

Outline of Financial Results for the Three Months Ended June 30, 2020

August 7, 2020



- I am Imuta of Japan Post Insurance.
- Thank you for joining our conference call for “Financial Results for the Three Months Ended June 30, 2020.”
- I will first begin with a summary of the financial results in line with the presentation materials prepared for this meeting, followed by a question and answer session.
- In addition, we will mention the primary factors when we focus on the reasons of the increase or decrease in each indicator.
- Please look at page 1.

Summary of Financial Results

	3 months ended Jun-20	Year on Year	
Net income	¥ 46.7bn	¥ 12.9bn + 38.3 % (Forecast) ¥ 124.0bn Achievement : 37.7 %	【Financial Highlights】 > Net income was ¥ 46.7billion, a 38.3% increase year on year. > Achieved 37.7% of the full-year financial results forecasts of ¥ 124.0billion, 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.
Annualized premiums from New policies	(Individual Insurance) ¥ 6.0bn	¥ (87.5)bn (93.5) %	【Policy Sales】 > Annualized premiums from new policies for individual insurance were ¥ 6.0billion, a 93.5% decrease year on year, while annualized premiums from new policies for medical care were ¥ 0.2billion, a 98.3% decrease year on year as we have been refraining from proactive sales proposal since mid-July 2019.
	(Medical Care) ¥ 0.2bn	¥ (16.3)bn (98.3) %	
Annualized premiums from Policies in Force	(Individual Insurance) ¥ 4,203.8bn	¥ (114.7)bn (2.7) %	【Investments】 > Amounts of return seeking assets such as foreign bonds were ¥ 10,448.2billion. The ratio of return seeking assets to total assets was 14.8% amid an increase in their market value.
	(Medical Care) ¥ 702.6bn	¥ (12.8)bn (1.8) %	
Return seeking assets	¥ 10,448.2bn	¥ 509.6bn + 5.1 %	【Embedded Value】 > EV increased by 8.6% from the end of the previous fiscal year to ¥ 3,608.5billion, due to increases in interest rates and stock prices and other factors.
EV	¥ 3,608.5bn	¥ 284.2bn + 8.6 %	

- The financial results can be summed up as you see.
- Net income for the current period was ¥ 46.7billion, a 38.3% increase year on year.
- We recognized 37.7% progress to financial forecast. It reflects the decrease in operating expenses etc due to decrease of new policy sales and reversal of provision reserved in March 2020.
- New policy sales results for the current period were influenced by refraining from proactive sales proposal since mid-July 2019, as compared with the same period of the previous year, when we were engaged in ordinary sales activities. Annualized premiums from new policies for individual insurance were ¥ 6.0billion, a 93.5% decrease year on year. Annualized premiums from new policies for medical care were ¥ 0.2billion, a 98.3% decrease year on year.
- Amounts of return seeking assets such as foreign bonds were ¥ 10,448.2billion, due to an increase in their market value. The ratio of return seeking assets to total assets is 14.8%.
- EV increased by 8.6% from the end of the previous fiscal year to ¥ 3,608.5billion, due to increases in interest rates and stock prices and other factors.
- Please look at page 2.

Financial Results for the Three Months Ended June 30, 2020 (Year on Year)

Statement of Income

	3 months ended Jun-19	3 months ended Jun-20	Change	(Reference) Year ended Mar-20
				(¥bn)
Ordinary income	1,818.9	1,696.3	(122.5)	7,211.4
Insurance premiums and others	935.8	712.8	(223.0)	3,245.5
Investment income	276.9	260.7	(16.1)	1,137.7
Reversal of policy reserves	568.7	701.2	132.4	2,767.3
Ordinary expenses	1,762.9	1,626.4	(136.5)	6,924.8
Insurance claims and others	1,576.6	1,461.9	(114.7)	6,191.3
Investment expenses	31.1	38.3	7.1	124.0
Operating expenses etc ¹	155.1	126.1	(29.0)	609.4
Ordinary profit	56.0	69.9	13.9	286.6
Extraordinary gains and losses	15.6	22.3	6.7	39.2
Reversal of reserve for price fluctuations	15.6	22.3	6.7	39.1
Provision for reserve for policyholder dividends	20.7	20.4	(0.3)	109.2
Total income taxes	17.1	25.2	8.0	65.9
Net income attributable to Japan Post Insurance	33.7	46.7	12.9	150.6

Note: Only major line items are shown.

1. Sum of Operating expenses and Other ordinary expenses

Details of Ordinary Profit (Non-Consolidated)

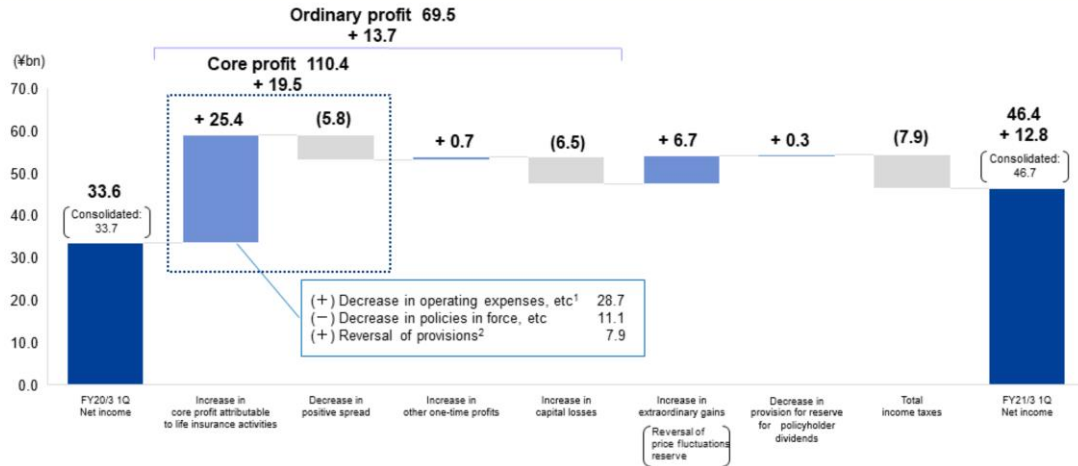
	3 months ended Jun-19	3 months ended Jun-20	Change	(Reference) Year ended Mar-20
				(¥bn)
Core profit	90.8	110.4	19.5	400.6
Core profit attributable to life insurance activities	78.3	103.8	25.4	320.1
Positive spread	12.5	6.6	(5.8)	80.4
Net capital gains (losses)	(31.6)	(38.2)	(6.5)	(102.4)
Other one-time profits (losses)	(3.3)	(2.6)	0.7	(11.3)
Ordinary profit	55.8	69.5	13.7	286.8



- This page shows the financial highlights.
- The factors for changes will be explained at next page.
- Please look at page 3.

Factors for Year on Year Changes (Non-Consolidated)

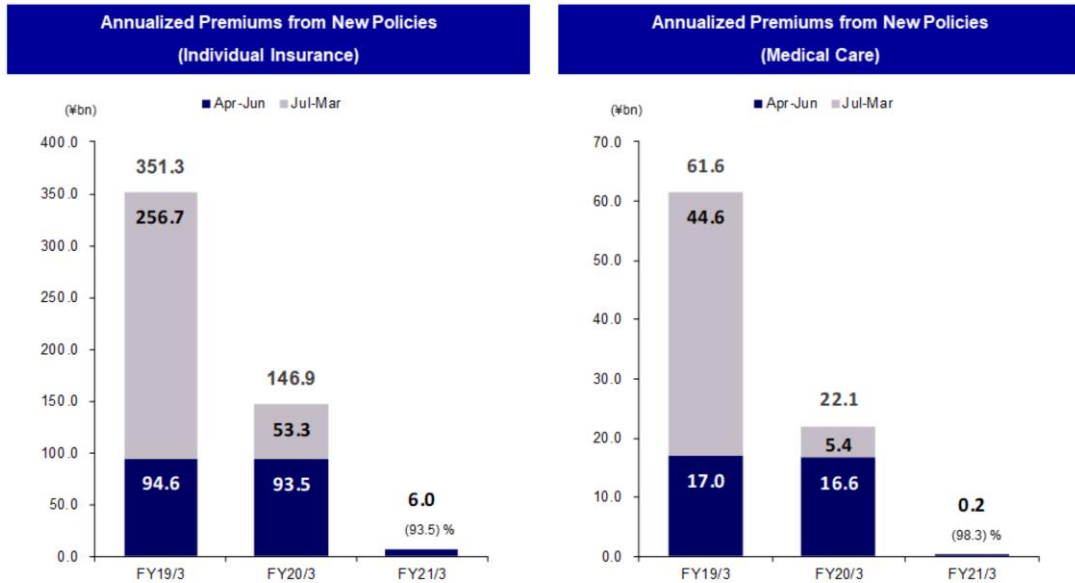
- Core profit increased from the previous fiscal year to ¥110.4 billion, as core profit attributable to life insurance activities significantly increased year on year due to a decrease in operating expenses, etc. as a result of decreased new policy sales and the reversal of provisions based on the progress in the policy investigation and actual policy reinstatement, despite a decrease in positive spread.
- We continued to adopt accounting treatments to neutralize capital gains (losses) using the reserve for price fluctuations. Net income increased year on year to ¥ 46.4billion as a result of an increase in core profit.



1. "Decrease in operating expenses, etc." shows the difference of figures of the first 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".
2. Reversal of provisions based on the progress in the policy investigation and actual policy reinstatement effected on core profit attributable to life insurance activities.

- These are the factors for changes in the financial results for the current period.
- Core profit exceed year on year to ¥ 110.4billion due to the decrease in operating expenses as a result of decreased new policies sales and reversal of provision reserved in March 2020, despite the decrease in positive spread.
- As a result of an increase in core profit, non-consolidated ordinary profit was ¥ 69.5billion and non-consolidated net income was ¥ 46.4billion
- Please look at page 4.

Policy Sales [Annualized Premiums from New Policies]



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.

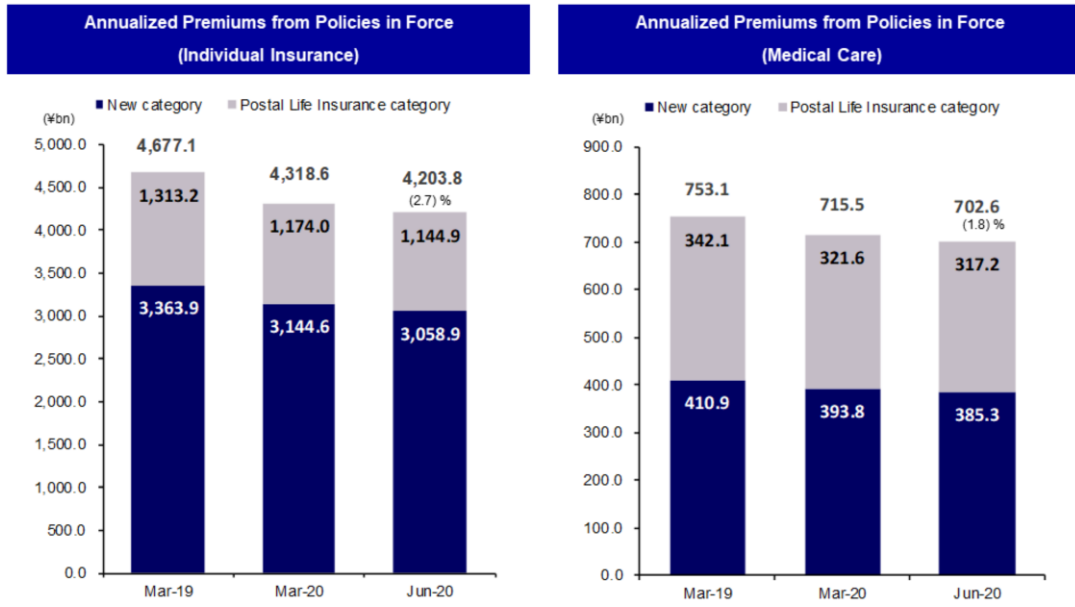
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4

- From here, I would like to explain our policy sales.
- Though we were engaged in ordinary sales activities in 1Q 2019, we have been refraining from proactive sales proposal in 1Q 2020, since July 2019. As a result, annualized premiums from new policies for individual insurance decreased by 93.5% year on year to ¥ 6.0billion.
- Annualized premiums from new policies for medical care decreased by 98.3% year on year to ¥ 0.2billion.
- Please look at page 5.

Policy Sales [Annualized Premiums from Policies in Force]



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.

- Annualized premiums from policies in force for individual insurance decreased by 2.7% from the end of the previous fiscal year to ¥ 4,203.8billion.
- Annualized premiums from policies in force for medical care decreased by 1.8% from the end of the previous fiscal year to ¥ 702.6billion.
- Please look at page 6.

Investments [Asset Portfolio]

Asset Portfolio						Spread and Investment Yield			
						(#bn)			
	Mar-20		Jun-20		Change		3 months ended Jun-19	3 months ended Jun-20	(Reference) Year ended Mar-20
	Amount	Share	Amount	Share					
Bonds	48,830.6	68.1 %	48,610.5	68.7 %	(220.0)				
Japanese government bonds	36,730.7	51.3 %	36,906.6	52.1 %	175.9	Positive spread	12.5	6.6	80.4
Japanese local government bonds	6,728.7	9.4 %	6,464.0	9.1 %	(264.7)	Average assumed rates of return ¹	1.69 %	1.69 %	1.69 %
Japanese corporate bonds	5,371.1	7.5 %	5,239.8	7.4 %	(131.2)	Investment return on core profit ²	1.77 %	1.74 %	1.82 %
Return seeking assets¹	9,938.6	13.9 %	10,448.2	14.8 %	509.6	Net capital gains (losses)	(31.6)	(38.2)	(102.4)
Domestic stocks ²	1,765.1	2.5 %	2,018.6	2.9 %	253.4				
Foreign stocks ²	323.5	0.5 %	372.2	0.5 %	48.7				
Foreign bonds ²	6,444.1	9.0 %	6,593.0	9.3 %	147.9				
Other ³	1,404.8	2.0 %	1,464.2	2.1 %	59.4				
Loans	5,662.7	7.9 %	5,708.7	8.1 %	45.9				
Others	7,232.7	10.1 %	6,034.2	8.5 %	(1,198.4)				
Cash and deposits, call loans	1,790.2	2.5 %	1,192.0	1.7 %	(598.2)				
Receivables under securities borrowing transactions	3,191.7	4.5 %	2,766.5	3.9 %	(425.1)				
Total assets	71,664.7	100.0 %	70,801.8	100.0 %	(862.9)				

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.

- I would like to move on to the results of investments.
- We mainly invest in bonds from the standpoint of ALM to match yen-denominated interest-bearing assets with yen-denominated interest-bearing liabilities.
- As shown on the left, due to our efforts to diversify our investment assets under the current historically low interest rate environment, the amount of return seeking assets such as stocks and foreign bonds reached ¥ 10,448.2billion, which accounts for 14.8% of total assets at the end of the current period.
- As shown in the chart on the right, the average assumed rates of return was 1.69%. The investment return on core profit was 1.74 %. As a result, a positive spread of ¥ 6.6billion was achieved.
- Capital losses turned out to be ¥ 38.2billion, as a result of an impairment of stocks on money held in trust, due to the effects of a major market turmoil caused by the COVID-19 crisis after February 2020, in addition to losses on derivative financial instruments which include cost for hedging currency fluctuation risk.
- Please look at page 7.

Investments [Fair Value Information of Securities]

Fair Value Information of Securities

(¥bn)

	Mar-20			Jun-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	58,841.6	66,431.3	7,589.6	(242.5)	(244.5)	(2.0)
Held-to-maturity bonds	35,735.7	41,953.3	6,217.6	35,598.6	41,355.7	5,757.0	(137.1)	(597.6)	(460.5)
Policy-reserve-matching bonds	9,574.6	10,578.5	1,003.8	9,517.8	10,424.7	906.8	(56.8)	(153.8)	(96.9)
Available-for-sale securities	13,773.7	14,143.9	370.1	13,725.2	14,650.9	925.6	(48.5)	506.9	555.5
Securities etc.	11,102.5	11,399.6	297.0	11,074.2	11,583.4	509.1	(28.3)	183.8	212.1
Bonds	3,700.4	3,742.1	41.7	3,636.7	3,681.3	44.6	(63.6)	(60.7)	2.8
Domestic stocks	322.0	281.2	(40.8)	318.9	320.3	1.4	(3.1)	39.0	42.2
Foreign securities	4,221.6	4,589.3	367.6	4,295.8	4,733.8	438.0	74.1	144.5	70.3
Other securities	2,006.8	1,933.2	(73.5)	1,911.5	1,934.7	23.2	(95.3)	1.5	96.8
Deposits etc.	851.5	853.5	2.0	911.2	913.0	1.8	59.6	59.5	(0.1)
Money held in trust	2,671.2	2,744.3	73.0	2,650.9	3,067.4	416.4	(20.2)	323.1	343.3
Domestic stocks ¹	1,387.9	1,483.9	95.9	1,375.3	1,698.3	322.9	(12.5)	214.4	227.0
Foreign stocks ¹	297.2	323.5	26.2	299.2	372.2	73.0	1.9	48.7	46.7
Foreign bonds ¹	736.0	698.4	(37.5)	737.7	761.0	23.3	1.7	62.5	60.8
Other ²	250.0	238.3	(11.6)	238.6	235.7	(2.9)	(11.3)	(2.6)	8.7

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" and "bank loans" etc.

- This slide shows the fair value of securities and net unrealized gains or losses.
- On available-for-sale securities that are calculated at fair value for accounting purposes, we recognized ¥ 925.6billion of net unrealized gains in the period under review, as the market environment improved compared with the fourth quarter of the fiscal year ended March 31, 2020.
- Please look at page 8.

Expenses

Operating Expenses (Commissions¹ etc.)

(¥bn)

	3 months ended Jun-19	3 months ended Jun-20	Change	(Reference) Year ended Mar-20
Operating expenses	128.0	100.3	(27.6)	473.8
Commissions	74.2	49.9	(24.2)	248.7
Sales Commissions	33.6	14.4	(19.1)	100.9
Maintenance Commissions	40.6	35.5	(5.1)	147.8
Contributions ²	14.4	14.0	(0.3)	57.5
Others	39.3	36.3	(3.0)	167.4
Depreciation and amortization	13.9	15.2	1.2	57.4

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

- Expenses for the period are presented on this page.
- Operating expenses for the current period were ¥ 100.3billion, of which approximately two thirds consist of commissions paid to Japan Post Co. and contributions paid to The Postal Management and Support Organization.
- The commissions consist of sales commissions corresponding to actual sales of new policies and maintenance commissions paid mainly for outsourced operations of maintenance and payment services.
- Commissions for the current period decreased by ¥ 24.2billion year on year to ¥ 49.9billion, due to the refraining from proactive sales proposal from mid-July 2019 and business suspension from January 2020 to March 2020.
- The sum of commissions and contributions decreased by ¥ 24.6billion year on year to ¥ 63.9billion.
- Depreciation and amortization increased by ¥ 1.2billion year on year to ¥ 15.2billion.
- Please look at page 9.

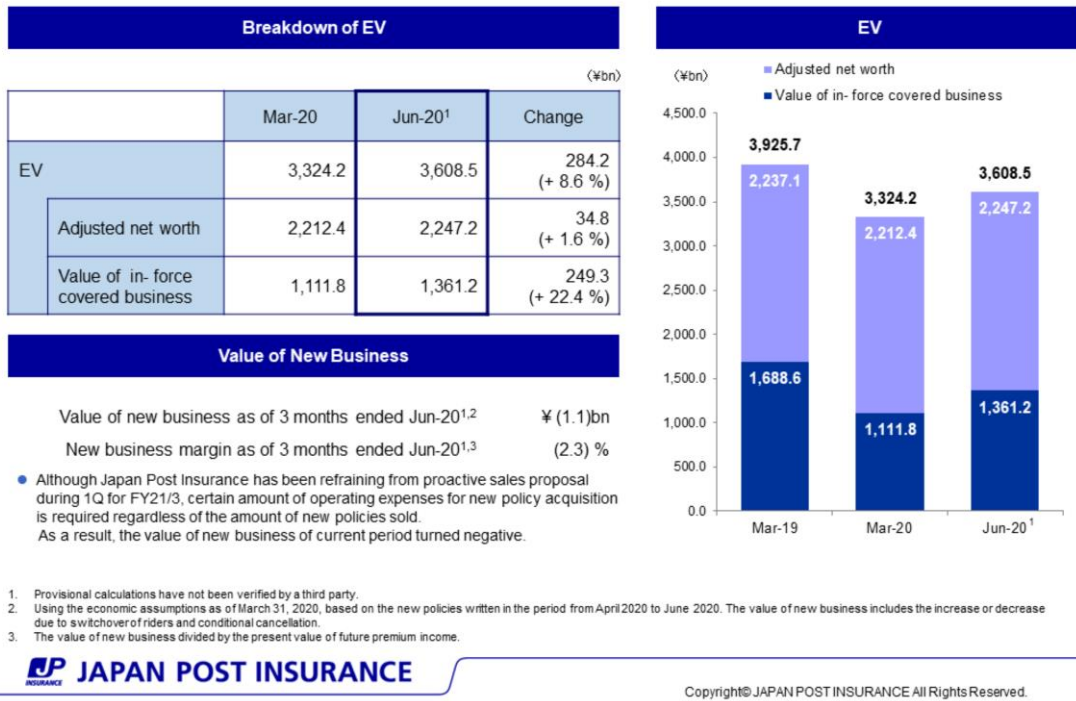
Financial Soundness

Internal Reserves				Solvency Margin Ratio		
	Mar-20	Jun-20	(¥bn)		Mar-20	Jun-20
Contingency reserve	1,797.3	1,799.9	2.6	Solvency Margin Ratio	1,070.9 %	1,121.5 %
Postal Life Insurance category	1,320.6	1,322.1	1.4	Total amount of solvency margin	5,161.6	5,659.4
New category	476.6	477.8	1.1	Total amount of risk	963.8	1,009.1
Price fluctuations reserve	858.3	835.9	(22.3)			
Postal Life Insurance category	631.9	612.9	(19.0)			
New category	226.3	223.0	(3.3)			
Additional policy reserve	5,830.3	5,776.8	(53.4)			
Postal Life Insurance category	5,820.2	5,767.5	(52.6)			
New category	10.0	9.2	(0.7)			

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.

- I would like to report on our financial soundness.
- In order to maintain financial soundness for the stable management in the future, as well as counter risks associated with changes in the business environment, we have accumulated contingency reserves of ¥ 1,799.9billion and reserves for price fluctuations of ¥ 835.9billion.
- Additional policy reserves accumulated mainly to cover negative spreads were ¥ 5,776.8billion at the end of the current period.
- The solvency margin ratio was 1,121.5%, maintaining a high level of soundness.
- Please look at page 10.

Embedded Value



- I would like to talk about the current status of EV.
- EV as of June 30, 2020 was ¥ 3,608.5billion, an increase of ¥ 284.2 billion from the end of the previous fiscal year.
- Adjusted net worth increased by ¥ 34.8billion from the end of the previous fiscal year to ¥ 2,247.2billion, due to increase in net income, despite the payment of dividends.
- Value of in-force covered business increased by ¥ 249.3billion from the end of the previous fiscal year to ¥ 1,361.2billion, due to increases in interest rates and stock prices and other factors.
- Value of new business for the current period was calculated based on the economic assumptions as of the end of March 2020 in which interest rate assumption is almost as same as the average of actual interest rate from April to June 2020.
- Although we have been refraining from proactive sales proposal in 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 was ¥ (1.1) billion. Meanwhile, the new business margin was (2.3)%.
- Please note that the EV and value of new business figures for the current period disclosed in these materials are provisional calculations that have not been verified by a third-party.
- Please look at page 11.

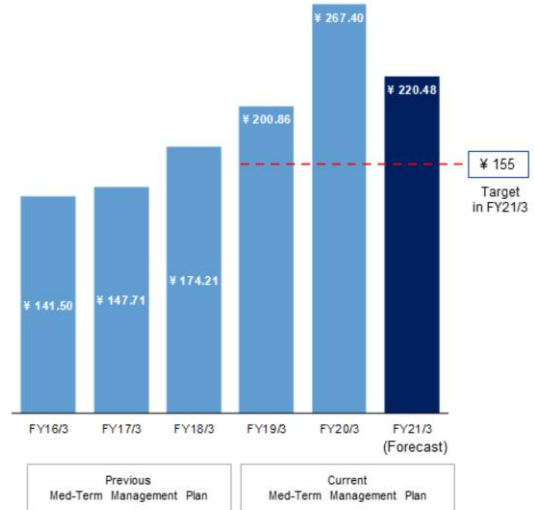
The Forecasts for Full-year Financial Results for the Year Ending March 31, 2021

Full-year Financial Results Forecast ¹

(#bn)

	Year ending Mar-21 (Forecasts)	3 months ended Jun-20	Achievement
Ordinary income	6,850.0	1,696.3	24.8 %
Ordinary profit	200.0	69.9	35.0 %
Net income ^{e2}	124.0	46.7	37.7 %
Net income per share	¥ 220.48	¥ 83.09	37.7 %

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 new disclosures become necessary.

2. Net income attributable to Japan Post Insurance

- I will explain forecasts for full-year financial results for the year ending March 31, 2021.
- In the current period, though our business has been progressing at a level exceeding our plan, there is no change to our consolidated financial results forecasts for the year ending March 31, 2021 at this point of time.
- Please look at page 12.

Shareholder Return

Shareholder Return Policy

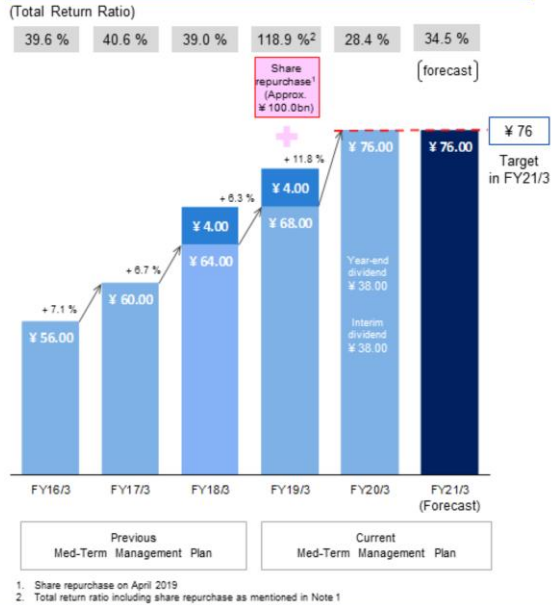
- We recognize that the distribution of profit to shareholders is an important policy of management
- Aim for a steady dividends per share while considering earning prospects and financial soundness

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, we will promptly make announcements when new disclosures become necessary due to the impact of the spread of COVID-19 and other developments.)

Shareholder Return



- Finally, this slide shows our trends on Shareholder Return.
- There is no change to be mentioned at the moment, either.
- This concludes my explanation.

APPENDIX

Overview of Financial Statements

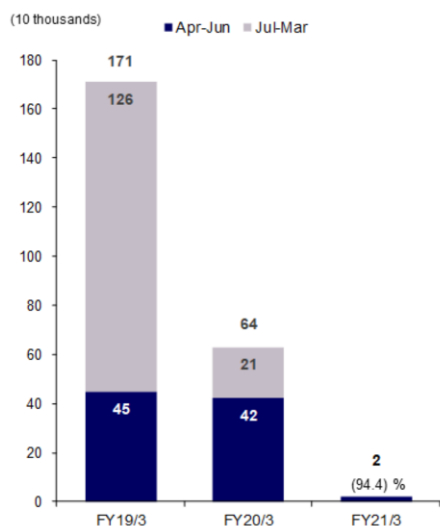
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Extraordinary gains and losses	15.6	22.3	6.7	39.2
Reversal of reserve for price fluctuations	15.6	22.3	6.7	39.1
Provision for reserve for policyholder dividends	20.7	20.4	(0.3)	109.2
Total income taxes	17.1	25.2	8.0	65.9
Net income attributable to Japan Post Insurance	33.7	46.7	12.9	150.6
Core profit (Non-consolidated)	90.8	110.4	19.5	400.6

Balance Sheets			
	Mar-20	Jun-20	Change
			(¥bn)
Total Assets	71,664.7	70,801.8	(862.9)
Cash and deposits	1,410.2	1,002.0	(408.2)
Money held in trust	3,056.0	3,408.1	352.1
Securities	55,870.5	55,801.4	(69.1)
Loans	5,662.7	5,708.7	45.9
Fixed assets ²	245.2	234.6	(10.6)
Deferred tax assets	1,173.7	1,013.3	(160.4)
Total Liabilities ³	69,736.4	68,447.9	(1,288.4)
Policy reserves	62,293.1	61,591.9	(701.2)
Reserve for price fluctuations	858.3	835.9	(22.3)
Net assets	1,928.3	2,353.8	425.4
Total shareholders' equity	1,661.2	1,686.6	25.3
Total accumulated other comprehensive income	267.0	667.1	400.0

Note: Only major line items are shown.
 1. Sum of Operating expenses and Other ordinary expenses
 2. Sum of Tangible fixed assets and Intangible fixed assets
 3. Including reserve for insurance claims and others, which decreased ¥13.4 billion from ¥29.7 billion as of March 31, 2020 to ¥16.2 billion as of June 30, 2020

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)

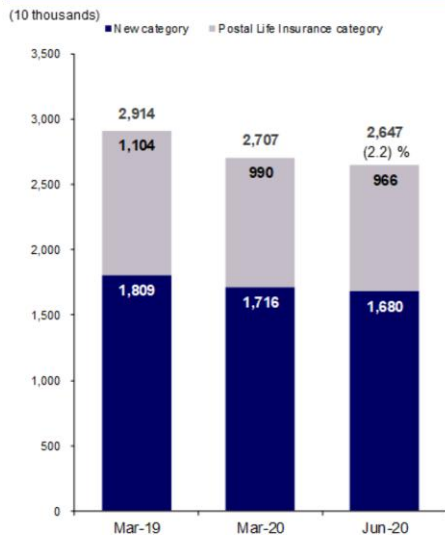
	3 months ended Jun-19		3 months ended Jun-20	
	Number of policies	Share	Number of policies	Share
Individual insurance	42	100.0 %	2	100.0 %
Endowment insurance	21	49.2 %	1	75.0 %
Ordinary endowment insurance	10	24.5 %	1	56.6 %
Ordinary endowment insurance (with a relaxed underwriting criteria)	2	5.7 %	0	0.9 %
Special endowment insurance ¹	8	19.0 %	0	17.5 %
Whole life insurance	19	44.9 %	0	9.3 %
Ordinary whole life insurance (Fixed amount type)	4	10.8 %	0	1.9 %
Ordinary whole life insurance (with a relaxed underwriting criteria)	5	12.0 %	0	0.4 %
Ordinary whole life insurance (Increased amount type)	7	17.9 %	0	5.5 %
Special whole life insurance	1	4.2 %	0	1.5 %
Educational endowment insurance	2	5.7 %	0	15.5 %
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.

RP JAPAN POST INSURANCE

Breakdown of Policies in Force

(10 thousands)

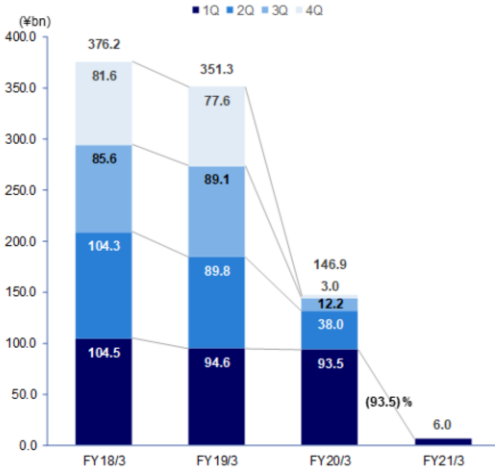
	Mar-20		Jun-20	
	Number of policies	Share	Number of policies	Share
Individual insurance	2,707	100.0 %	2,647	100.0 %
Endowment insurance	1,041	38.5 %	1,004	37.9 %
Ordinary endowment insurance	668	24.7 %	644	24.4 %
Ordinary endowment insurance (with a relaxed underwriting criteria)	3	0.1 %	3	0.1 %
Special endowment insurance ¹	363	13.4 %	351	13.3 %
Whole life insurance	1,259	46.5 %	1,245	47.0 %
Ordinary whole life insurance (Fixed amount type)	393	14.5 %	387	14.7 %
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 %	270	10.2 %
Special whole life insurance	585	21.6 %	580	21.9 %
Educational endowment insurance	393	14.5 %	385	14.5 %
Other insurance	13	0.5 %	13	0.5 %

Note: Only major products are shown.

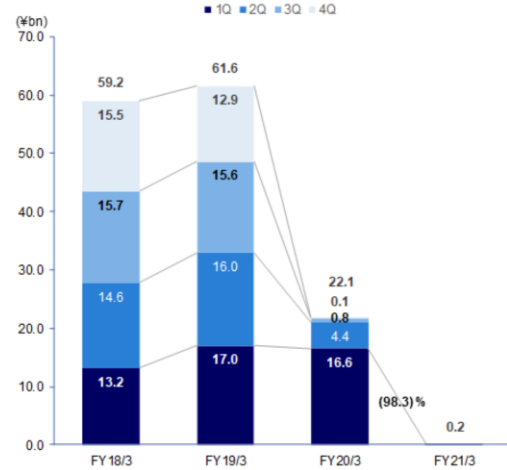
1. Increased amount type endowment insurance

Quarterly Trends in Annualized Premiums from New Policies

**Annualized Premiums from New Policies
(Individual Insurance)**



**Annualized Premiums from New Policies
(Medical Care)**



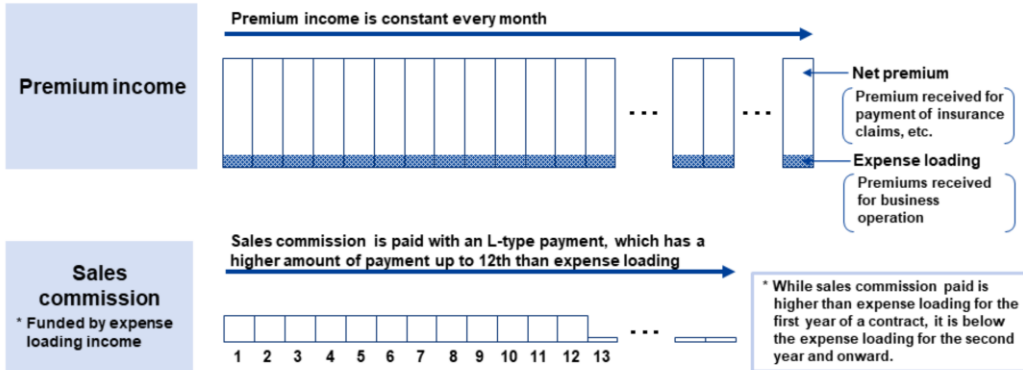
Note 1: Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined according to the relevant payment method to arrive at a single annualized amount. (For lump-sum payments, annualized premiums are calculated by dividing the total premium 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.

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.

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 worsens 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)>



Commissions

Sales Commissions

- Commissions are calculated based on a formula generally used in the life insurance industry, which is mainly linked to new policy sales results.
- Commissions are paid in installments over several years, and they include those paid for policies in force acquired in the period between 84 months earlier and 13 months earlier.

Comparison of FY19/3 and FY20/3

Commission for new policies acquired in the fiscal year (¥45.5bn→¥15.0bn)

- In FY20/3, commissions for new policies acquired in the fiscal year decreased significantly because we refrained from proactive sales proposal from mid-July 2019 and suspended business from January 2020.
- Since the commissions paid for policies in the first 12 months¹ carry greater weight, the decrease in new policies in FY20/3 will also influence the commissions in FY21/3.

Commission for new policies acquired in the period between 84 months earlier and 13 months earlier (¥100.6bn→¥85.8bn)

- While the commissions are paid in installments over seven years in principle, commissions are on a decreasing trend due to the decrease in the number of new policies from FY18/3.

1. From FY21/3, in order to focus on the continuation of policies, the payment for the first 12 months will be reduced while it will increase in the second year onward (the total amount of sales commissions will remain the same level).

Note: For FY21/3, the amount of commissions is expected to be ¥197.2 billion (a decrease of ¥51.5 billion year on year). The expected breakdown of the decrease is: 1) ¥49.1 billion from the impact of a decrease in policy amount; 2) ¥0.7 billion from the impact of reviewing sales commissions; and 3) ¥1.7 billion from the impact of an increase in outsourced services for maintenance commissions, and reviewing of incentive commissions.



Maintenance Commissions

- For services outsourced to Japan Post Co., the unit price is set based on the time spent on processing, etc. assuming that the service was properly conducted at the post office.
- Comprises commission that is proportionate to the number of policies in force, the number of post offices, and other factors (basic commission), and the commission based on results (incentive commission) to encourage the achievement of targets for maintaining policies in force and follow-up activities.

Comparison of FY19/3 and FY20/3

Basic commission (¥171.4bn→¥116.1bn)

- In FY20/3, basic commission declined in conjunction with the launch of the contribution system (¥57.5bn).

Incentive commission² (¥40.4bn→¥31.7bn)

- In FY20/3, an incentive commission had been set to focus on maintaining policies in force and to thoroughly encourage follow-up activities, but incentive commissions declined because we refrained from proactive sales proposal from mid-July 2019 and suspended business from January 2020.

2. For FY21/3, we examined the concept and effects of incentive commissions. Some of them are abolished and others are integrated into the commission for the maintenance of policies in force.

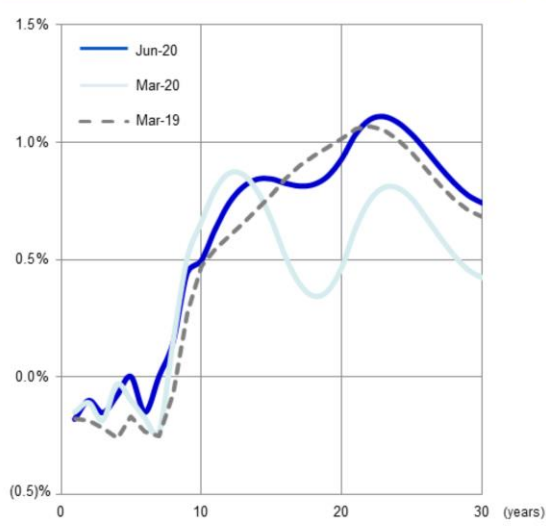
Interest, Dividends and Other Income and Capital gains(losses)

Interest, Dividends and Other Income				Breakdown of Capital gains(losses)			
	3 months ended Jun-19	3 months ended Jun-20	(Reference) Year ended Mar-20		3 months ended Jun-19	3 months ended Jun-20	(Reference) Year ended Mar-20
			(¥bn)				(¥bn)
Investment income	276.9	260.7	1,137.7	Capital gains	9.0	5.7	87.2
Interest, dividends and other income	267.6	254.6	1,049.8	Gains on money held in trust	0.0	-	51.5
Interest on deposits	0.0	0.0	0.0	Gains on sales of securities	8.9	5.7	35.6
Interest and dividends on securities	235.1	226.8	924.0	Gains on derivative financial instruments	-	-	-
Interest on corporate and government bonds	192.9	184.0	762.0	Gains on foreign exchanges	0.0	-	-
Domestic stock dividends	0.4	0.2	7.6	Other capital gains	-	-	-
Interest and dividends on foreign securities	34.2	29.5	129.7	Capital losses	(40.7)	(44.0)	(189.6)
Others	7.5	13.0	24.6	Losses on money held in trust	-	(15.0)	-
Interest on loans	3.6	3.3	14.6	Losses on sales of securities	(9.9)	(8.9)	(32.0)
Interest on loans to the Management Organization	27.5	22.7	105.8	Losses on valuation of securities	-	-	(2.6)
Rent revenue from real estate	-	-	-	Losses on derivative financial instruments	(18.6)	(10.0)	(74.7)
Interest and dividends on others	1.2	1.6	5.1	Losses on foreign exchanges	-	(0.2)	(2.0)
				Other capital losses ¹	(12.2)	(9.6)	(78.0)
				Net Capital gains(losses)	(31.6)	(38.2)	(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)¹

Forward Rate (Mar-19 to Jun-20)



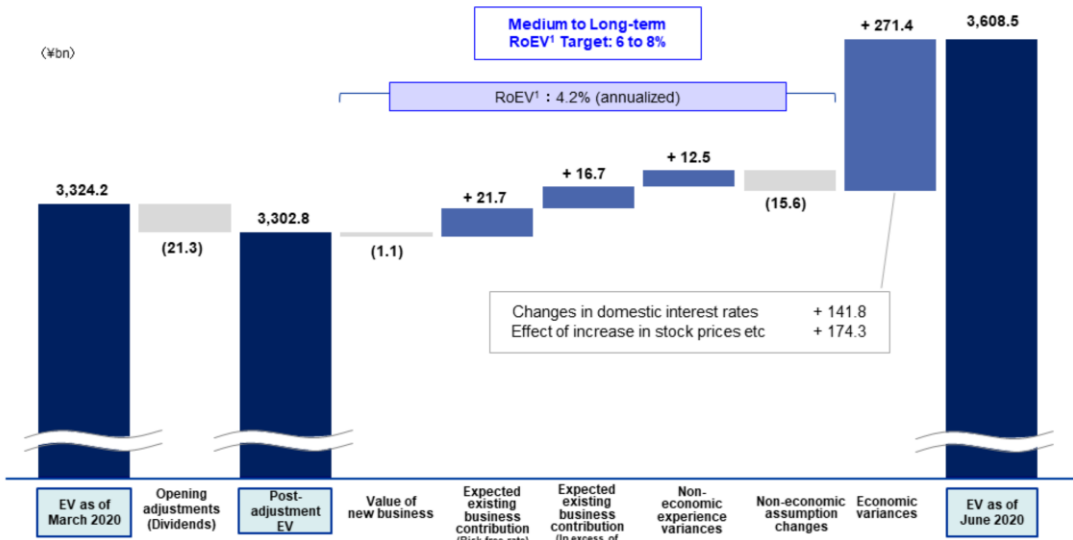
Forward Rate

	Mar-19	Mar-20 ^①	Jun-20 ^②
10 years	0.471	0.657	0.495
20 years	1.017	0.466	0.930
30 years	0.683	0.422	0.743

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 1Q of FY21/3 : ②
 EV as of June 30, 2020 : ③

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



Note : 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.

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 1Q		FY21/3 1Q	
	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	920.5	959.5	904.3	799.5
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	811.8	124.0	615.3	97.4
Investment income ¹	422.8	945.0	454.6	830.3	440.1	764.3	441.2	696.5	108.1	170.6	109.4	151.2
Other ordinary income ¹	2.3	4,941.3	3.0	3,903.7	4.9	3,019.8	354.9	2,503.0	0.5	664.8	179.5	550.8
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	880.2	943.9	841.1	793.2
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	684.1	892.5	724.5	737.4
Provision for policy reserves and others ¹	2,694.0	-	1,474.7	-	272.5	-	29.9	-	59.2	-	7.5	-
Investment expenses ¹	103.8	56.5	78.5	27.9	99.1	46.8	85.7	38.2	24.1	8.8	21.9	16.3
Operating expenses	366.5	193.6	372.8	159.9	376.2	142.1	336.3	135.8	93.2	34.5	69.3	30.8
Other ordinary expenses	69.0	40.0	75.2	39.8	77.7	40.4	94.2	42.7	19.4	8.0	17.7	8.5
Ordinary profit	94.0	185.2	171.7	137.0	151.1	113.9	194.3	92.4	40.2	15.5	63.2	6.3
Extraordinary gains and losses ²	5.7	(12.6)	(27.2)	(17.0)	13.8	3.6	9.3	29.8	7.6	8.0	3.2	19.0
Provision for reserve for policyholder dividends	15.6	137.0	21.6	96.1	19.6	92.1	15.4	93.7	3.7	16.9	4.7	15.6
Income before income taxes	84.2	35.5	122.9	23.8	145.3	25.5	188.2	28.5	44.1	6.6	61.8	9.7
Total income taxes	21.7	9.5	35.4	6.9	41.1	8.7	54.9	10.7	13.1	3.9	17.8	7.2
Net income	62.4	26.0	87.4	16.8	104.1	16.7	133.3	17.8	31.0	2.6	43.9	2.4

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 1Q, ¥7.5billion was added to "Reversal of reserve for outstanding claims," under "Other ordinary income," and to "Provision for policy reserves and others," under "Ordinary expenses")

2. "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 1Q	FY21/3 1Q
Total assets	¥mn	80,336,414	76,832,508	73,904,576	71,667,398	73,454,169	70,802,041
Postal Life Insurance category		51,447,550	46,684,937	41,354,076	39,225,493	40,640,854	38,747,781
New category		28,888,864	30,147,570	32,550,500	32,441,904	32,813,314	32,054,260
Number of policies in force	(000)	31,562	30,405	29,143	27,070	28,892	26,477
Postal Life Insurance category (insurance)		14,411	12,484	11,048	9,907	10,747	9,668
New category (individual insurance)		17,150	17,921	18,095	17,163	18,144	16,808
Insurance premiums and others	¥mn	5,041,868	4,236,461	3,959,928	3,245,541	935,876	712,835
Postal Life Insurance category		1,002,816	755,221	590,340	459,151	124,020	97,476
New category		4,039,051	3,481,240	3,369,588	2,786,389	811,855	615,359
Ordinary profit	¥mn	279,347	308,845	265,143	286,829	55,880	69,590
Postal Life Insurance category		185,250	137,074	113,981	92,490	15,585	6,342
New category		94,097	171,771	151,162	194,338	40,295	63,247
Net income	¥mn	88,520	104,309	120,958	151,132	33,672	46,473
Postal Life Insurance category		26,044	16,878	16,763	17,806	2,652	2,493
New category		62,475	87,430	104,195	133,325	31,020	43,980
Contingency reserve (reversal) provision	¥mn	(120,819)	(139,678)	(151,592)	(165,388)	(41,346)	2,619
Postal Life Insurance category		(172,881)	(173,722)	(173,590)	(170,814)	(43,130)	1,457
New category		52,061	34,043	21,997	5,425	1,784	1,161
Price fluctuations reserve (reversal) provision	¥mn	6,444	128,031	(19,251)	(39,152)	(15,669)	(22,397)
Postal Life Insurance category		12,625	17,090	(3,686)	(29,845)	(8,008)	(19,084)
New category		(6,181)	110,940	(15,564)	(9,306)	(7,661)	(3,313)
Additional policy reserve (reversal) provision	¥mn	(50,454)	(30,648)	(50,292)	(49,750)	(11,700)	(53,477)
Postal Life Insurance category		(50,454)	(47,674)	(46,698)	(46,396)	(10,828)	(52,695)
New category		-	17,025	(3,594)	(3,354)	(871)	(781)

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 1Q	FY21/3 1Q
Insurance premiums and others	5,041.8	4,236.4	3,959.9	3,245.5	935.8	712.8
Ordinary profit	279.7	309.2	264.8	286.6	56.0	69.9
Provision for reserve for policyholder dividends	152.6	117.7	111.8	109.2	20.7	20.4
Net income	88.5	104.4	120.4	150.6	33.7	46.7
Net assets	1,853.2	2,003.1	2,135.1	1,928.3	2,087.6	2,353.8
Total assets	80,336.7	76,831.2	73,905.0	71,664.7	73,455.7	70,801.8
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	-	-
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	3,420.1	3,608.5
Value of New Business	36.8	226.7	223.8	60.6	64.6	(1.1)
Core profit (Non-consolidated)	390.0	386.1	377.1	400.6	90.8	110.4
Core profit attributable to life insurance activities	311.4	320.3	318.7	320.1	78.3	103.8
Spread (positive/negative spread)	78.5	65.8	58.4	80.4	12.5	6.6

1. 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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