27.0)
New category	226.3	225.9	(0.3)
Additional policy reserve	5,830.3	5,724.7	(105.5)
Postal Life Insurance category	5,820.2	5,716.2	(104.0)
New category	10.0	8.5	(1.5)

Solvency Margin Ratio

(¥bn)

	Mar-20	Sep-20
Solvency Margin Ratio	1,070.9 %	1,138.0 %
Total amount of solvency margin	5,161.6	5,793.4
Total amount of risk	963.8	1,018.1

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.

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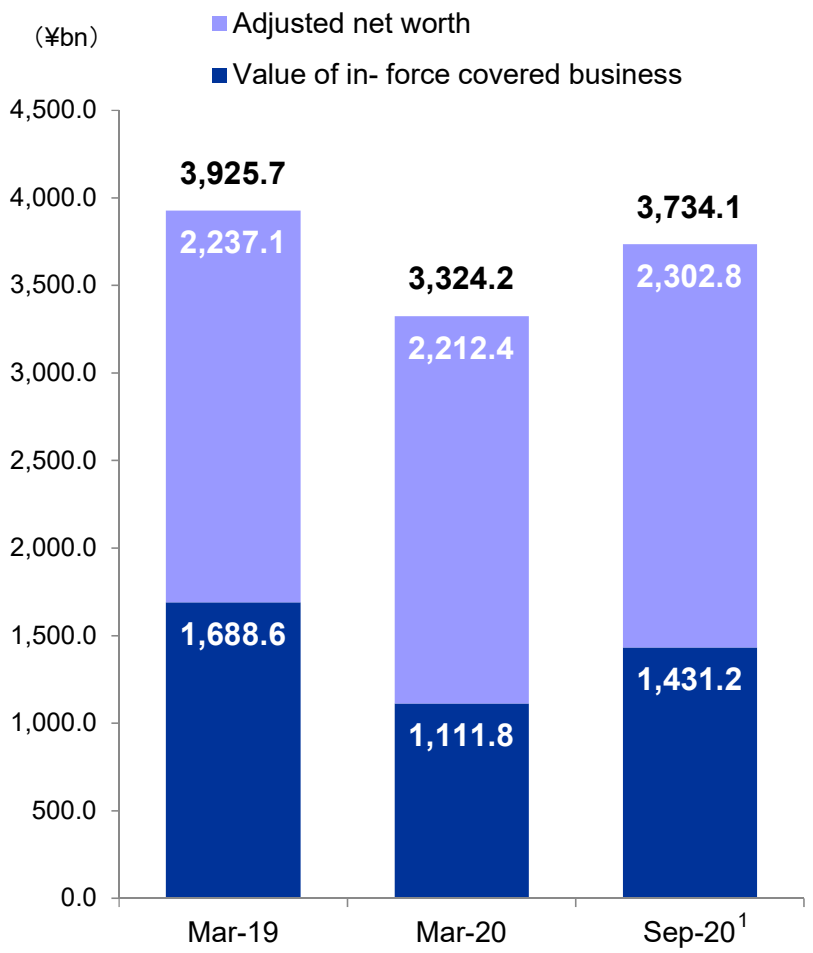
Embedded Value

Breakdown of EV

(¥bn)

	Mar-20	Sep-20[1]	Change
EV	3,324.2	3,734.1	409.8 (+ 12.3 %)
Adjusted net worth	2,212.4	2,302.8	90.4 (+ 4.1 %)
Value of in- force covered business	1,111.8	1,431.2	319.4 (+ 28.7 %)

EV



Value of New Business

Value of new business as of 6 months ended Sep-20[1,2]	¥ (1.5)bn
New business margin as of 6 months ended Sep-20[1,3]	(1.2) %

- Although Japan Post Insurance had been refraining from proactive sales proposal during the first half of FY21/3, 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 September 30, 2020, based on the new policies written in the period from April 2020 to September 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

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

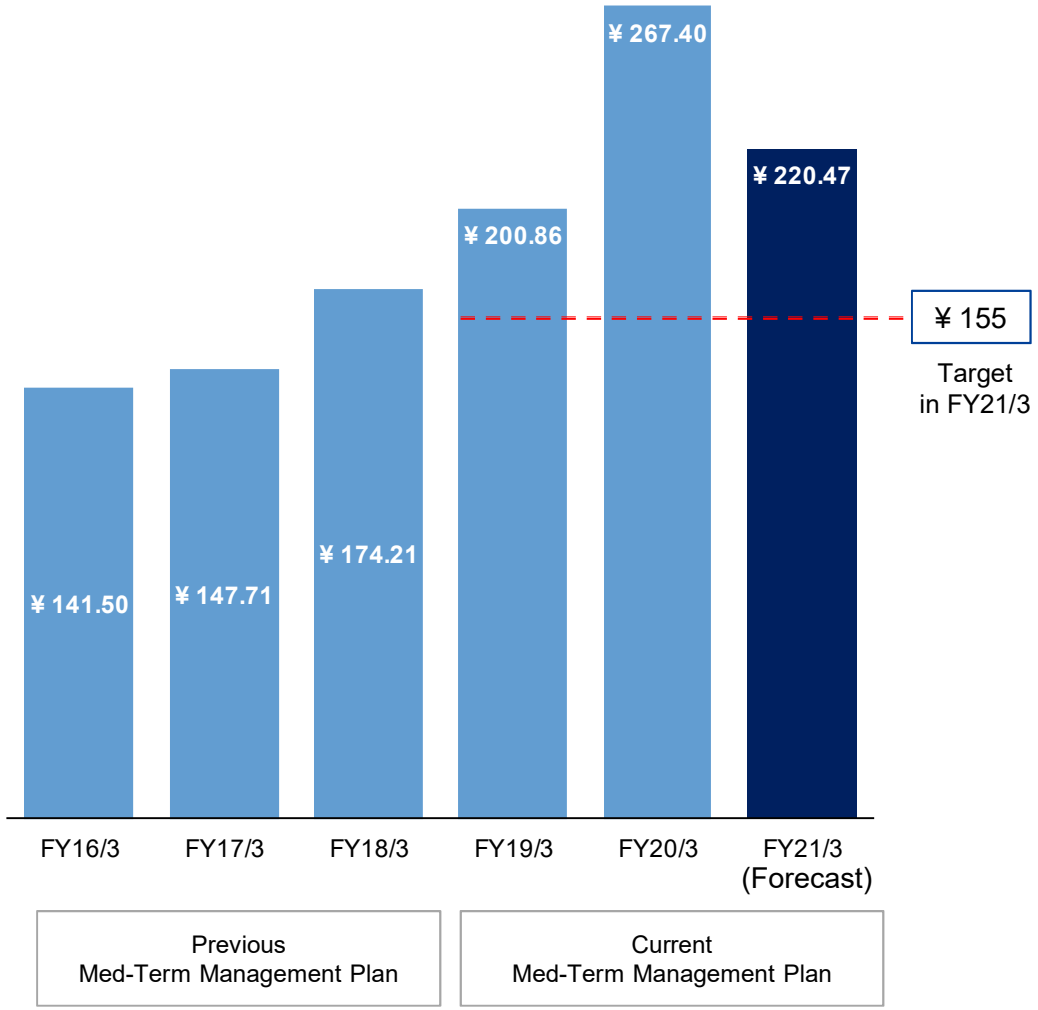
Full-year Financial Results Forecast

- **The Company used economic assumptions as of March 31, 2020 in formulating the financial results forecast for the year ending March 31, 2021, which was announced on May 15, 2020. As we 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 have progressed at a higher rate compared to the forecast.**
- **However, due to the uncertainty of 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 in such a case, the Company has currently made no revisions to the financial results forecast for the year ending March 31, 2021.**

(¥bn)

	Year ending Mar-21[1] (Forecasts)	6months ended Sep-20	Achievement
Ordinary income	6,850.0	3,385.3	49.4 %
Ordinary profit	200.0	162.7	81.4 %
Net income [2]	124.0	93.6	75.5 %
Net income per share	¥ 220.47	¥ 166.55	75.5 %

Earnings Per Share



1. With respect to the negative impact of the spread of COVID-19, the Company is considering a decrease in investment income and an increase in investment expenses, in view of the global economic downturn, in addition to the "Special Handling Associated with the Spread of the Impact of COVID-19" (reduction or exemption of interest rates on ordinary policyholder loans, etc.) dated March 19, 2020 and the "Handling of Double Indemnity of Insurance Claims Associated with the Spread of the Impact of COVID-19" dated April 15, 2020, as announced on the Company website. Going forward, the Company will promptly make announcements when revisions to the forecast become necessary.
2. Net income attributable to Japan Post Insurance

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Shareholder Return

Shareholder Return Policy

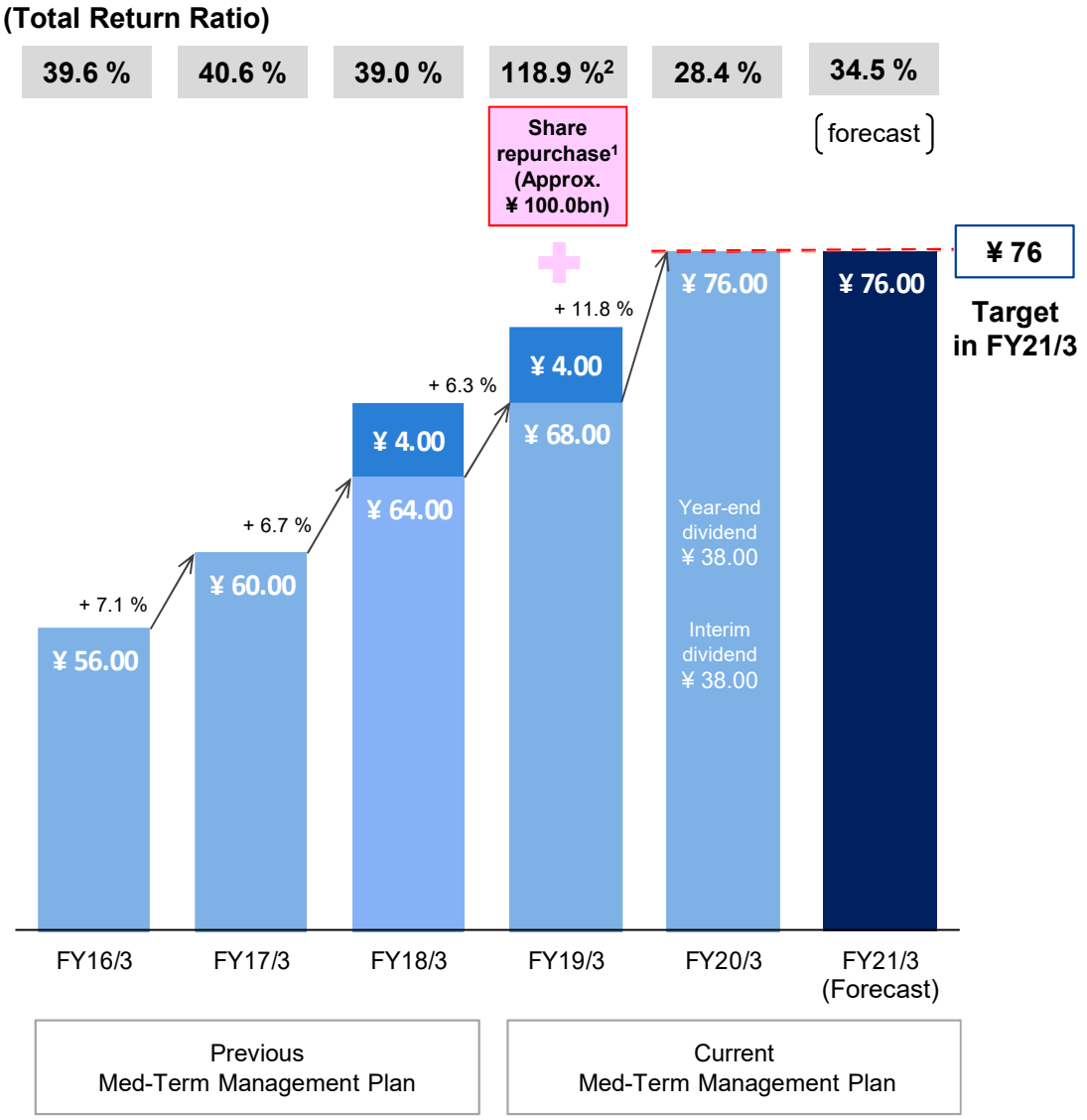
- We recognize that the distribution of profit to shareholders is an important policy of management
- Aim for a steady dividends per share while considering earning prospects and financial soundness

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

(Going forward, the Company will promptly make announcements when revisions to the dividend forecast become necessary due to the impact of the spread of COVID-19 and other developments.)

Shareholder Return



1. Share repurchase on April 2019
2. Total return ratio including share repurchase as mentioned in Note 1

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APPENDIX

Overview of Balance Sheets

Overview of Balance Sheets

(¥bn)

	Mar-20	Sep-20	Change
Total Assets	71,664.7	70,397.2	(1,267.4)
Cash and deposits	1,410.2	1,342.8	(67.4)
Money held in trust	3,056.0	3,528.3	472.3
Securities	55,870.5	55,660.0	(210.5)
Loans	5,662.7	5,345.6	(317.0)
Tangible fixed assets	110.2	107.1	(3.0)
Intangible fixed assets	135.0	123.4	(11.5)
Deferred tax assets	1,173.7	974.6	(199.1)

	Mar-20	Sep-20	Change
Total Liabilities[1]	69,736.4	67,909.4	(1,826.9)
Policy reserves	62,293.1	60,903.4	(1,389.6)
Contingency reserve	1,797.3	1,802.6	5.2
Additional policy reserve	5,830.3	5,724.7	(105.5)
Bonds payable	100.0	100.0	-
Reserve for price fluctuations	858.3	830.9	(27.4)
Net assets	1,928.3	2,487.7	559.4
Total shareholders'equity	1,661.2	1,733.6	72.3
Capital stock	500.0	500.0	-
Capital surplus	405.0	405.0	-
Retained earnings	756.6	828.9	72.2
Treasury stock	(0.4)	(0.3)	0.0
Total accumulated other comprehensive income	267.0	754.1	487.0

Note: Only major line items are shown.

1. Including reserve for insurance claims and others, which decreased ¥21.9 billion from ¥29.7 billion as of March 31, 2020 to ¥7.8 billion as of September 30, 2020

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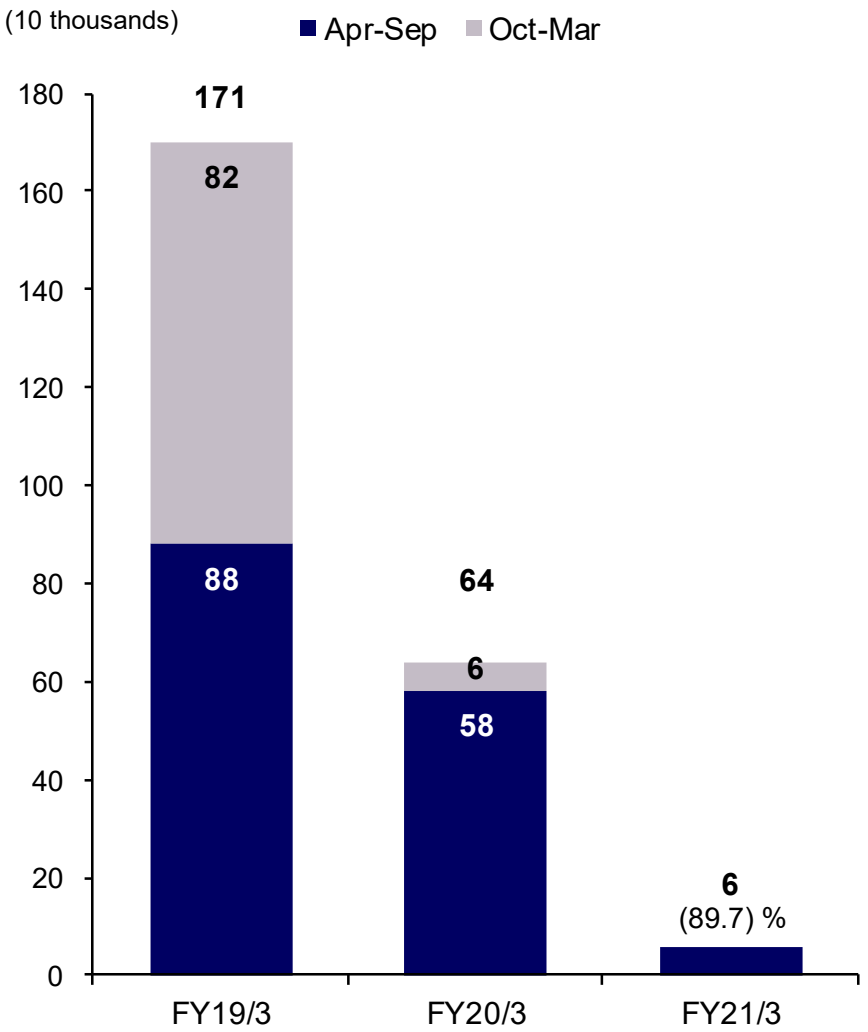
Policy Sales ［Number of New Policies］

Number of New Policies (Individual Insurance)



Note : The figures for the year ended March 31, 2020 and the year ending March 31, 2021 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)

	6months ended Sep-19		6months ended Sep-20	
	Number of policies	Share	Number of policies	Share
Individual insurance	58	100.0 %	6	100.0 %
Endowment insurance	30	51.9 %	4	73.9 %
Ordinary endowment insurance	16	27.5 %	3	54.9 %
Ordinary endowment insurance (with a relaxed underwriting criteria)	3	5.5 %	0	1.3 %
Special endowment insurance[1]	11	18.9 %	1	17.7 %
Whole life insurance	24	41.7 %	0	9.4 %
Ordinary whole life insurance (Fixed amount type)	5	10.0 %	0	2.1 %
Ordinary whole life insurance (with a relaxed underwriting criteria)	6	10.9 %	0	0.5 %
Ordinary whole life insurance (Increased amount type)	9	16.8 %	0	5.4 %
Special whole life insurance	2	4.1 %	0	1.5 %
Educational endowment insurance	3	6.3 %	0	16.5 %
Other insurance	0	0.1 %	0	0.1 %

Note: Only major products are shown.

1. Increased amount type endowment insurance

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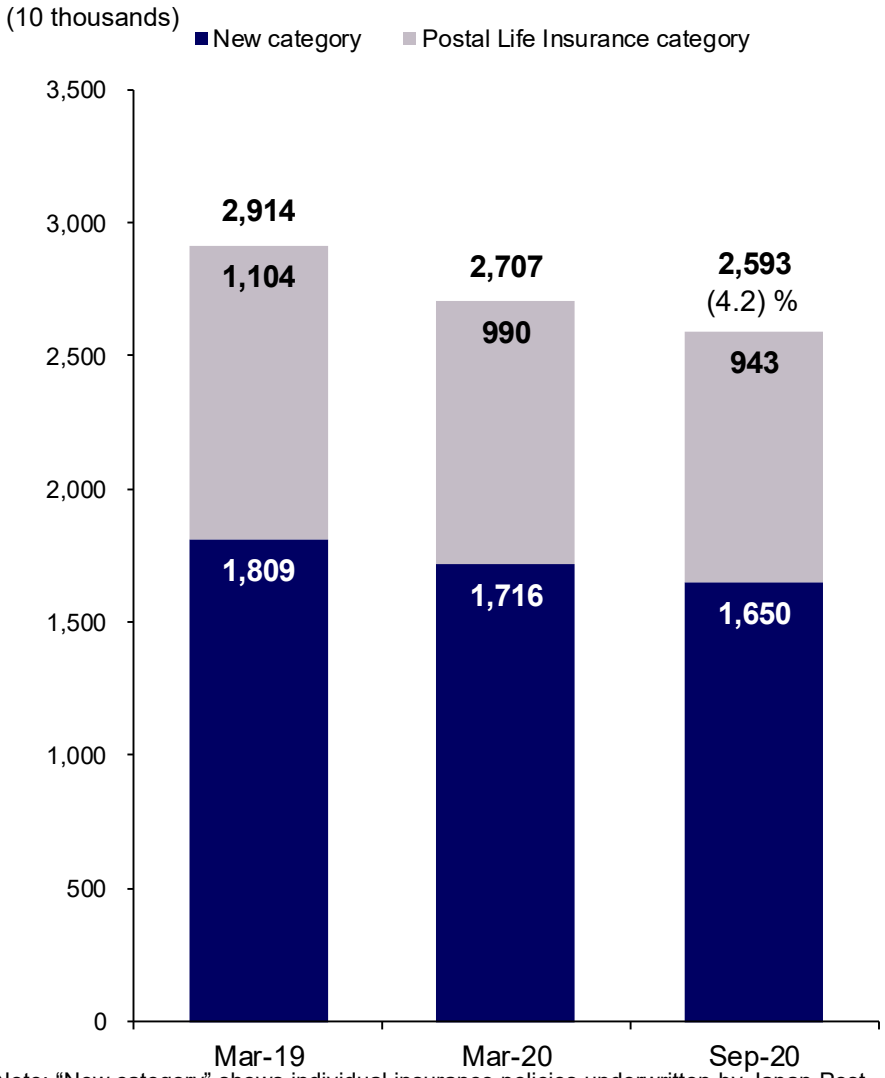
Policy Sales ［Number of Policies in Force］

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		Sep-20	
	Number of policies	Share	Number of policies	Share
Individual insurance	2,707	100.0 %	2,593	100.0 %
Endowment insurance	1,041	38.5 %	970	37.4 %
Ordinary endowment insurance	668	24.7 %	623	24.0 %
Ordinary endowment insurance (with a relaxed underwriting criteria)	3	0.1 %	3	0.1 %
Special endowment insurance[1]	363	13.4 %	340	13.1 %
Whole life insurance	1,259	46.5 %	1,233	47.5 %
Ordinary whole life insurance (Fixed amount type)	393	14.5 %	383	14.8 %
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 %	267	10.3 %
Special whole life insurance	585	21.6 %	575	22.2 %
Educational endowment insurance	393	14.5 %	376	14.5 %
Other insurance	13	0.5 %	13	0.5 %

Note: Only major products are shown.

1. Increased amount type endowment insurance

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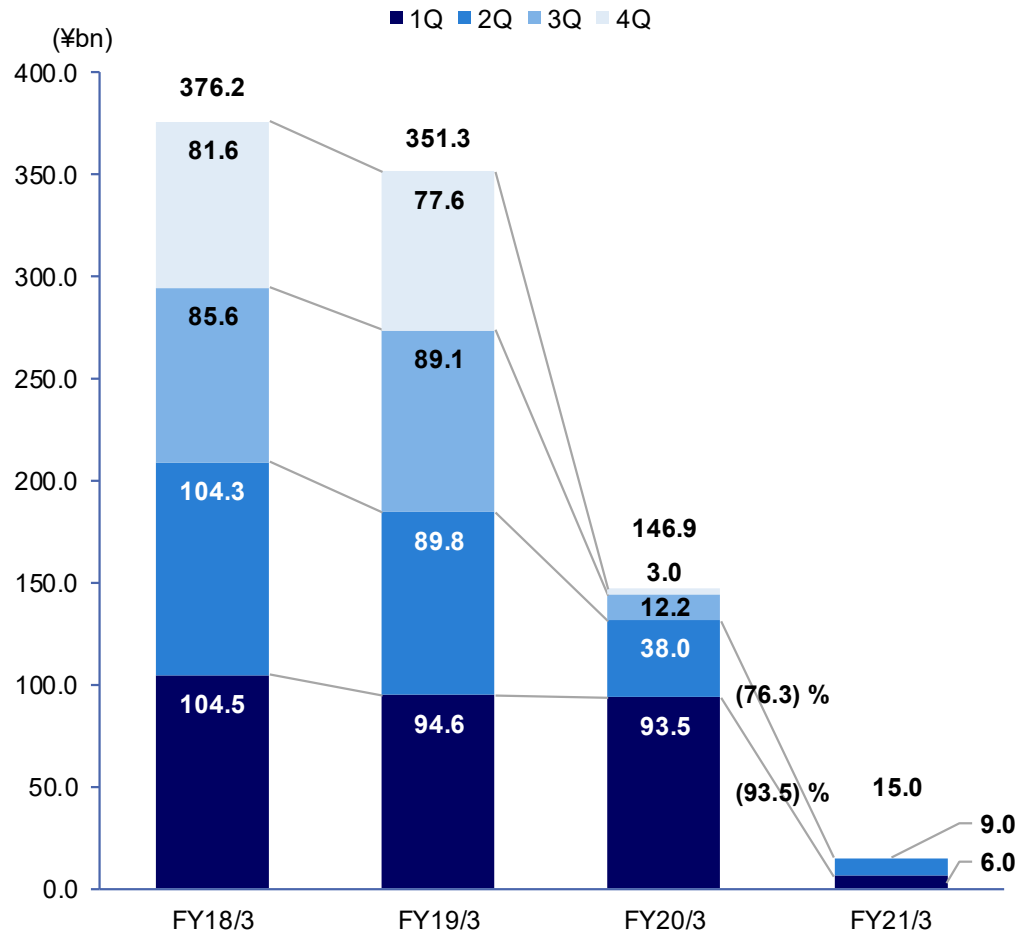
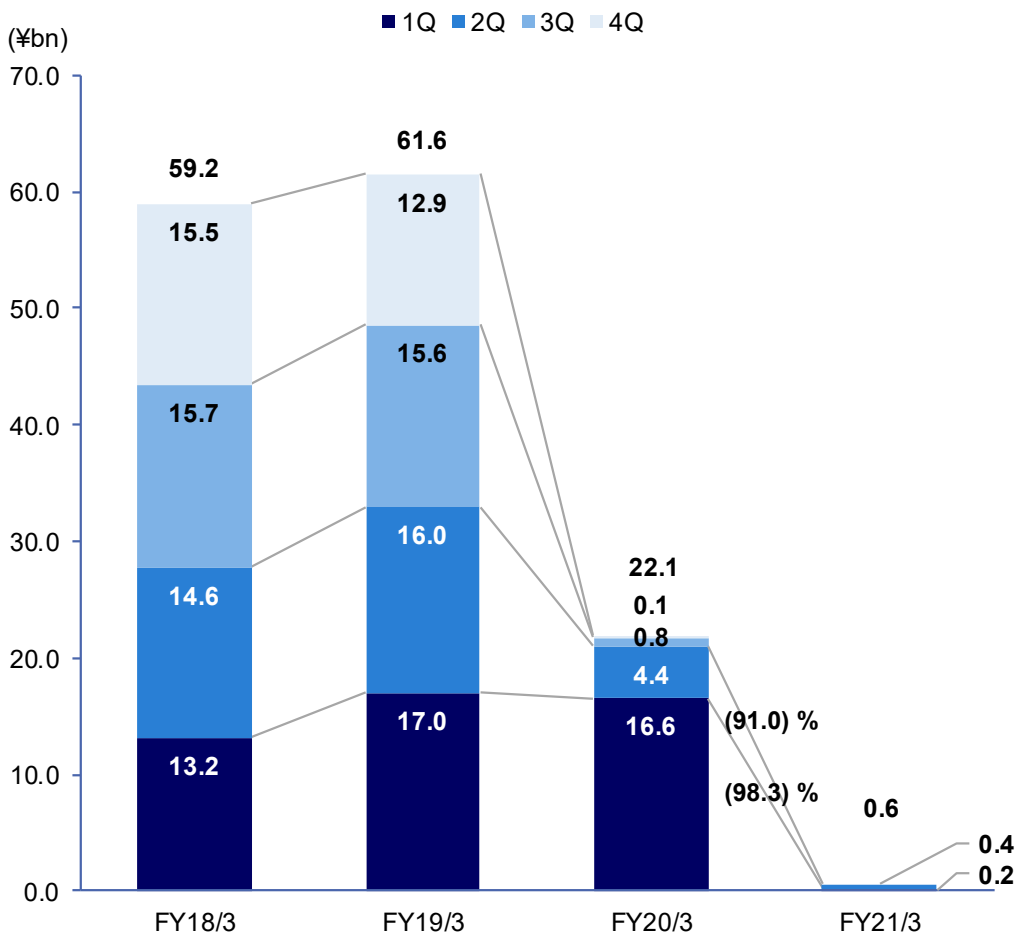
Quarterly Trends in Annualized Premiums from New Policies

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.

Note 2: The figures for the year ended March 31, 2020 and the year ending March 31, 2021 include the influence by refraining from proactive sales proposal from mid-July 2019 and business suspension from January 2020 to March 2020.

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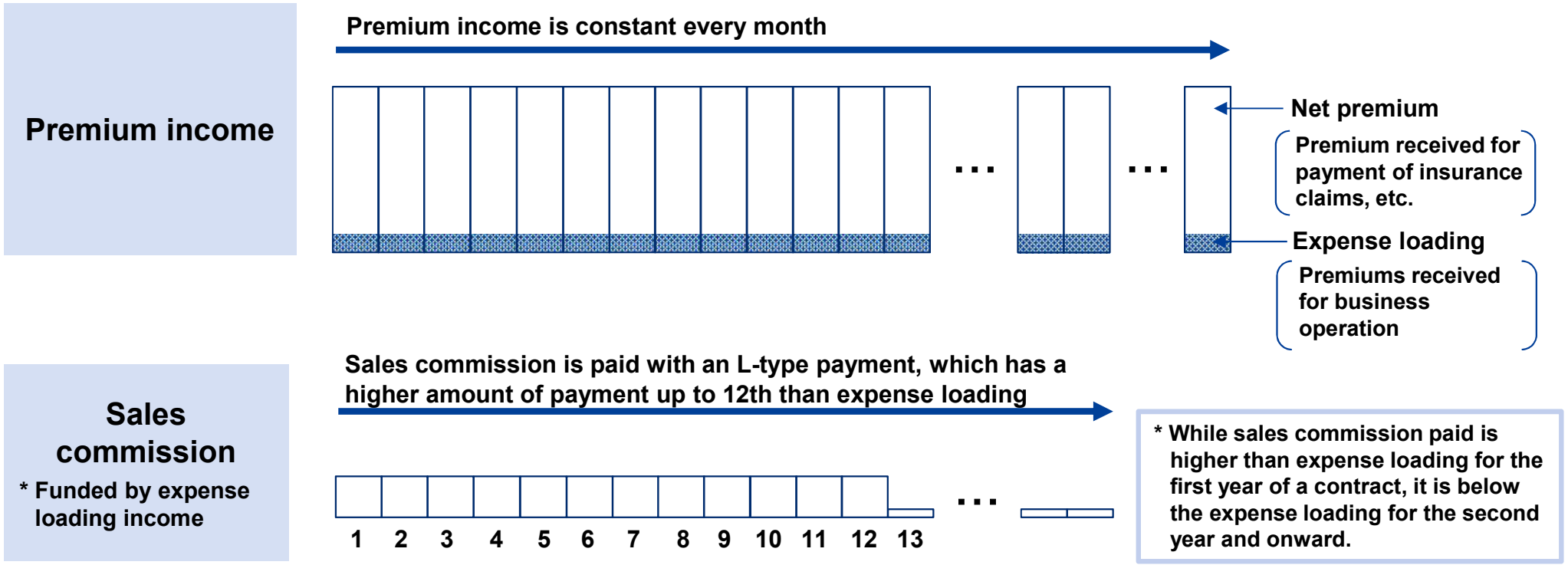
Impact on Profit Due to Decline in New Policy Sales

- 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)>



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

Interest, Dividends and Other Income

(¥bn)

	6months ended Sep-19	6months ended Sep-20	(Reference) Year ended Mar-20
Investment income	574.0	520.3	1,137.7
Interest, dividends and other income	534.0	506.6	1,049.8
Interest on deposits	0.0	0.0	0.0
Interest and dividends on securities	469.1	451.5	924.0
Interest on corporate and government bonds	384.7	367.7	762.0
Domestic stock dividends	3.1	3.6	7.6
Interest and dividends on foreign securities	66.9	57.7	129.7
Others	14.2	22.3	24.6
Interest on loans	7.3	6.7	14.6
Interest on loans to the Management Organization	55.1	45.3	105.8
Rent revenue from real estate	-	-	-
Interest and dividends on others	2.4	2.9	5.1

Breakdown of Capital gains(losses)

(¥bn)

	6months ended Sep-19	6months ended Sep-20	(Reference) Year ended Mar-20
Capital gains	39.6	13.0	87.2
Gains on money held in trust	16.9	-	51.5
Gains on sales of securities	22.7	10.4	35.6
Gains on derivative financial instruments	-	-	-
Gains on foreign exchanges	-	2.6	-
Other capital gains	-	-	-
Capital losses	(97.1)	(72.1)	(189.6)
Losses on money held in trust	-	(6.3)	-
Losses on sales of securities	(16.5)	(16.9)	(32.0)
Losses on valuation of securities	-	-	(2.6)
Losses on derivative financial instruments	(42.7)	(13.9)	(74.7)
Losses on foreign exchanges	(2.1)	-	(2.0)
Other capital losses[1]	(35.6)	(34.9)	(78.0)
Net Capital gains(losses)	(57.4)	(59.0)	(102.4)

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

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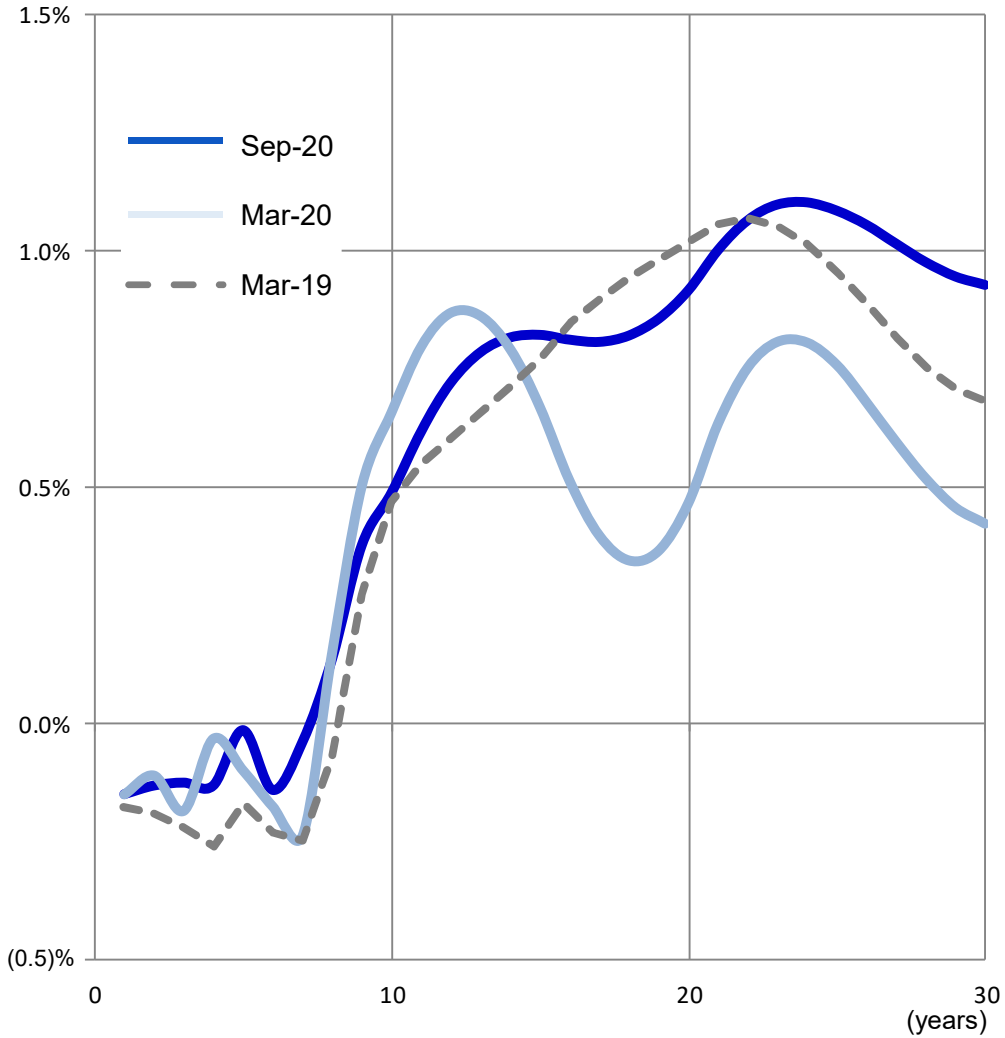
Fluctuations of Interest Rates (EV Assumptions)[1]

Forward Rate (Mar-19 to Sep-20)



Forward Rate

(%)

	Mar-19	Mar-20①	Sep-20②
10 years	0.471	0.657	0.490
20 years	1.017	0.466	0.918
30 years	0.683	0.422	0.930

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 2Q of FY21/3 : ②
EV as of September 30, 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.

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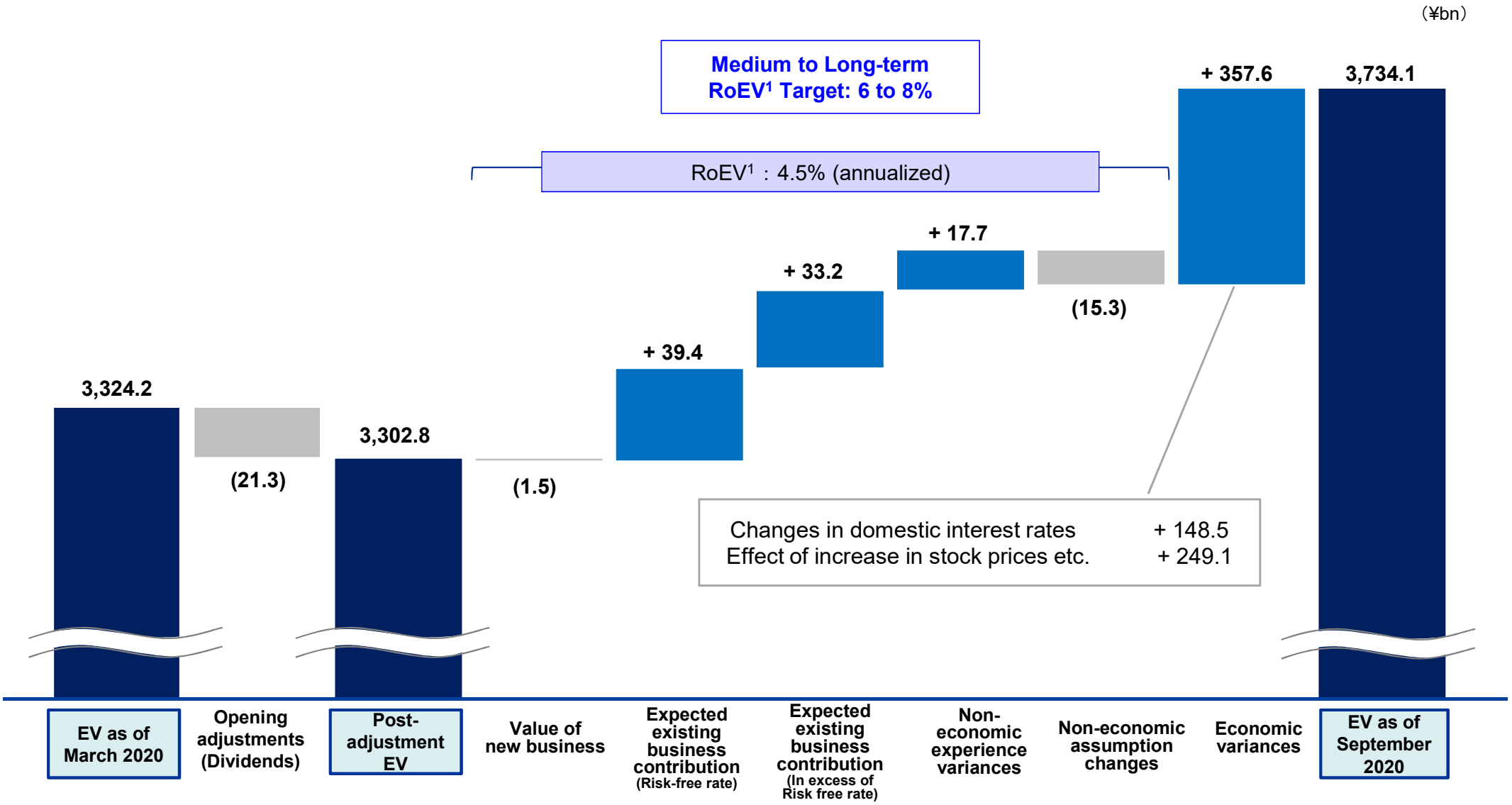
Movement Analysis of EV



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

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Sensitivity Analysis of EV

Sensitivity to Economic Assumptions

(¥bn)

Assumptions	EV	Change (%)
50bp increase in risk-free rate	3,937.8	+ 203.6 (+ 5.5 %)
50bp decrease in risk-free rate	3,446.8	(287.3) ((7.7) %)
50bp decrease in risk-free rate (parallel shift without zero floor)	3,380.0	(354.0) ((9.5) %)
10% decrease in equity and real estate value	3,614.1	(119.9) ((3.2) %)

Sensitivity to Non-economic Assumptions

(¥bn)

Assumptions	EV	Change (%)
Future volume of policies in force is 105% of the level assumed in the calculation of EV as of September 30, 2020	3,815.1	+ 80.9 (+ 2.2 %)
Future volume of policies in force is 95% of the level assumed in the calculation of EV as of September 30, 2020	3,643.6	(90.4) ((2.4) %)
10% decrease in maintenance expenses	3,959.6	+ 225.4 (+ 6.0 %)

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

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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 2Q		FY21/3 2Q	
	New	Postal Life	New	Postal Life	New	Postal Life	New	Postal Life	New	Postal Life	New	Postal Life
Ordinary income[1]	4,464.2	6,889.2	3,938.8	5,489.2	3,814.7	4,374.4	3,582.6	3,658.6	1,789.0	1,884.1	1,803.8	1,581.8
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	1,558.9	242.2	1,226.8	191.0
Investment income[1]	422.8	945.0	454.6	830.3	440.1	764.3	441.2	696.5	227.5	346.5	216.2	304.3
Other ordinary income[1]	2.3	4,941.3	3.0	3,903.7	4.9	3,019.8	354.9	2,503.0	2.6	1,295.4	360.7	1,086.4
Ordinary expenses[1]	4,370.1	6,704.0	3,767.1	5,352.2	3,663.5	4,260.4	3,388.2	3,566.1	1,691.3	1,839.9	1,672.6	1,550.7
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	1,409.3	1,734.5	1,468.3	1,461.9
Provision for policy reserves and others[1]	2,694.0	-	1,474.7	-	272.5	-	29.9	-	11.9	-	0.0	-
Investment expenses[1]	103.8	56.5	78.5	27.9	99.1	46.8	85.7	38.2	47.7	19.3	34.2	11.7
Operating expenses	366.5	193.6	372.8	159.9	376.2	142.1	336.3	135.8	184.2	68.1	135.4	60.4
Other ordinary expenses	69.0	40.0	75.2	39.8	77.7	40.4	94.2	42.7	38.1	17.8	34.6	16.6
Ordinary profit	94.0	185.2	171.7	137.0	151.1	113.9	194.3	92.4	97.7	44.2	131.1	31.0
Extraordinary gains and losses[2]	5.7	(12.6)	(27.2)	(17.0)	13.8	3.6	9.3	29.8	6.1	19.6	0.3	27.0
Provision for reserve for policyholder dividends	15.6	137.0	21.6	96.1	19.6	92.1	15.4	93.7	7.5	47.0	9.2	37.9
Income before income taxes	84.2	35.5	122.9	23.8	145.3	25.5	188.2	28.5	96.3	16.8	122.2	20.1
Total income taxes	21.7	9.5	35.4	6.9	41.1	8.7	54.9	10.7	28.1	8.1	35.5	13.3
Net income	62.4	26.0	87.4	16.8	104.1	16.7	133.3	17.8	68.1	8.6	86.6	6.7

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.

1. 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 2Q, ¥ 0.3billion was added to "Gains on foreign exchanges," under "Investment income," and to "Losses on foreign exchanges," under "Investment expenses")
2. "Extraordinary gains and losses" includes "Price fluctuations reserve, provision" and "Price fluctuations reserve, reversal."

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

		FY17/3	FY18/3	FY19/3	FY20/3	FY20/3 2Q	FY21/3 2Q
Total assets	¥mn	80,336,414	76,832,508	73,904,576	71,667,398	73,036,599	70,398,249
Postal Life Insurance category		51,447,550	46,684,937	41,354,076	39,225,493	40,185,635	38,206,921
New category		28,888,864	30,147,570	32,550,500	32,441,904	32,850,963	32,191,328
Number of policies in force	(000)	31,562	30,405	29,143	27,070	28,365	25,938
Postal Life Insurance category (insurance)		14,411	12,484	11,048	9,907	10,469	9,437
New category (individual insurance)		17,150	17,921	18,095	17,163	17,896	16,500
Insurance premiums and others	¥mn	5,041,868	4,236,461	3,959,928	3,245,541	1,801,184	1,417,826
Postal Life Insurance category		1,002,816	755,221	590,340	459,151	242,264	191,003
New category		4,039,051	3,481,240	3,369,588	2,786,389	1,558,920	1,226,822
Ordinary profit	¥mn	279,347	308,845	265,143	286,829	141,945	162,203
Postal Life Insurance category		185,250	137,074	113,981	92,490	44,202	31,067
New category		94,097	171,771	151,162	194,338	97,743	131,135
Net income	¥mn	88,520	104,309	120,958	151,132	76,865	93,362
Postal Life Insurance category		26,044	16,878	16,763	17,806	8,692	6,735
New category		62,475	87,430	104,195	133,325	68,173	86,627
Contingency reserve (reversal) provision	¥mn	(120,819)	(139,678)	(151,592)	(165,388)	(82,306)	5,295
Postal Life Insurance category		(172,881)	(173,722)	(173,590)	(170,814)	(85,575)	2,871
New category		52,061	34,043	21,997	5,425	3,268	2,423
Price fluctuations reserve (reversal) provision	¥mn	6,444	128,031	(19,251)	(39,152)	(25,637)	(27,439)
Postal Life Insurance category		12,625	17,090	(3,686)	(29,845)	(19,674)	(27,046)
New category		(6,181)	110,940	(15,564)	(9,306)	(5,962)	(392)
Additional policy reserve (reversal) provision	¥mn	(50,454)	(30,648)	(50,292)	(49,750)	(24,350)	(105,579)
Postal Life Insurance category		(50,454)	(47,674)	(46,698)	(46,396)	(22,636)	(104,063)
New category		-	17,025	(3,594)	(3,354)	(1,713)	(1,515)

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.

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Key Financial Indicators

(¥bn)

	FY17/3	FY18/3	FY19/3	FY20/3	FY20/3 2Q	FY21/3 2Q
Insurance premiums and others	5,041.8	4,236.4	3,959.9	3,245.5	1,801.1	1,417.8
Ordinary profit	279.7	309.2	264.8	286.6	141.5	162.7
Provision for reserve for policyholder dividends	152.6	117.7	111.8	109.2	54.5	47.2
Net income	88.5	104.4	120.4	150.6	76.3	93.6
Net assets	1,853.2	2,003.1	2,135.1	1,928.3	2,240.1	2,487.7
Total assets	80,336.7	76,831.2	73,905.0	71,664.7	73,034.1	70,397.2
Return on equity	4.7 %	5.4 %	5.8 %	7.4 %	-	-
Return on shareholders' equity	5.9 %	6.7 %	7.4 %	9.0 %	-	-
Dividends to shareholders	36.0	40.8	43.2	42.7	21.3	-
Total Return Ratio[1]	40.6 %	39.0 %	118.9 %	28.4 %	-	-
EV	3,355.6	3,743.3	3,925.7	3,324.2	3,478.9	3,734.1
Value of New Business	36.8	226.7	223.8	60.6	66.7	(1.5)
Core profit (Non-consolidated)	390.0	386.1	377.1	400.6	205.7	226.5
Core profit attributable to life insurance activities	311.4	320.3	318.7	320.1	167.1	196.4
Spread (positive/negative spread)	78.5	65.8	58.4	80.4	38.5	30.1

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

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