

# **EV and ESR as of March 31, 2022**

May 25, 2022



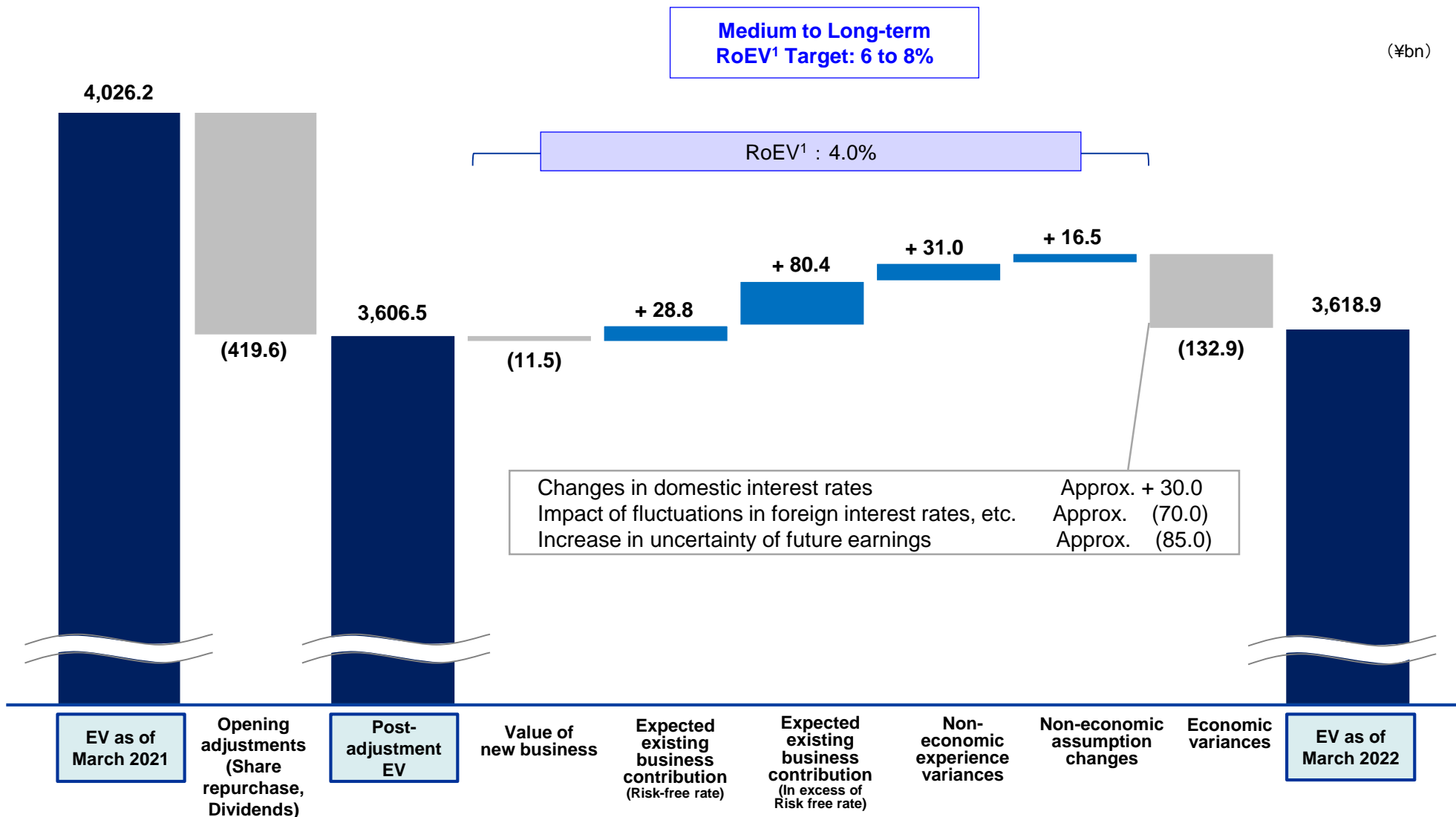
**JAPAN POST INSURANCE**



# Movement Analysis of EV

Medium to Long-term  
RoEV<sup>1</sup> Target: 6 to 8%

(¥bn)



1. Calculated by excluding economic variance factors

# Sensitivity Analysis of EV

## Sensitivity to Economic Assumptions

Assumptions	EV	Change (%)	Value of in-force covered business	
			Adjusted net worth	Value of in-force covered business
50bp increase in risk-free rate	3,571.8	(47.1) ((1.3) %)	1,994.5	1,577.2
50bp increase in risk-free rate of foreign interest rates <sup>1</sup>	3,530.2	(88.7) ((2.5) %)	2,084.8	1,445.3
50bp decrease in risk-free rate	3,620.6	+ 1.7 (+0.0 %)	2,154.1	1,466.4
50bp decrease in risk-free rate (parallel shift without zero floor)	3,604.4	(14.4) ((0.4) %)	2,198.8	1,405.5
30% decrease in equity and real estate value <sup>1</sup>	3,161.9	(457.0) ((12.6) %)	2,075.0	1,086.8

(¥bn)

## Sensitivity to Non-economic Assumptions

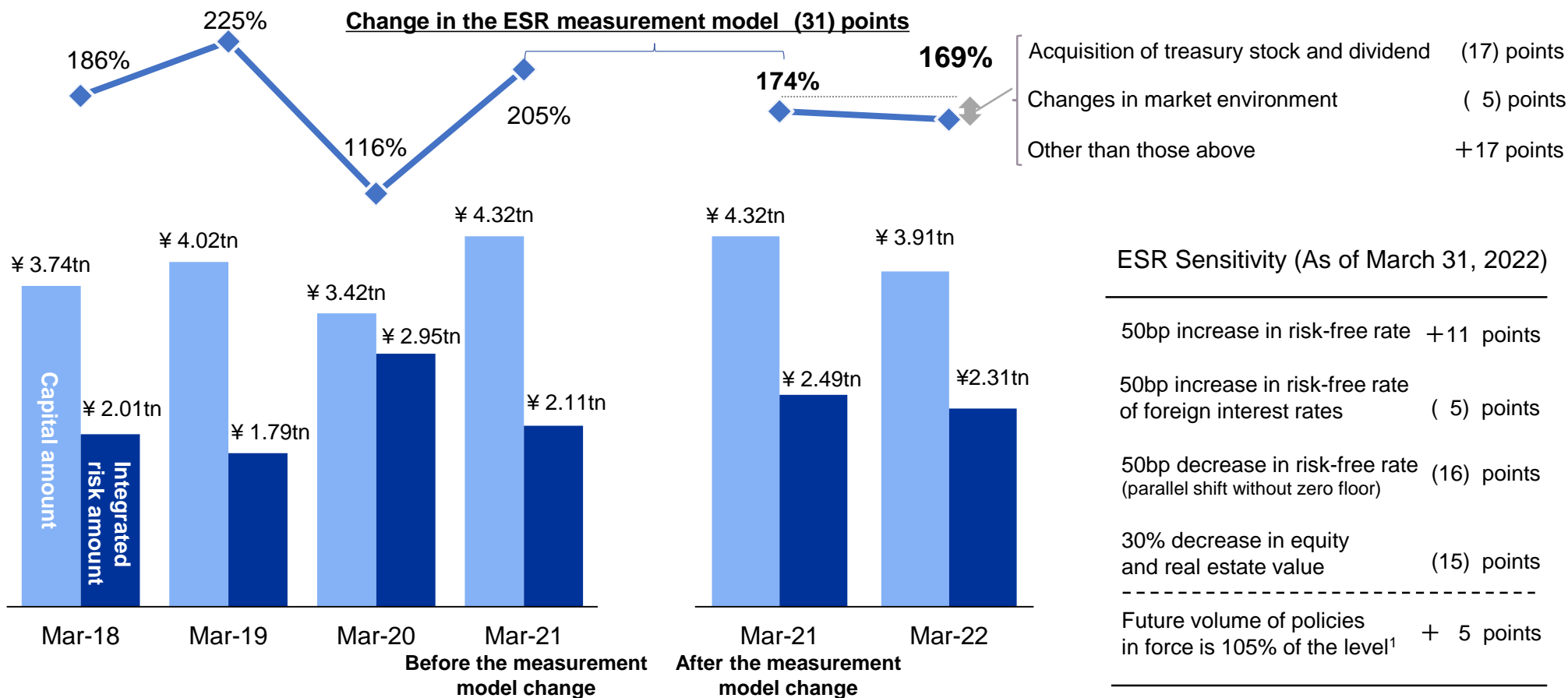
Assumptions	EV	Change (%)	Value of in-force covered business	
			Adjusted net worth	Value of in-force covered business
Future volume of policies in force is 105% of the level assumed in the calculation of EV as of March 31, 2022 <sup>1</sup>	3,673.4	+ 54.5 (+ 1.5 %)	2,092.7	1,580.7
10% decrease in maintenance expenses	3,817.1	+ 198.1 (+ 5.5 %)	2,092.7	1,724.3

(¥bn)

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

# ESR (Economic Solvency Ratio)

- Anticipating the introduction of the new solvency regulations, we partially changed the ESR measurement model effective the end of March 2022. The change lowered the ESR by 31 points, but the ESR was 169% as of March 31, 2022.
- Compared to the end of the previous fiscal year, the acquisition of treasury stock and changes in the market environment lowered the ESR by 5 points.
- We will continue to aim for medium- to long-term ESR stability by controlling the amount of interest risk, among others.

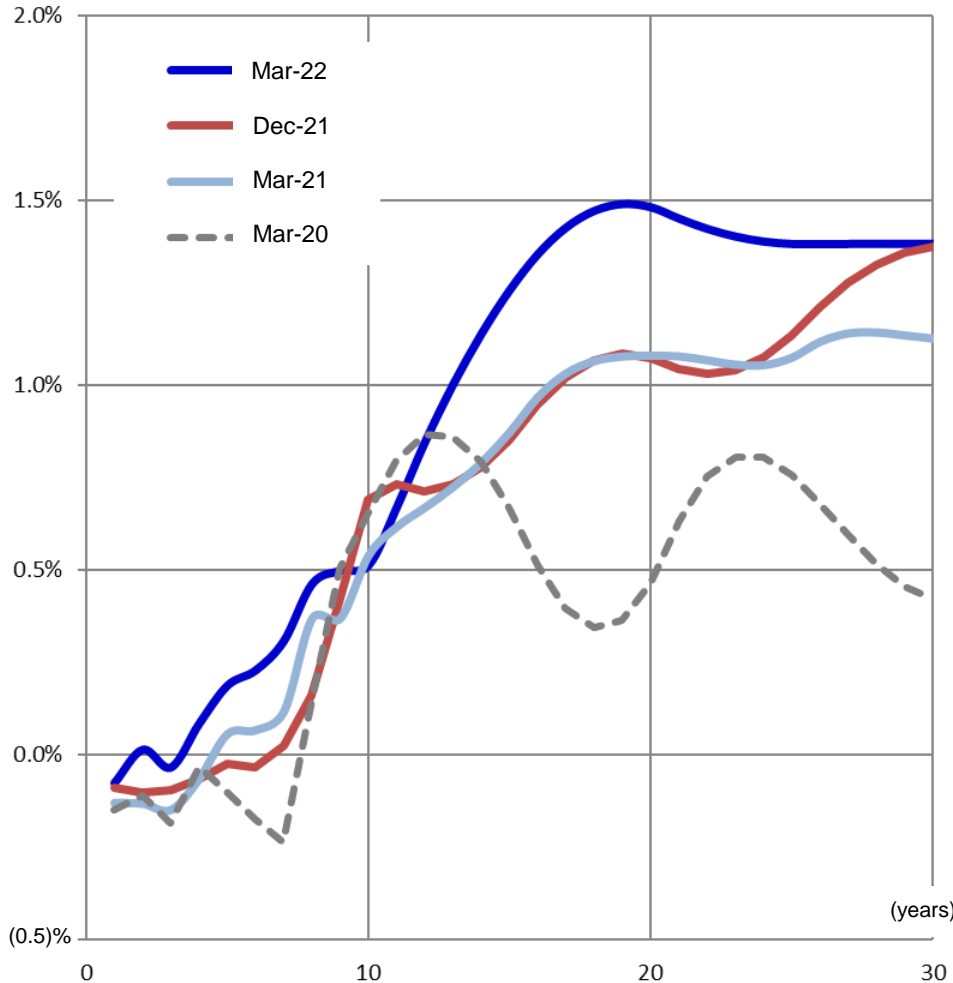


Note: The capital amount (after the measurement model change), the numerator of ESR, is the sum of (1) and (2) below.  
 (1) EV minus expenses to maintain the required capital (2) Amount of subordinated bonds issued by the Company  
 The integrated risk amount, the denominator of ESR, was calculated based on an internal model (holding period: 1 year, confidence level: 99.5%), recognizing fluctuations in the capital amount as risk.

1. Assumed in the calculation of EV as of March 31, 2022

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

Forward Rate (Mar-20 to Mar-22)



Forward Rate

	Mar-20	Mar-21 <sup>①</sup>	Dec-21 <sup>②</sup>	Mar-22 <sup>③</sup>
10 years	0.657 %	0.539 %	0.688 %	0.513 %
20 years	0.466 %	1.080 %	1.074 %	1.480 %
30 years	0.422 %	1.126 %	1.374 %	1.382 %

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

- EV as of March 31, 2021 : ①
- Value of new business for FY22/3 : ②
- EV as of March 31, 2022 : 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.