

Outline of Financial Results for the Fiscal Year Ended March 31, 2020

May 15, 2020



JAPAN POST INSURANCE

Summary of Financial Results

| | Year ended Mar-20 | Year on Year | |
|---|--|----------------------|--|
| Net income | ¥ 150.6bn | + 25.1 % | ➤ Net income was ¥ 150.6billion (a 25.1% increase year on year). |
| Annualized premiums from New policies | (Individual Insurance) ¥ 146.9bn | (58.2) % | ➤ Annualized premiums from new policies for individual insurance were ¥ 146.9billion, a 58.2% decrease year on year. |
| | (Medical Care) ¥ 22.1bn | (64.1) % | ➤ Annualized premiums from new policies for medical care were ¥ 22.1billion, a 64.1% decrease year on year. ➤ New policy sales results for the current period were influenced by refraining from proactive sales proposal from mid-July 2019 and business suspension from January 2020. |
| Annualized premiums from Policies in Force | (Individual Insurance) ¥ 4,318.6bn | (7.7) % | ➤ Annualized premiums from policies in force for individual insurance were ¥ 4,318.6billion, a 7.7% decrease from the end of the previous fiscal year. |
| | (Medical Care) ¥ 715.5bn | (5.0) % | ➤ Annualized premiums from policies in force for medical care were ¥ 715.5billion, a 5.0% decrease from the end of the previous fiscal year. |
| Return seeking assets | ¥ 9,938.6bn | (2.7) % | ➤ Amounts of return seeking assets (foreign securities etc.) were ¥ 9,938.6billion, a 2.7% decrease from the end of the previous fiscal year. ➤ The ratio of return seeking assets to total assets was 13.9%. |
| Solvency Margin Ratio | 1,070.9 % | (118.9) points | ➤ The solvency margin ratio was 1,070.9%, a 118.9 points decrease from the end of the previous fiscal year. |
| | Year ended Mar-20 | Year ended Mar-19 | |
| Dividend per share | ¥ 76 | ¥ 72 | ➤ The ordinary dividend for the year ended March 31, 2020, is ¥ 76 per share. This includes an interim dividend of ¥38 and a year-end dividend of ¥38. |

Financial Highlights

Financial Highlights

(¥bn)

| | Year ended Mar-19 | Year ended Mar-20 | Year on year |
|-------------------------|-------------------|-------------------|--------------|
| Ordinary income | 7,916.6 | 7,211.4 | (8.9) % |
| Ordinary profit | 264.8 | 286.6 | + 8.2 % |
| Net income ¹ | 120.4 | 150.6 | + 25.1 % |
| Net income per share | ¥ 200.86 | ¥ 267.40 | + ¥ 66.54 |

(¥bn)

| | Mar-19 | Mar-20 | Change |
|----------------------------|----------|----------|---------|
| Total assets | 73,905.0 | 71,664.7 | (3.0) % |
| Net assets | 2,135.1 | 1,928.3 | (9.7) % |
| Total shareholders' equity | 1,675.1 | 1,661.2 | (0.8) % |

1. Net income attributable to Japan Post Insurance.

Comparison with Forecasts

(¥bn)

| Year ended Mar-20 (Revised forecasts) | Achievement |
|--|-------------|
| 7,180.0 | 100.4 % |
| 270.0 | 106.1 % |
| 134.0 | 112.5 % |
| ¥ 237.79 | 112.5 % |

Financial Results for the Year Ended March 31, 2020 (Year on Year)

Statement of Income

(¥bn)

| | Year ended Mar-19 | Year ended Mar-20 | Change |
|--|-------------------|-------------------|---------|
| Ordinary income | 7,916.6 | 7,211.4 | (705.2) |
| Insurance premiums and others | 3,959.9 | 3,245.5 | (714.3) |
| Investment income | 1,204.4 | 1,137.7 | (66.6) |
| Reversal of policy reserves | 2,716.7 | 2,767.3 | 50.6 |
| Ordinary expenses | 7,651.7 | 6,924.8 | (726.9) |
| Insurance claims and others | 6,868.8 | 6,191.3 | (677.5) |
| Investment expenses | 146.0 | 124.0 | (22.0) |
| Operating expenses etc ¹ | 636.8 | 609.4 | (27.4) |
| Ordinary profit | 264.8 | 286.6 | 21.7 |
| Extraordinary gains and losses | 17.5 | 39.2 | 21.7 |
| Provision for reserve for policyholder dividends | 111.8 | 109.2 | (2.5) |
| Income before income taxes | 170.6 | 216.6 | 46.0 |
| Total income taxes | 50.1 | 65.9 | 15.7 |
| Net income attributable to Japan Post Insurance | 120.4 | 150.6 | 30.2 |

[Main Factors for Changes in the Line Items]

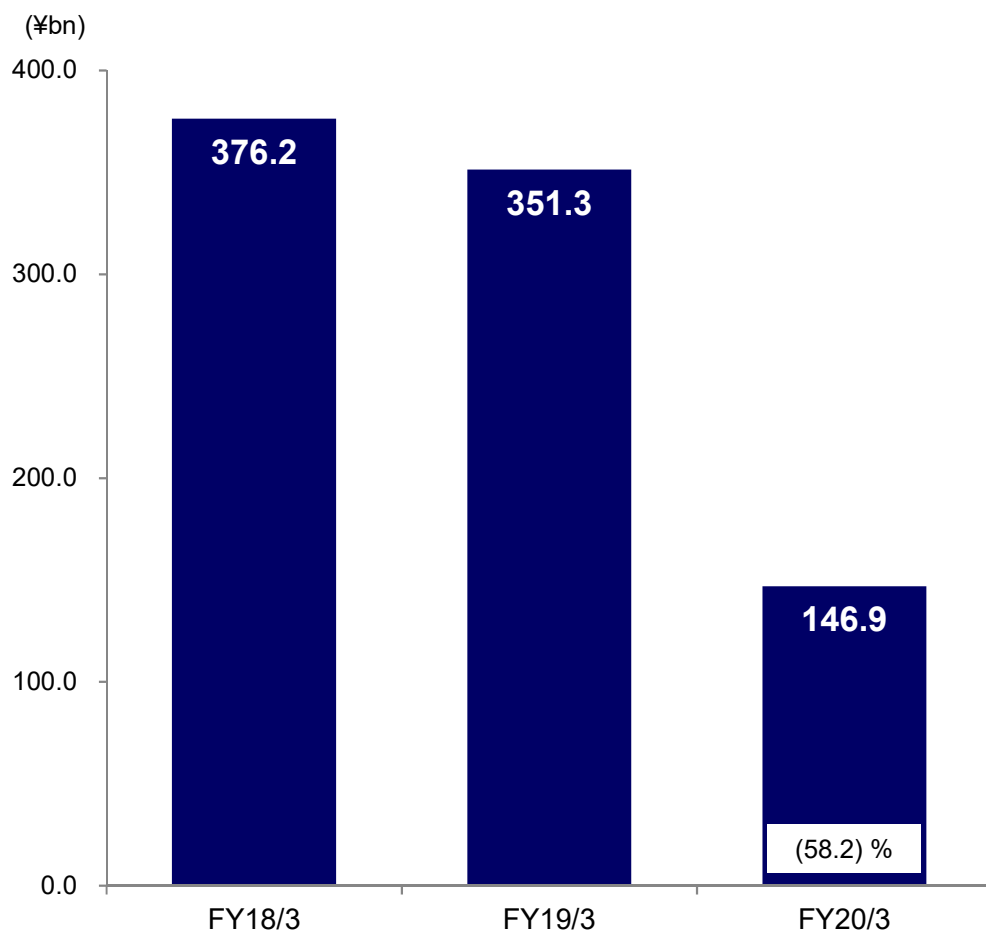
- Decrease in policies in the premium payment period (policies in force).
- Decrease in new policy sales by refraining from proactive sales proposal from mid-July 2019 and business suspension from January 2020.
- Decrease in interest, dividends and other income due to decrease in total amount of assets.
- Decrease in gains on money held in trust.
- Decrease in matured endowment payments.
- Decrease as a result of decreased new policy sales.
- Increase due to the decrease in operating expenses, etc. as a result of decreased new policy sales, and positive spread in investments.
- Reversal of price fluctuations reserve corresponding to capital losses.
- Net income increased by ¥ 30.2billion year on year due to the decrease in operating expenses, etc. as a result of decreased new policy sales, and positive spread in investments.

Note: Only major line items are shown.

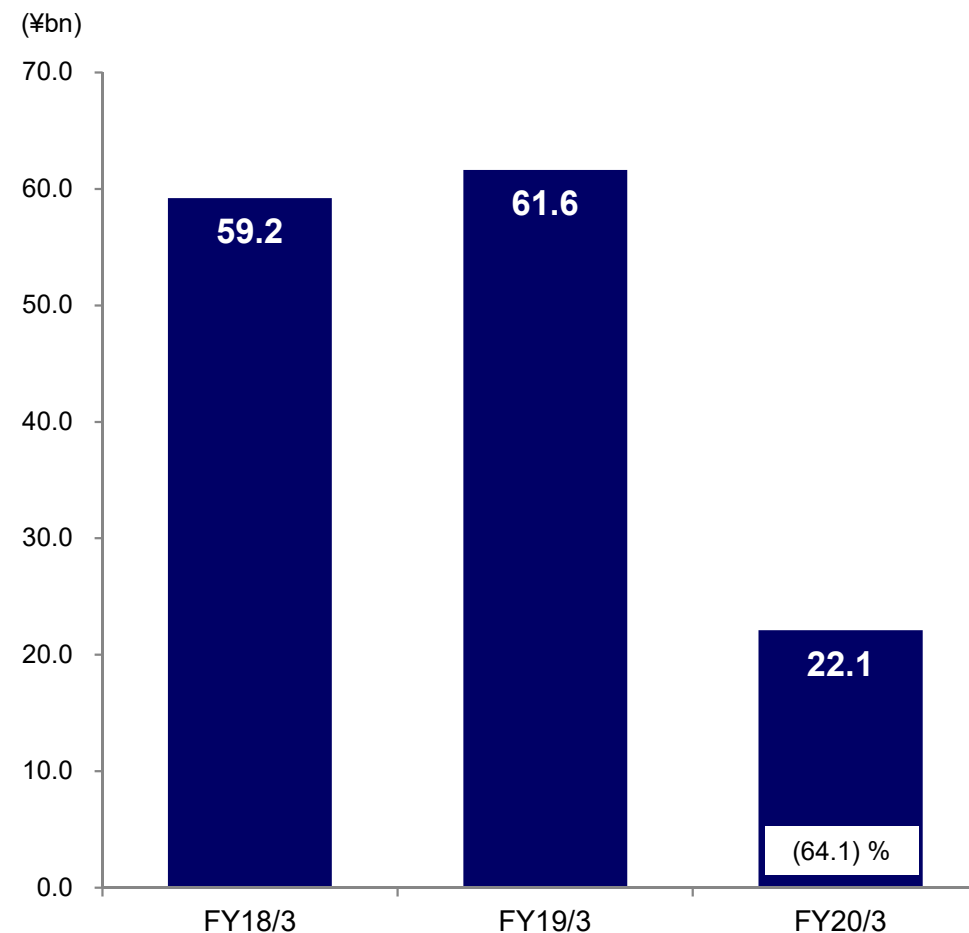
1. Sum of operating expenses and other ordinary expenses

Policy Sales (1) Annualized Premiums from New Policies

Annualized Premiums from New Policies (Individual Insurance)



Annualized Premiums from New Policies (Medical Care)

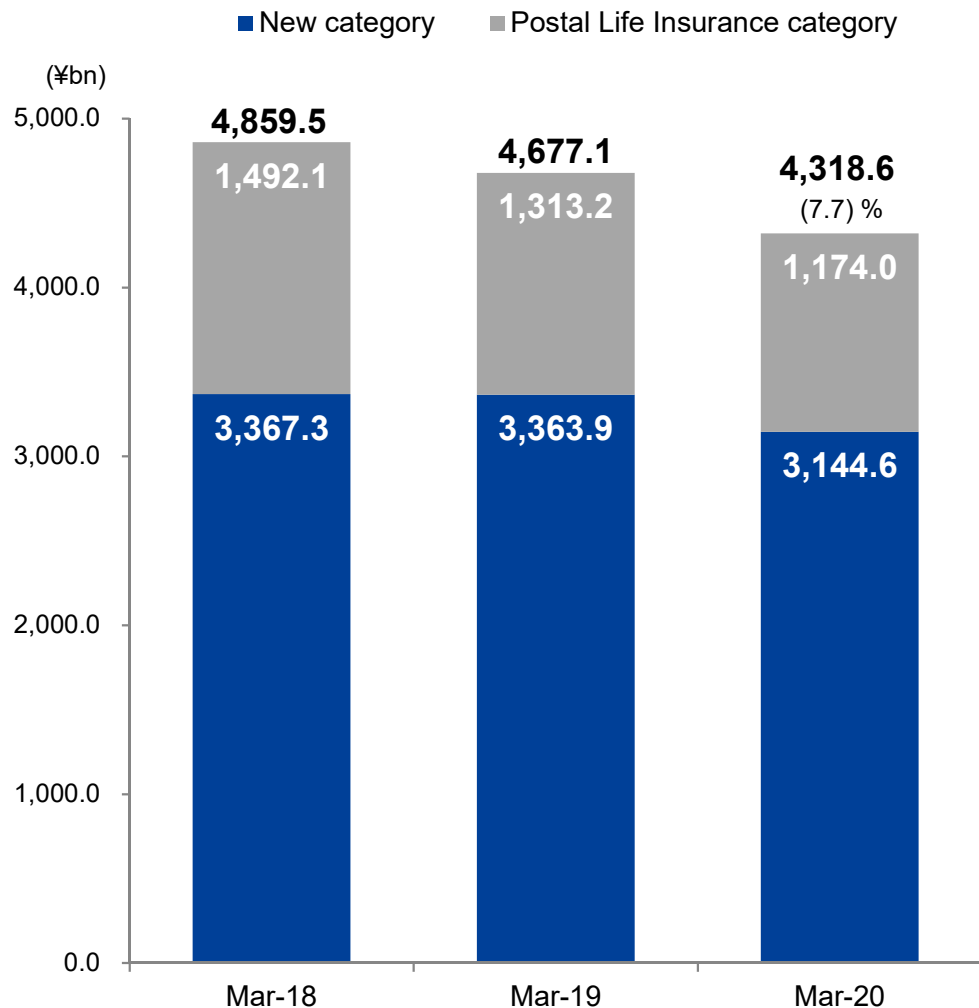


Note1 : Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined according to the relevant payment method to arrive at a single annualized amount. (For lump-sum payments, annualized premiums are calculated by dividing the total premium 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.

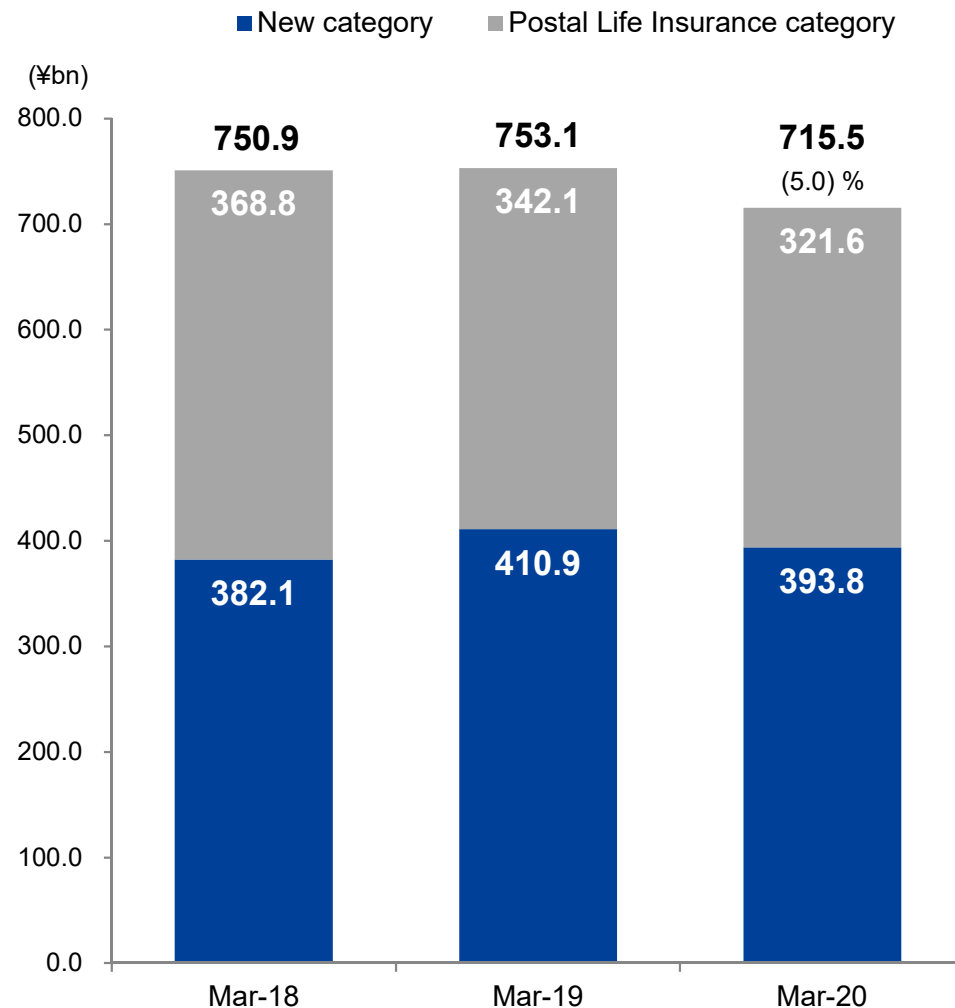
Note2 : The figures for the year ended March 31, 2020 include the influence by refraining from proactive sales proposal from mid-July 2019 and business suspension from January 2020.

Policy Sales (2) Annualized Premiums from Policies in Force

Annualized Premiums from Policies in Force (Individual Insurance)



Annualized Premiums from Policies in Force (Medical Care)

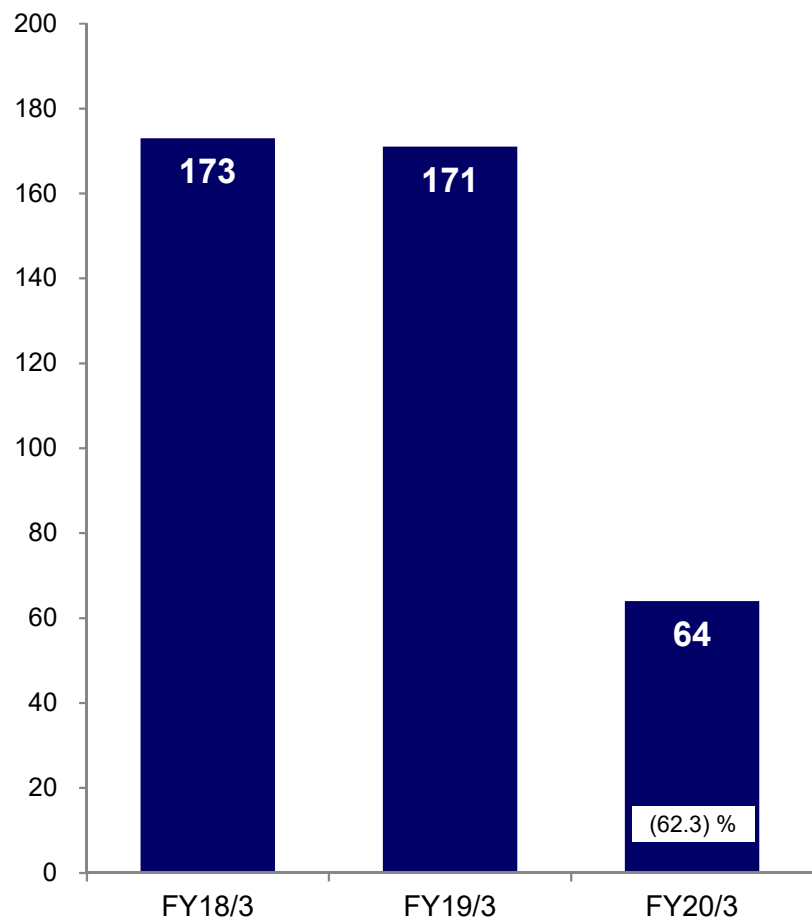


Note: "New category" shows individual insurance policies underwritten by Japan Post Insurance. The "Postal Life Insurance category" shows postal life insurance policies reinsured by Japan Post Insurance from the Postal Management and Support Organization.

Policy Sales (3) Number of New Policies

Number of New Policies (Individual Insurance)

(10 thousands)



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

Breakdown of New Policies

(10 thousands)

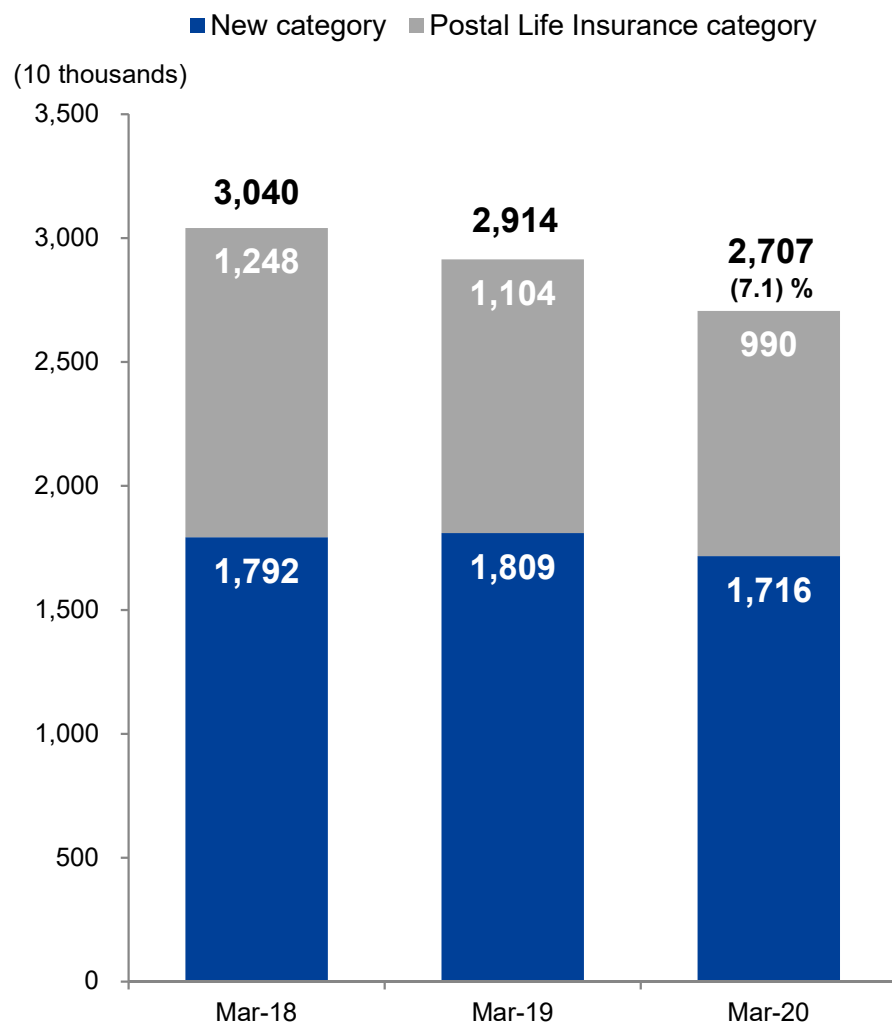
| | Year ended Mar-19 | | Year ended Mar-20 | |
|--|--------------------|---------|--------------------|---------|
| | Number of policies | Share | Number of policies | Share |
| Individual insurance | 171 | 100.0 % | 64 | 100.0 % |
| Endowment insurance | 84 | 49.2 % | 34 | 53.5 % |
| Ordinary endowment insurance | 44 | 26.1 % | 18 | 29.4 % |
| Ordinary endowment insurance (with a relaxed underwriting criteria) | - | - | 3 | 5.3 % |
| Special endowment insurance ¹ | 39 | 23.0 % | 12 | 18.8 % |
| Whole life insurance | 73 | 43.2 % | 25 | 39.3 % |
| Ordinary whole life insurance (Fixed amount type) | 23 | 13.5 % | 6 | 9.4 % |
| Ordinary whole life insurance (with a relaxed underwriting criteria) | - | - | 6 | 10.0 % |
| Ordinary whole life insurance (Increased amount type) | 40 | 23.7 % | 10 | 16.0 % |
| Special whole life insurance | 10 | 6.0 % | 2 | 3.9 % |
| Educational endowment insurance | 12 | 7.5 % | 4 | 7.2 % |
| Other insurance | 0 | 0.2 % | 0 | 0.1 % |

Note: Only major products are shown.

1. Increased amount type endowment insurance

Policy Sales (4) 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-19 | | Mar-20 | |
|--|--------------------|---------|--------------------|---------|
| | Number of policies | Share | Number of policies | Share |
| Individual insurance | 2,914 | 100.0 % | 2,707 | 100.0 % |
| Endowment insurance | 1,165 | 40.0 % | 1,041 | 38.5 % |
| Ordinary endowment insurance | 745 | 25.6 % | 668 | 24.7 % |
| Ordinary endowment insurance (with a relaxed underwriting criteria) | - | - | 3 | 0.1 % |
| Special endowment insurance ¹ | 410 | 14.1 % | 363 | 13.4 % |
| Whole life insurance | 1,301 | 44.6 % | 1,259 | 46.5 % |
| Ordinary whole life insurance (Fixed amount type) | 412 | 14.1 % | 393 | 14.5 % |
| Ordinary whole life insurance (with a relaxed underwriting criteria) | - | - | 5 | 0.2 % |
| Ordinary whole life insurance (Increased amount type) | 281 | 9.7 % | 273 | 10.1 % |
| Special whole life insurance | 606 | 20.8 % | 585 | 21.6 % |
| Educational endowment insurance | 434 | 14.9 % | 393 | 14.5 % |
| Other insurance | 13 | 0.5 % | 13 | 0.5 % |

Note: Only major products are shown.

1. Increased amount type endowment insurance

Investments (1) Asset Portfolio

Asset Portfolio

(¥bn)

| | Mar-19 | | Mar-20 | |
|---|-----------------|----------------|-----------------|----------------|
| | Amount | Share | Amount | Share |
| Bonds | 50,960.1 | 69.0 % | 48,830.6 | 68.1 % |
| Japanese government bonds | 38,041.4 | 51.5 % | 36,730.7 | 51.3 % |
| Japanese local government bonds | 7,515.9 | 10.2 % | 6,728.7 | 9.4 % |
| Japanese corporate bonds | 5,402.7 | 7.3 % | 5,371.1 | 7.5 % |
| Return seeking assets ¹ | 10,217.7 | 13.8 % | 9,938.6 | 13.9 % |
| Domestic stocks ² | 1,756.0 | 2.4 % | 1,765.1 | 2.5 % |
| Foreign stocks ² | 345.5 | 0.5 % | 323.5 | 0.5 % |
| Foreign bonds ² | 6,708.7 | 9.1 % | 6,445.1 | 9.0 % |
| Other ³ | 1,407.3 | 1.9 % | 1,404.8 | 2.0 % |
| Loans | 6,786.0 | 9.2 % | 5,662.7 | 7.9 % |
| Others | 5,940.9 | 8.0 % | 7,232.7 | 10.1 % |
| Cash and deposits, call loans | 1,067.7 | 1.4 % | 1,790.2 | 2.5 % |
| Receivables under securities borrowing transactions | 2,792.2 | 3.8 % | 3,191.7 | 4.5 % |
| Total assets | 73,905.0 | 100.0 % | 71,664.7 | 100.0 % |

Spread and Investment Yield

(¥bn)

| | Year ended Mar-19 | Year ended Mar-20 |
|---|-------------------|-------------------|
| Positive spread | 58.4 | 80.4 |
| Average assumed rates of return ¹ | 1.70 % | 1.69 % |
| Investment return on core profit ² | 1.79 % | 1.82 % |

| | | |
|----------------------------|--------|---------|
| Net capital gains (losses) | (83.7) | (102.4) |
|----------------------------|--------|---------|

| | Mar-19 | Mar-20 |
|-------------------------|-----------|----------|
| Interest rate (10Y JGB) | (0.095) % | 0.005 % |
| USD/JPY | ¥ 110.99 | ¥ 108.83 |

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.

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.

Investments (2) Fair Value Information of Securities

Fair Value Information of Securities

(¥bn)

| | Mar-19 | | | Mar-20 | | |
|-------------------------------|------------|------------|-------------------------------|------------|------------|-------------------------------|
| | Book value | Fair value | Net unrealized gains (losses) | Book value | Fair value | Net unrealized gains (losses) |
| Total | 61,196.0 | 69,706.0 | 8,509.9 | 59,084.1 | 66,675.8 | 7,591.6 |
| Held-to-maturity bonds | 36,391.2 | 43,113.4 | 6,722.1 | 35,735.7 | 41,953.3 | 6,217.6 |
| Policy-reserve-matching bonds | 10,570.0 | 11,724.3 | 1,154.3 | 9,574.6 | 10,578.5 | 1,003.8 |
| Available-for-sale securities | 14,234.7 | 14,868.1 | 633.4 | 13,773.7 | 14,143.9 | 370.1 |
| Securities etc. | 12,000.3 | 12,240.9 | 240.6 | 11,102.5 | 11,399.6 | 297.0 |
| Bonds | 4,197.3 | 4,265.4 | 68.0 | 3,700.4 | 3,742.1 | 41.7 |
| Domestic stocks | 211.7 | 200.8 | (10.8) | 322.0 | 281.2 | (40.8) |
| Foreign securities | 5,006.6 | 5,186.9 | 180.2 | 4,221.6 | 4,589.3 | 367.6 |
| Other securities | 1,826.8 | 1,827.7 | 0.9 | 2,006.8 | 1,933.2 | (73.5) |
| Deposits etc. | 757.7 | 759.9 | 2.1 | 851.5 | 853.5 | 2.0 |
| Money held in trust | 2,234.3 | 2,627.2 | 392.8 | 2,671.2 | 2,744.3 | 73.0 |
| Domestic stocks ¹ | 1,263.8 | 1,555.2 | 291.3 | 1,387.9 | 1,483.9 | 95.9 |
| Foreign stocks ¹ | 269.6 | 345.5 | 75.8 | 297.2 | 323.5 | 26.2 |
| Foreign bonds ¹ | 528.0 | 550.3 | 22.2 | 736.0 | 698.4 | (37.5) |
| Other ² | 172.7 | 176.1 | 3.4 | 250.0 | 238.3 | (11.6) |

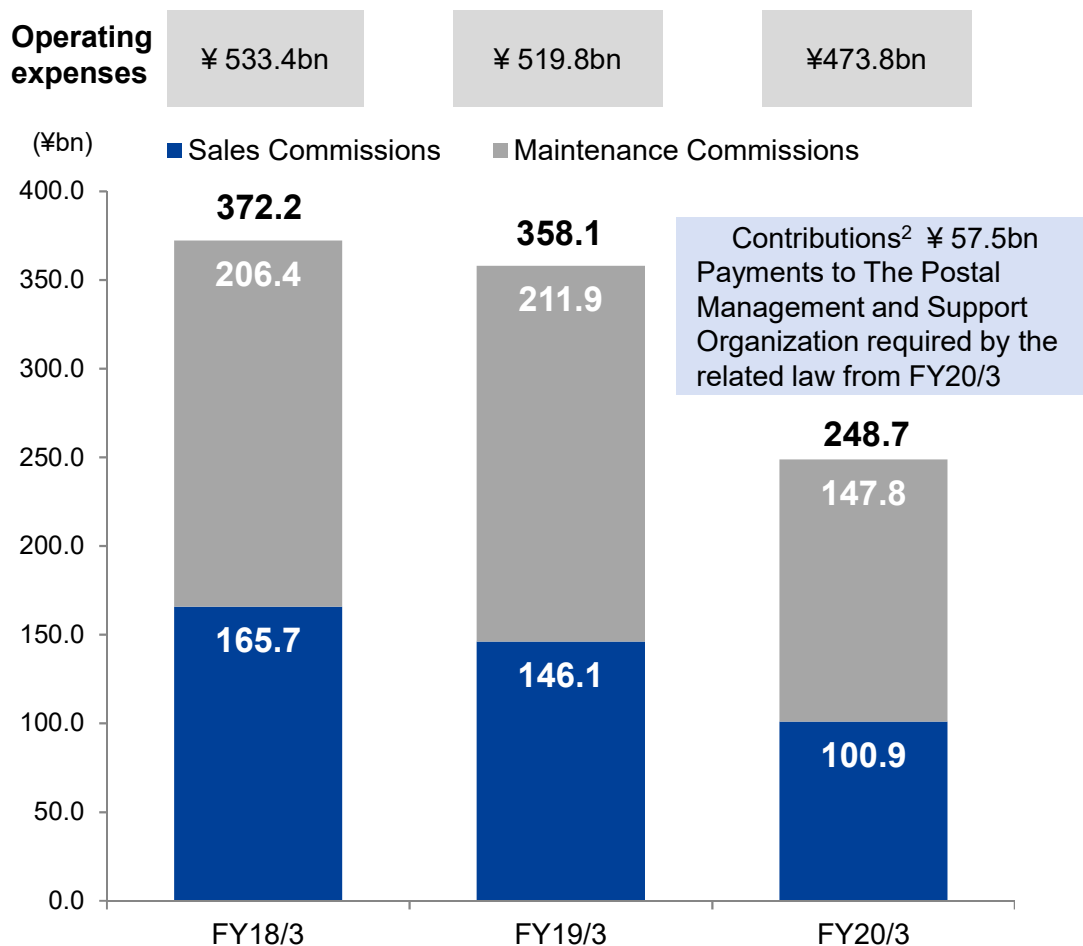
Note: This table only shows securities with a fair value. It also includes the handling of securities under the Financial Instruments and Exchange Act.

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

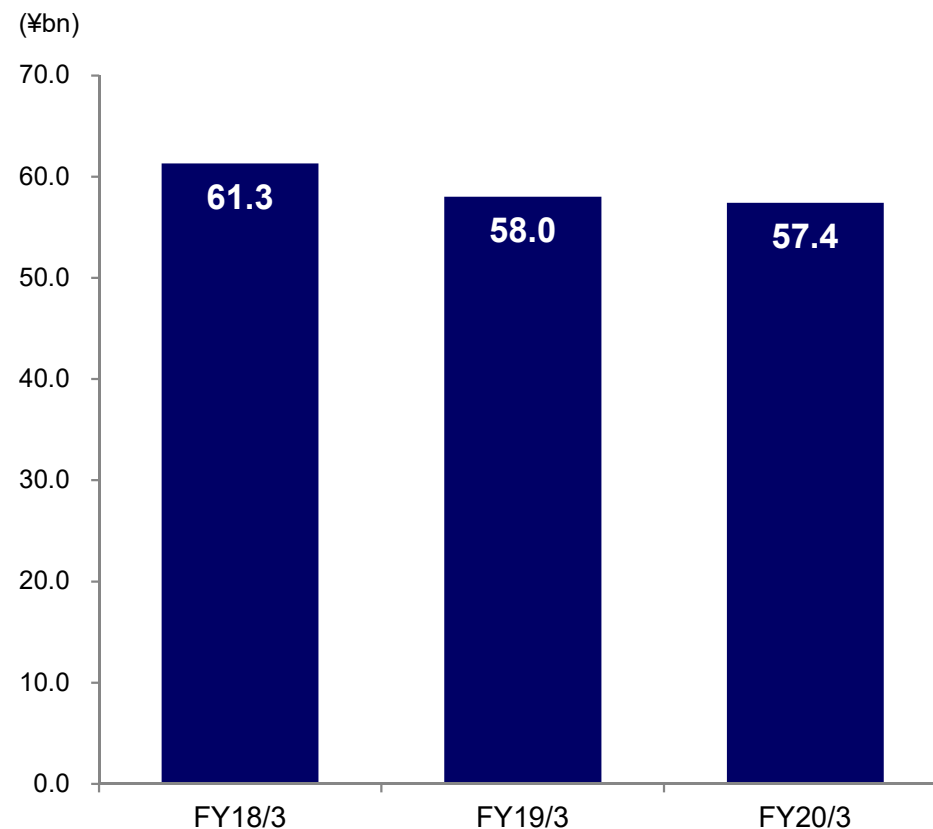
2. "Cash and deposits" and "bank loans" etc.

Expenses

Operating Expenses (Commissions¹ etc.)



Depreciation and amortization



Note: The sales commissions of ¥ 100.9billion for new policies for FY20/3 were ¥ 15.0billion for those acquired in the current fiscal year (a decrease of ¥ 30.4billion year on year) and ¥ 85.8billion for those acquired in prior years (a decrease of ¥ 14.7billion year on year).
The maintenance commissions of ¥ 147.8billion were basic commissions of ¥ 116.1billion (a decrease of ¥ 55.3billion year on year) and incentive commissions of ¥ 31.7billion (a decrease of ¥ 8.7billion year on year).

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

Financial Soundness

Internal Reserves

(¥bn)

| | Mar-19 | Mar-20 | Provisions in the period |
|---|---------|---------|--------------------------|
| Contingency reserve | 1,962.7 | 1,797.3 | (165.3) |
| Postal Life Insurance category | 1,491.4 | 1,320.6 | (170.8) |
| New category | 471.2 | 476.6 | 5.4 |
| Price fluctuations reserve | 897.4 | 858.3 | (39.1) |
| Postal Life Insurance category | 661.8 | 631.9 | (29.8) |
| New category | 235.6 | 226.3 | (9.3) |
| Additional policy reserve | 5,880.1 | 5,830.3 | (49.7) |
| Postal Life Insurance ¹ Category | 5,866.6 | 5,820.2 | (46.3) |
| New category ² | 13.4 | 10.0 | (3.3) |

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.

- Including the amount determined to be additionally provided over 10 years from the year ended March 31, 2011 for annuity in the postal life insurance policies (for the year ended March 31, 2020, the amount of additional provision was ¥ 176.7bn and the accumulated amount was ¥ 1,747.9bn).
- The amount accumulated in the year ended March 31, 2018 for single-payment annuity policies among the individual annuities underwritten by Japan Post Insurance.

Solvency Margin Ratio

(¥bn)

| | Mar-19 | Mar-20 |
|---------------------------------|-----------|-----------|
| Solvency Margin Ratio | 1,189.8 % | 1,070.9 % |
| Total amount of solvency margin | 5,647.8 | 5,161.6 |
| Total amount of risk | 949.3 | 963.8 |
| Real net assets | 13,535.7 | 12,350.9 |

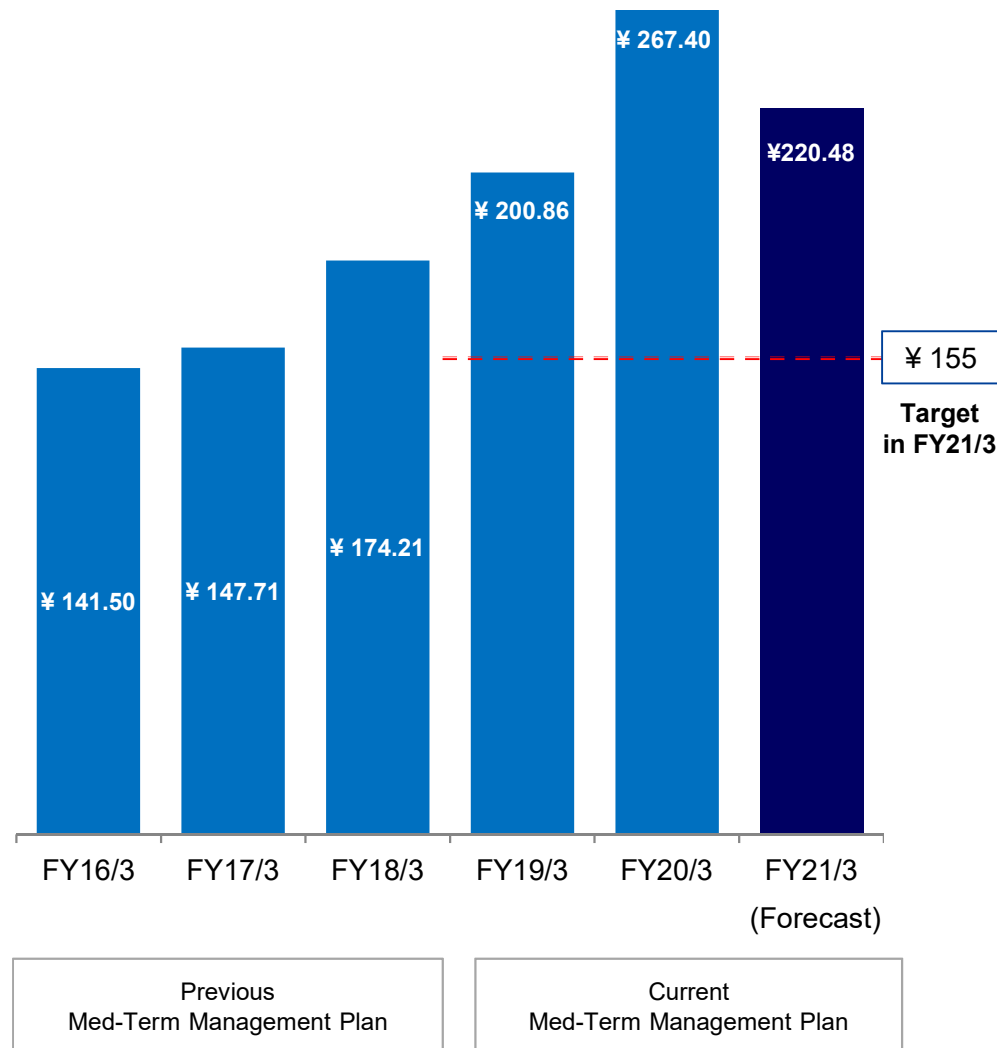
The Forecasts for Full-year Financial Results for the Year Ending March 31, 2021

Full-year Financial Results Forecast ¹

(¥bn)

| | Year ended Mar-20 (Actual) | Year ending Mar-21 (Forecasts) |
|-------------------------|----------------------------------|--------------------------------------|
| Ordinary income | 7,211.4 | 6,850.0 |
| Ordinary profit | 286.6 | 200.0 |
| Net income ² | 150.6 | 124.0 |
| Net income per share | ¥ 267.40 | ¥ 220.48 |

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

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 Ended March 31, 2020

- Increase the ordinary dividend by ¥ 8 per share to ¥ 76
- Pay dividends from surplus twice a year; an interim and a year-end dividends
- Canceled treasury stock (37.4 million shares)

Shareholder Return for the Year Ending March 31, 2021¹

- 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

1. 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.

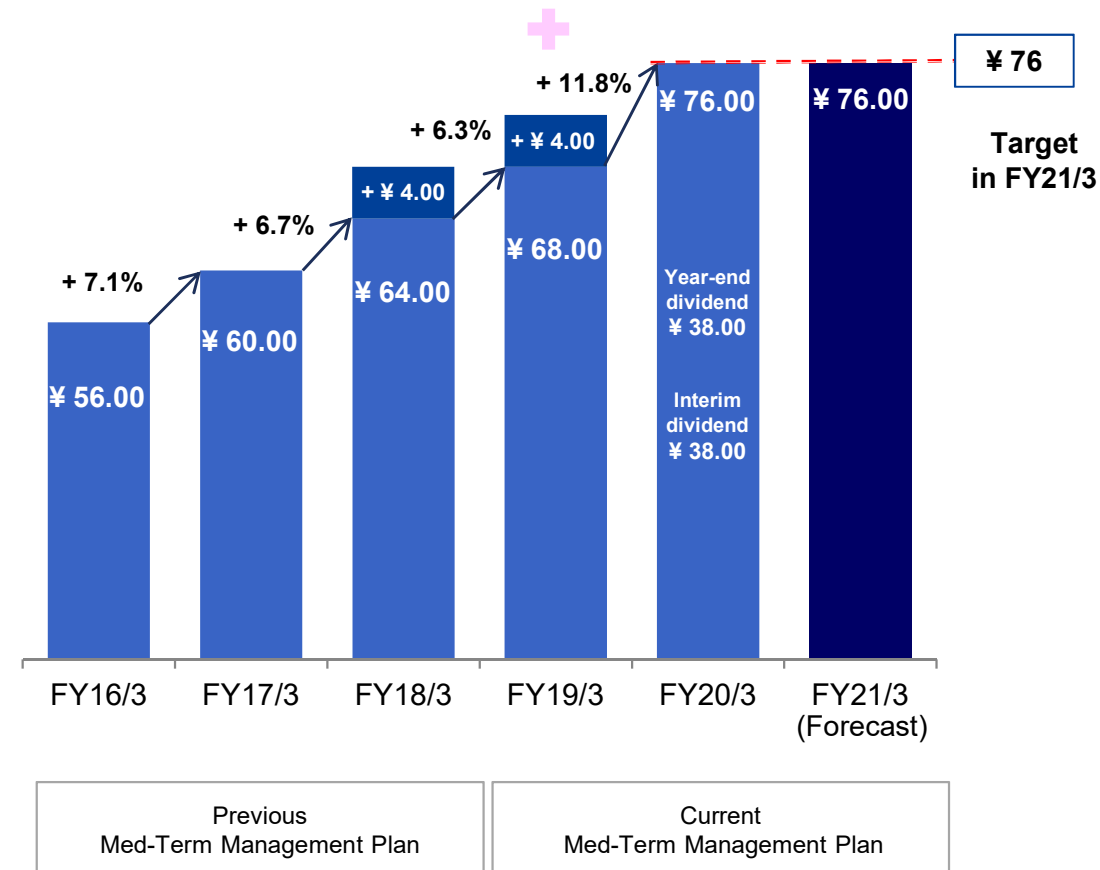
Shareholder Return

(Total Return Ratio)

39.6 % 40.6 % 39.0 % 118.9 %³ 28.4 % 34.5 %

Share repurchase²
(Approx. ¥ 100.0bn)

[forecast]



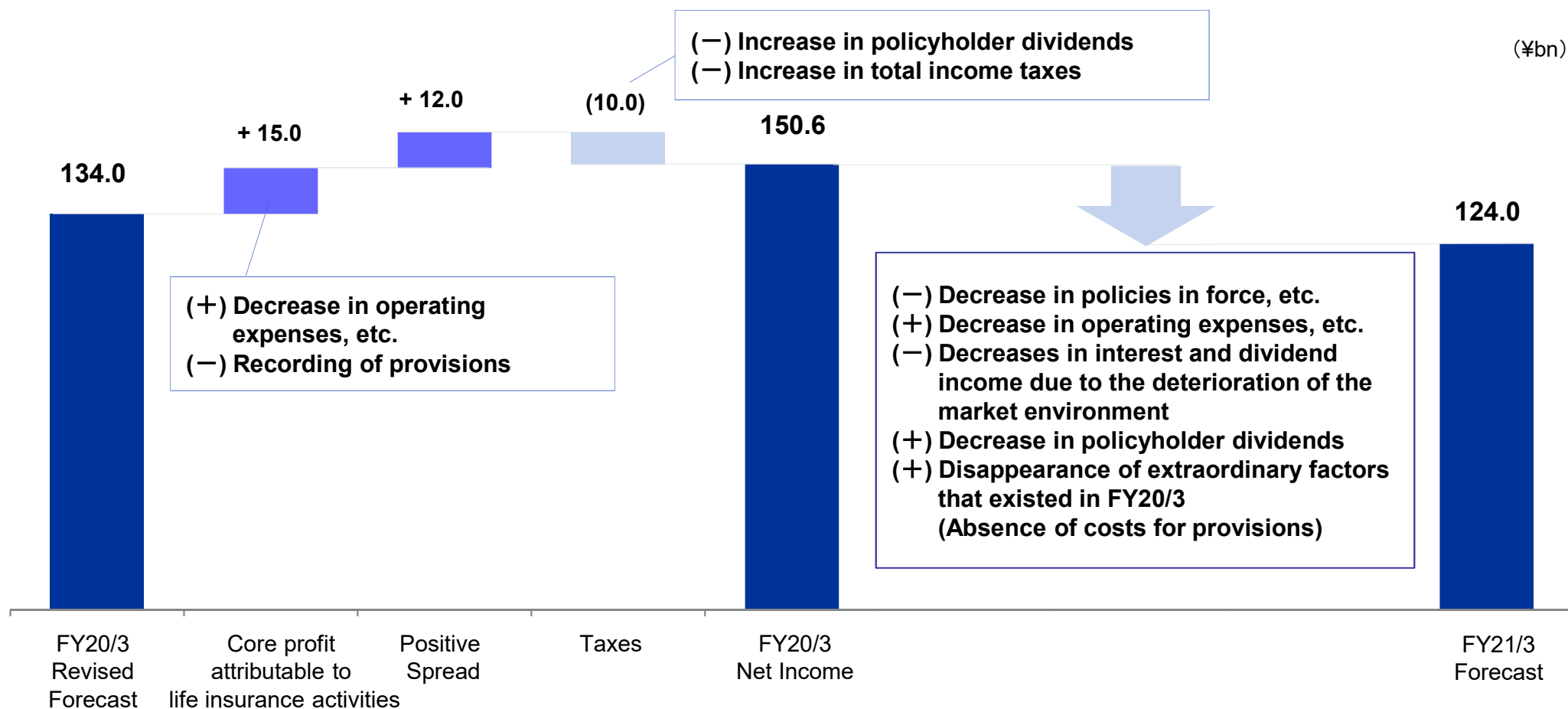
2. Share repurchase on April 2019

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

APPENDIX

Factors for changes between Financial Results in FY20/3 and Financial Forecast in FY21/3

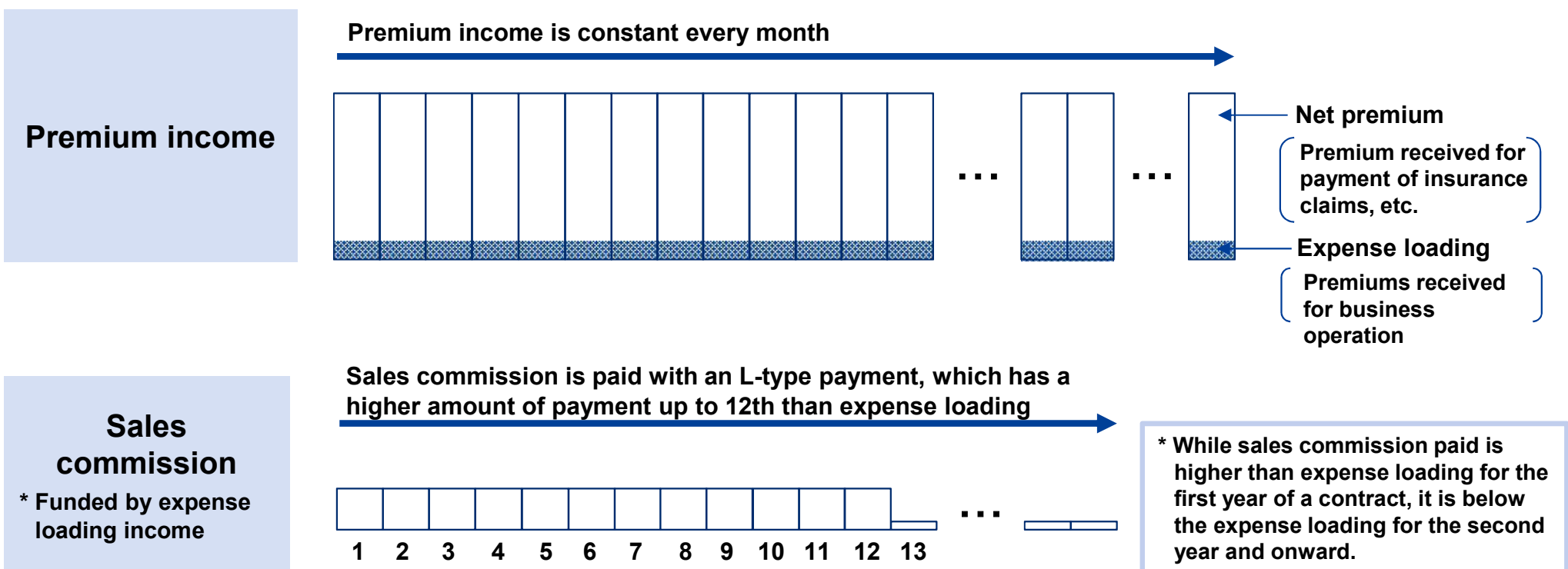
- Comparing the financial results for the current fiscal year with the revised forecasts announced on November 14, 2019, although the provisions associated with additional investigations became a factor for decrease in core profit attributable to life insurance activities, net income exceeded expectations, due to factors including a decrease in operating expenses, etc. mainly resulting from decrease in new policy sales and an increase in positive spread due to the favorable market environment until around February 2020
- The financial results forecast for the fiscal year ending March 31, 2021 decrease from the current fiscal year due to a decrease in the number of policies in force, a decrease in interest and dividend income and other factors.



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.
- One of the factors for the increase in Japan Post Insurance's profit for the FY20/3 was a decrease in operating expenses, etc. resulting from a significant decrease in new policy sales. However, this 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 ¥ 197.2billion (a decrease of ¥ 51.5billion year on year). The expected breakdown of the decrease is: 1) ¥ 49.1billion from the impact of a decrease in policy amount; 2) ¥ 0.7billion from the impact of reviewing sales commissions; and 3) ¥ 1.7billion 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.

Overview of Financial Statements

Statement of Income

| | (¥bn) | | |
|--|----------------------|----------------------|---------|
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| Ordinary income | 7,916.6 | 7,211.4 | (705.2) |
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| Ordinary expenses | 7,651.7 | 6,924.8 | (726.9) |
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| Operating expenses etc ¹ | 636.8 | 609.4 | (27.4) |
| Ordinary profit | 264.8 | 286.6 | 21.7 |
| Extraordinary gains and losses | 17.5 | 39.2 | 21.7 |
| Provision for reserve for policyholder dividends | 111.8 | 109.2 | (2.5) |
| Income before income taxes | 170.6 | 216.6 | 46.0 |
| Total income taxes | 50.1 | 65.9 | 15.7 |
| Net income attributable to Japan Post Insurance | 120.4 | 150.6 | 30.2 |
| Core profit (Non-consolidated) | 377.1 | 400.6 | 23.4 |

Balance Sheets

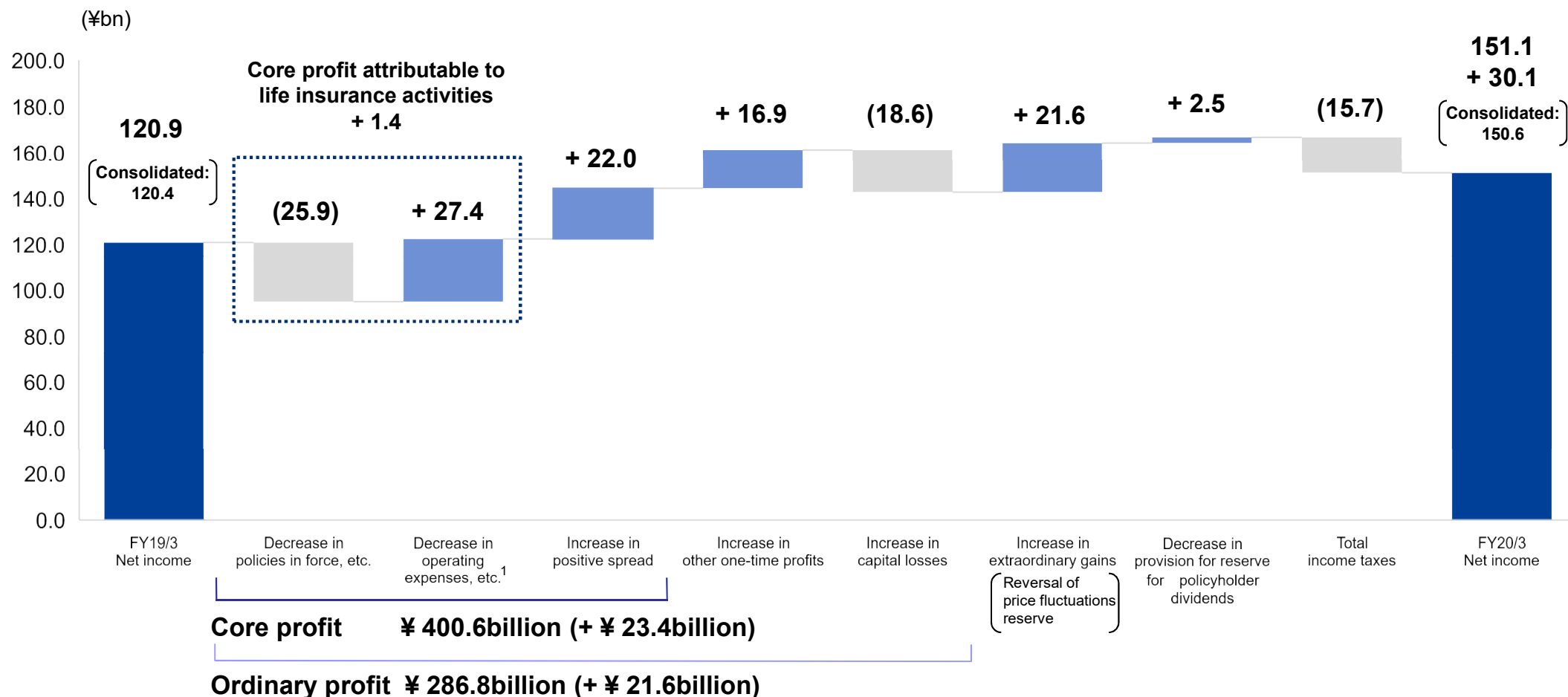
| | (¥bn) | | |
|--|----------|----------|-----------|
| | Mar-19 | Mar-20 | Change |
| Total Assets | 73,905.0 | 71,664.7 | (2,240.2) |
| Cash and deposits | 917.7 | 1,410.2 | 492.5 |
| Money held in trust | 2,787.5 | 3,056.0 | 268.5 |
| Securities | 58,451.5 | 55,870.5 | (2,581.0) |
| Loans | 6,786.0 | 5,662.7 | (1,123.3) |
| Fixed assets ² | 261.6 | 245.2 | (16.4) |
| Deferred tax assets | 1,022.0 | 1,173.7 | 151.6 |
| Total Liabilities | 71,769.8 | 69,736.4 | (2,033.4) |
| Policy reserves | 65,060.5 | 62,293.1 | (2,767.3) |
| Reserve for price fluctuations | 897.4 | 858.3 | (39.1) |
| Net assets | 2,135.1 | 1,928.3 | (206.7) |
| Total shareholders' equity | 1,675.1 | 1,661.2 | (13.8) |
| Total accumulated other comprehensive income | 460.0 | 267.0 | (192.9) |

Note: Only major line items are shown.

- Sum of Operating expenses and Other ordinary expenses
- Sum of Tangible fixed assets and Intangible fixed assets

Factors for Year on Year Changes (Non-Consolidated)

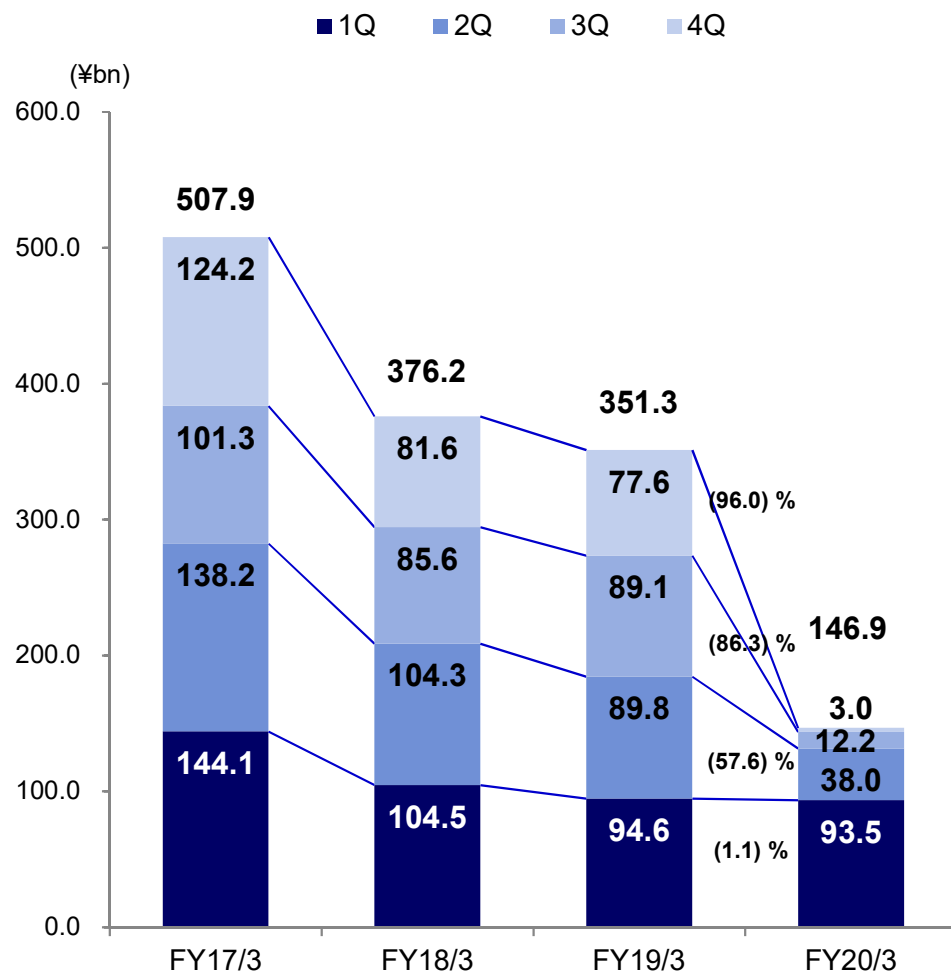
- Core profit increased from the previous fiscal year to ¥ 400.6billion thanks to a positive spread in investments in addition to core profit attributable to life insurance activities maintaining levels nearly on par as the previous fiscal year due to the decrease in operating expenses, etc., mainly as a result of the decreased new policy sales, despite the effects of the decrease in policies in force, etc.
- We continued to adopt accounting treatments to neutralize capital gains (losses) using the reserve for price fluctuations. Net income increased from the previous fiscal year to ¥ 151.1billion due to an increase in ordinary profit.



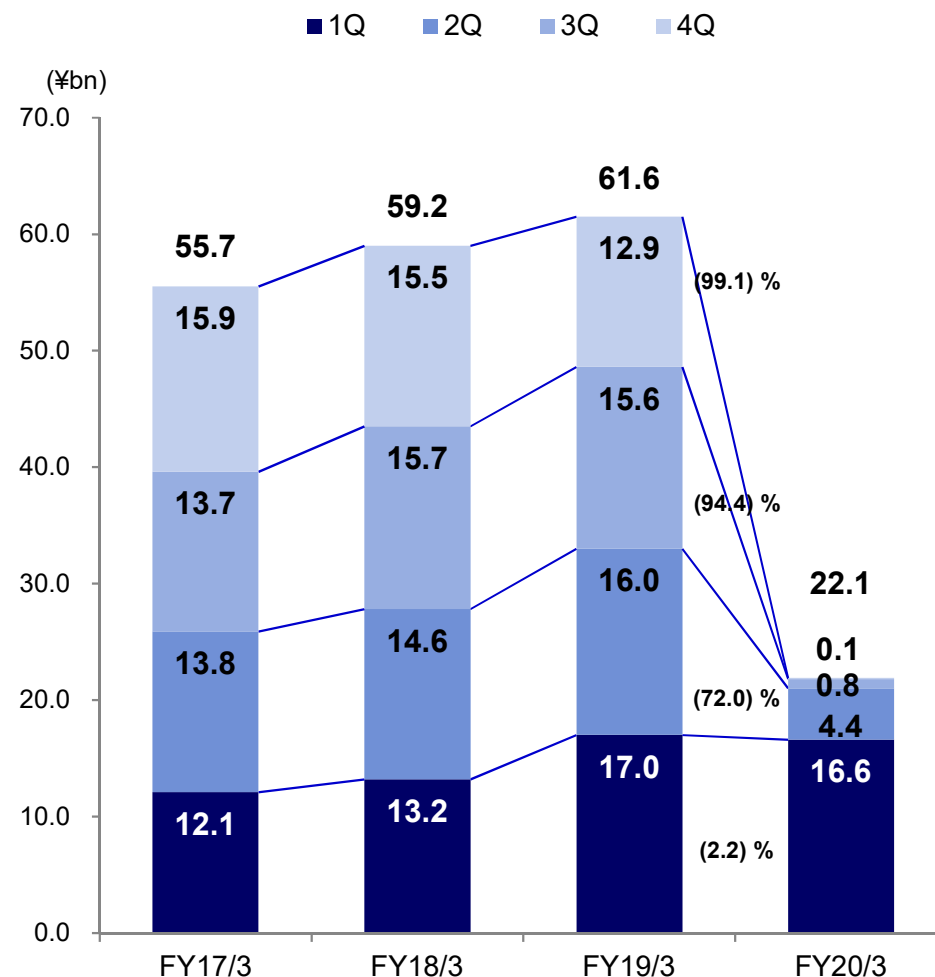
1. "Decrease in operating expenses, etc." shows the difference of figures between the year ended March 31, 2019, and the year ended March 31, 2020. This figure is calculated by adding up "Operating expenses" and "Other ordinary expenses".

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 include the influence by refraining from proactive sales proposal from mid-July 2019 and business suspension from January 2020.

Note 3: New policies are recorded based on the conclusion of contracts and commencement. Due to the adoption of the system of designating the date of the commencement, etc., new policies include those applied for in the previous quarter.

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

Interest, Dividends and Other Income

(¥bn)

| | Year ended Mar-19 | Year ended Mar-20 |
|--|----------------------|----------------------|
| Investment income | 1,204.4 | 1,137.7 |
| Interest, dividends and other income | 1,085.9 | 1,049.8 |
| Interest on deposits | 0.0 | 0.0 |
| Interest and dividends on securities | 941.3 | 924.0 |
| Interest on corporate and government bonds | 793.6 | 762.0 |
| Domestic stock dividends | 5.8 | 7.6 |
| Interest and dividends on foreign securities | 131.4 | 129.7 |
| others | 10.3 | 24.6 |
| Interest on loans | 14.1 | 14.6 |
| Interest on loans to the Management Organization | 124.0 | 105.8 |
| Rent revenue from real estate | - | - |
| Interest and dividends on others | 6.3 | 5.1 |

Breakdown of Capital gains(losses)

(¥bn)

| | Year ended Mar-19 | Year ended Mar-20 |
|--|----------------------|----------------------|
| Capital gains | 117.8 | 87.2 |
| Gains on money held in trust | 78.9 | 51.5 |
| Gains on sales of securities | 38.9 | 35.6 |
| Gains on derivative financial instruments | - | - |
| Gains on foreign exchanges | - | - |
| Other capital gains | - | - |
| Capital losses | (201.6) | (189.6) |
| Losses on money held in trust | - | - |
| Losses on sales of securities | (62.2) | (32.0) |
| Losses on valuation of securities | - | (2.6) |
| Losses on derivative financial instruments | (73.3) | (74.7) |
| Losses on foreign exchanges | (1.1) | (2.0) |
| Other capital losses ¹ | (64.8) | (78.0) |
| Net Capital gains(losses) | (83.7) | (102.4) |

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

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)

| | FY16/3 | | FY17/3 | | FY18/3 | | FY19/3 | | FY20/3 | |
|---|---------|-------------|---------|-------------|---------|-------------|---------|-------------|---------|-------------|
| | New | Postal Life | New | Postal Life | New | Postal Life | New | Postal Life | New | Postal Life |
| Ordinary income ¹ | 4,431.7 | 8,039.6 | 4,464.2 | 6,889.2 | 3,938.8 | 5,489.2 | 3,814.7 | 4,374.4 | 3,582.6 | 3,658.6 |
| Insurance premiums and others | 4,091.5 | 1,322.3 | 4,039.0 | 1,002.8 | 3,481.2 | 755.2 | 3,369.5 | 590.3 | 2,786.3 | 459.1 |
| Investment income ¹ | 337.6 | 1,017.3 | 422.8 | 945.0 | 454.6 | 830.3 | 440.1 | 764.3 | 441.2 | 696.5 |
| Other ordinary income ¹ | 2.5 | 5,700.0 | 2.3 | 4,941.3 | 3.0 | 3,903.7 | 4.9 | 3,019.8 | 354.9 | 2,503.0 |
| Ordinary expenses ¹ | 4,276.8 | 7,781.6 | 4,370.1 | 6,704.0 | 3,767.1 | 5,352.2 | 3,663.5 | 4,260.4 | 3,388.2 | 3,566.1 |
| Insurance claims and others | 1,031.6 | 7,518.7 | 1,136.5 | 6,413.7 | 1,765.6 | 5,124.3 | 2,837.9 | 4,030.9 | 2,842.0 | 3,349.3 |
| Provision for policy reserves and others ¹ | 2,865.7 | - | 2,694.0 | - | 1,474.7 | - | 272.5 | - | 29.9 | - |
| Investment expenses ¹ | 3.8 | 5.8 | 103.8 | 56.5 | 78.5 | 27.9 | 99.1 | 46.8 | 85.7 | 38.2 |
| Operating expenses | 318.0 | 219.0 | 366.5 | 193.6 | 372.8 | 159.9 | 376.2 | 142.1 | 336.3 | 135.8 |
| Other ordinary expenses | 57.4 | 37.9 | 69.0 | 40.0 | 75.2 | 39.8 | 77.7 | 40.4 | 94.2 | 42.7 |
| Ordinary profit | 154.9 | 258.0 | 94.0 | 185.2 | 171.7 | 137.0 | 151.1 | 113.9 | 194.3 | 92.4 |
| Extraordinary gains and losses ² | (62.4) | (8.9) | 5.7 | (12.6) | (27.2) | (17.0) | 13.8 | 3.6 | 9.3 | 29.8 |
| Provision for reserve for policyholder dividends | 7.5 | 170.4 | 15.6 | 137.0 | 21.6 | 96.1 | 19.6 | 92.1 | 15.4 | 93.7 |
| Income before income taxes | 84.9 | 78.6 | 84.2 | 35.5 | 122.9 | 23.8 | 145.3 | 25.5 | 188.2 | 28.5 |
| Total income taxes | 31.4 | 45.7 | 21.7 | 9.5 | 35.4 | 6.9 | 41.1 | 8.7 | 54.9 | 10.7 |
| Net income | 53.4 | 32.8 | 62.4 | 26.0 | 87.4 | 16.8 | 104.1 | 16.7 | 133.3 | 17.8 |

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.: FY20/3, ¥ 29.9billion was added to "Reversal of reserve for outstanding claims," under "Other ordinary income," and to "Provision for policy reserves and others," under "Ordinary 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)

| | | FY16/3 | FY17/3 | FY18/3 | FY19/3 | FY20/3 |
|--|-------|------------|------------|------------|------------|------------|
| Total assets | ¥mn | 81,543,623 | 80,336,414 | 76,832,508 | 73,904,576 | 71,667,398 |
| Postal Life Insurance category | | 55,832,787 | 51,447,550 | 46,684,937 | 41,354,076 | 39,225,493 |
| New category | | 25,710,836 | 28,888,864 | 30,147,570 | 32,550,500 | 32,441,904 |
| Number of policies in force | (000) | 32,323 | 31,562 | 30,405 | 29,143 | 27,070 |
| Postal Life Insurance category (insurance) | | 16,972 | 14,411 | 12,484 | 11,048 | 9,907 |
| New category (individual insurance) | | 15,350 | 17,150 | 17,921 | 18,095 | 17,163 |
| Insurance premiums and others | ¥mn | 5,413,862 | 5,041,868 | 4,236,461 | 3,959,928 | 3,245,541 |
| Postal Life Insurance category | | 1,322,308 | 1,002,816 | 755,221 | 590,340 | 459,151 |
| New category | | 4,091,554 | 4,039,051 | 3,481,240 | 3,369,588 | 2,786,389 |
| Ordinary profit | ¥mn | 413,023 | 279,347 | 308,845 | 265,143 | 286,829 |
| Postal Life Insurance category | | 258,059 | 185,250 | 137,074 | 113,981 | 92,490 |
| New category | | 154,963 | 94,097 | 171,771 | 151,162 | 194,338 |
| Net income | ¥mn | 86,338 | 88,520 | 104,309 | 120,958 | 151,132 |
| Postal Life Insurance category | | 32,850 | 26,044 | 16,878 | 16,763 | 17,806 |
| New category | | 53,487 | 62,475 | 87,430 | 104,195 | 133,325 |
| Contingency reserve (reversal) provision | ¥mn | (123,864) | (120,819) | (139,678) | (151,592) | (165,388) |
| Postal Life Insurance category | | (171,199) | (172,881) | (173,722) | (173,590) | (170,814) |
| New category | | 47,335 | 52,061 | 34,043 | 21,997 | 5,425 |
| Price fluctuations reserve (reversal) provision | ¥mn | 70,100 | 6,444 | 128,031 | (19,251) | (39,152) |
| Postal Life Insurance category | | 8,957 | 12,625 | 17,090 | (3,686) | (29,845) |
| New category | | 61,143 | (6,181) | 110,940 | (15,564) | (9,306) |
| Additional policy reserve (reversal) provision | ¥mn | (55,533) | (50,454) | (30,648) | (50,292) | (49,750) |
| Postal Life Insurance category | | (55,533) | (50,454) | (47,674) | (46,698) | (46,396) |
| New category | | - | - | 17,025 | (3,594) | (3,354) |

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)

| | FY16/3 | FY17/3 | FY18/3 | FY19/3 | FY20/3 |
|---|----------|----------|----------|----------|----------|
| Insurance premiums and others | 5,413.8 | 5,041.8 | 4,236.4 | 3,959.9 | 3,245.5 |
| Ordinary profit | 411.5 | 279.7 | 309.2 | 264.8 | 286.6 |
| Provision for reserve for policyholder dividends | 178.0 | 152.6 | 117.7 | 111.8 | 109.2 |
| Net income | 84.8 | 88.5 | 104.4 | 120.4 | 150.6 |
| Net assets | 1,882.9 | 1,853.2 | 2,003.1 | 2,135.1 | 1,928.3 |
| Total assets | 81,545.1 | 80,336.7 | 76,831.2 | 73,905.0 | 71,664.7 |
| Return on equity | 4.4 % | 4.7 % | 5.4 % | 5.8 % | 7.4 % |
| Return on shareholders' equity | 5.9 % | 5.9 % | 6.7 % | 7.4 % | 9.0 % |
| Dividends to shareholders | 33.6 | 36.0 | 40.8 | 43.2 | 42.7 |
| Total Return Ratio ¹ | 39.6 % | 40.6 % | 39.0 % | 118.9 % | 28.4 % |
| Core profit (Non-consolidated) | 464.2 | 390.0 | 386.1 | 377.1 | 400.6 |
| Core profit attributable to life insurance activities | 366.8 | 311.4 | 320.3 | 318.7 | 320.1 |
| Spread (positive/negative spread) | 97.4 | 78.5 | 65.8 | 58.4 | 80.4 |

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

<Points of Attention Regarding EV>

With regard to EV as of the end of March 2020, we plan to disclose it on May 25, 2020, after obtaining third party opinions. At that time, we also plan to disclose EV as of June 30, September 30 and December 31, 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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