

EV and ESR as of March 31, 2021

May 25, 2021



JAPAN POST INSURANCE

Embedded Value

Breakdown of EV

(¥bn)

	Mar-20	Mar-21	Change
EV	3,324.2	4,026.2	701.9 (+ 21.1 %)
Adjusted net worth	2,212.4	2,376.8	164.4 (+ 7.4 %)
Value of in- force covered business	1,111.8	1,649.3	537.4 (+ 48.3 %)

Value of New Business

Value of new business year ended Mar-21¹ ¥ (12.7)bn

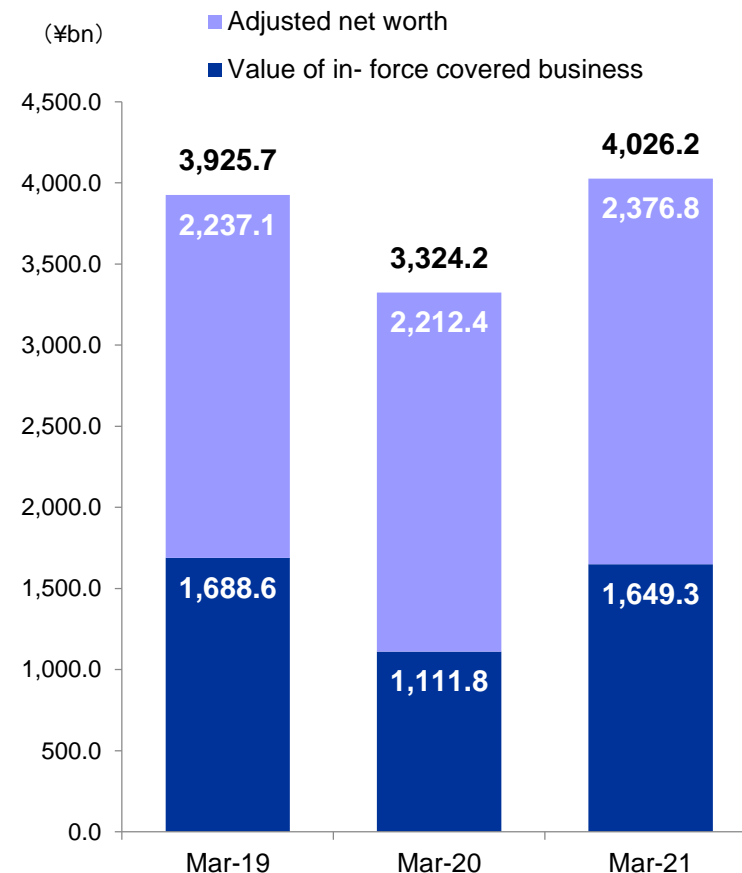
New business margin year ended Mar-21^{1,2} (5.0) %

- Although Japan Post Insurance had been refraining from proactive sales proposal during 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.

- Using the economic assumptions as of June 30, 2020, based on the new policies written in the period from April 2020 to March 2021. The value of new business includes the increase or decrease due to switchover of riders and conditional cancellation.
- The value of new business divided by the present value of future premium income.

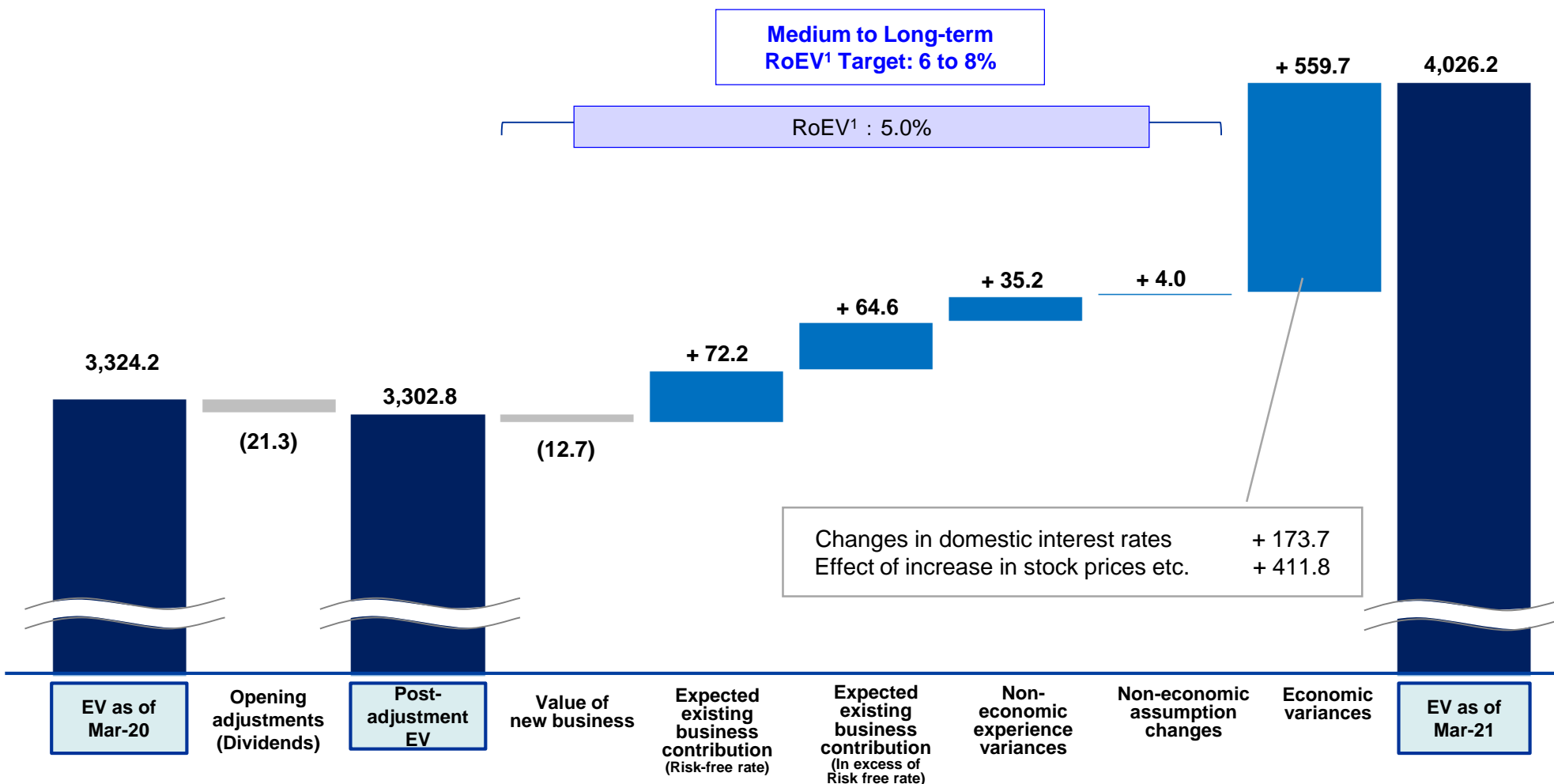
EV

(¥bn)



Movement Analysis of EV

(¥bn)



1. Calculated by excluding economic variance factors.

Sensitivity Analysis of EV

Sensitivity to Economic Assumptions

(¥bn)

Assumptions	EV	Change (%)
50bp increase in risk-free rate	4,111.7	+ 85.5 (+ 2.1 %)
50bp decrease in risk-free rate	3,852.9	(173.2) ((4.3) %)
50bp decrease in risk-free rate (parallel shift without zero floor)	3,822.3	(203.8) ((5.1) %)
30% decrease in equity and real estate value ¹	3,617.8	(408.3) ((10.1) %)

Sensitivity to Non-economic Assumptions

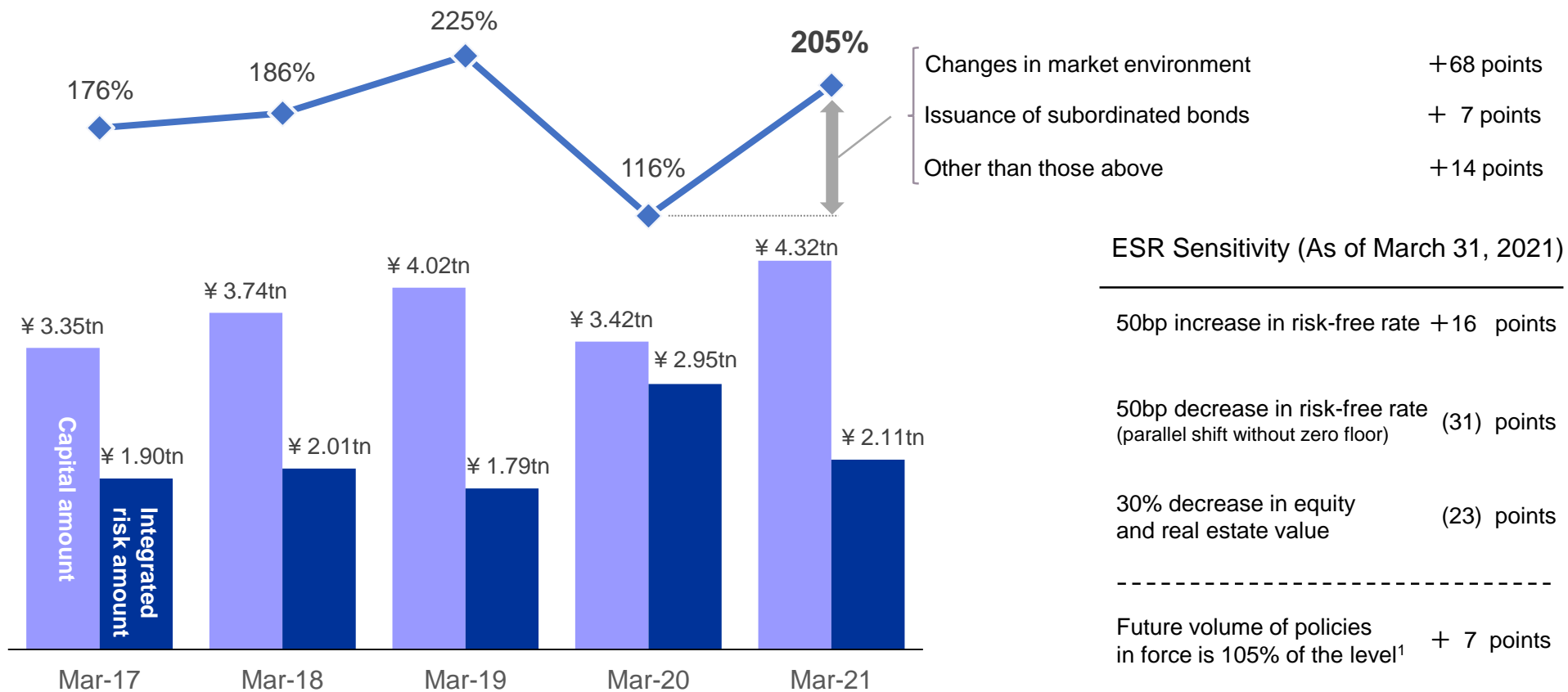
(¥bn)

Assumptions	EV	Change (%)
Future volume of policies in force is 105% of the level assumed in the calculation of EV as of March 31, 2021 ¹	4,088.3	+ 62.1 (+ 1.5 %)
10% decrease in maintenance expenses	4,225.3	+ 199.1 (+ 4.9 %)

1. Provisional calculations that have not been verified by a third party.

ESR (Economic Solvency Ratio)

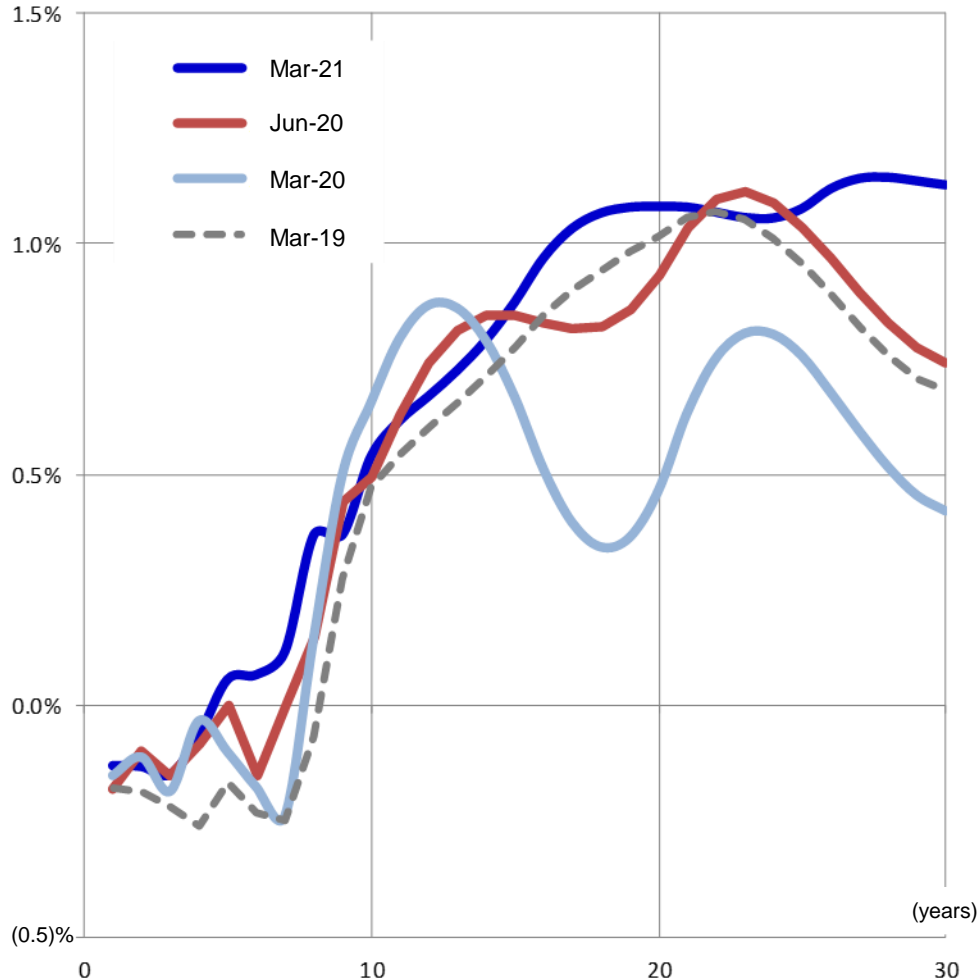
- ESR as of March 31, 2021, increased to 205% , as the capital amount increased and the integrated risk amount decreased due to changes in market environment.
- We aim to stabilize ESR over the medium to long term, and will take various measures, including EV growth, and interest rate risk reduction, as appropriate.



Notes: The capital amount, the numerator of ESR, was calculated by adding the amount of subordinated bonds issued by the company to EV.
 The integrated risk amount, the denominator of ESR, was calculated based on an internal model (holding period: 1 year, confidence level: 99.5%), recognizing fluctuations in the capital amount as risk.

(Reference) Fluctuations of Interest Rates (EV Assumptions)¹

Forward Rate (Mar-19 to Mar-21)



Forward Rate

(%)

	Mar-19	Mar-20 ^①	Jun-20 ^②	Mar-21 ^③
10 years	0.471	0.657	0.495	0.539
20 years	1.017	0.466	0.930	1.080
30 years	0.683	0.422	0.743	1.126

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 FY21/3 : ②
- EV as of March 31, 2021 : 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.