

Financial Results & Corporate Strategy Meeting for the Year Ended March 31, 2021

May 28, 2021



JAPAN POST INSURANCE

Agenda

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1

Review for the Period of Previous Medium-Term Management Plan and Financial Results for the Fiscal Year Ended March 31, 2021

Review for the Period of Previous Medium-Term Management Plan (FY2018 – FY2020)

- We had been refraining from proactive sales activities since FY2019 to address the solicitation quality issues with top priority. As a result, the target of annualized premiums from policies in force was not achieved.
- We exceeded EPS target mainly due to less than expected operating expenses as a result of refraining from proactive sales activities and business suspension.

Initiatives for Previous Med-term Management Plan (FY2018 – FY2020)

Solicitation Quality Issues

- Pave the way to response to customers associated with the policy investigations and the sales personnel investigations
- Implementation of the measures under the Business Improvement Plan aimed at avoiding recurrence

Spread of COVID-19

- Support for customers
 - Implementation of the special handling, double payment of insurance benefits, etc., associated with the impact of COVID-19
- Appropriate business operation in an emergency

Others

- Measures for increasing protection needs of our customers
 - Launch of products with relaxed underwriting criteria and advanced medical riders (April 2019)
- Diversification of asset management
- Improving efficiency of back-office administration

Achievement in Previous Med-Term Management Plan target

	Items	Target(FY2020)	Actual result(FY2020)
Target	Annualized premiums from policies in force	Approximately ¥ 4.9tn	¥ 3.89tn
	Earning per Share (EPS)	¥ 155 (reference) Net Income ¥ 93.0bn	¥ 295 (reference) Net Income ¥ 166.1bn
	Dividend per Share (DPS)	¥ 76	¥ 76
Indicator	Return Seeking Assets	Approximately 15%	15.9%
	Reduction of administrative workload	Equivalent to 1,000 staff	Equivalent to 1,050 staff

Initiatives for the Solicitation Quality Issues

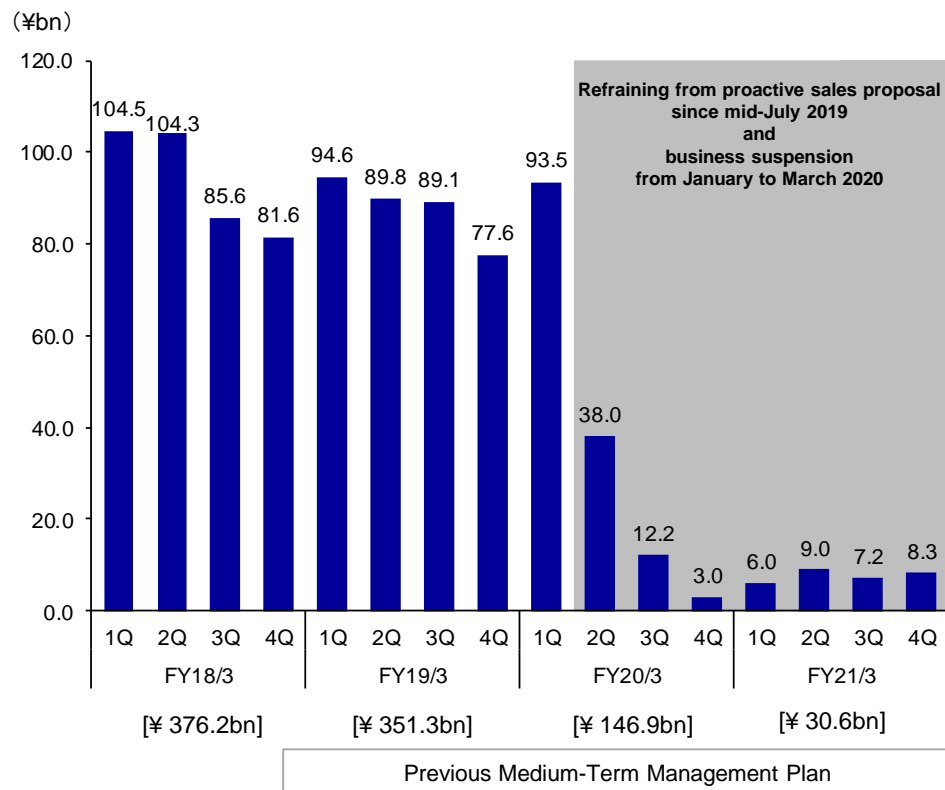
- To address the solicitation quality issues, we have been engaged in the policy investigation and improvement measures as top priorities by refraining from proactive sales activities since July 2019, and aimed to regain our customers' trust in an early stage.
- Response to customers associated with the policy investigation and the sales personnel investigations are almost completed. Most of the measures to avoid recurrence as set forth in the Business Improvement Plan have been implemented and we have shifted to a new sales stance from April 2021.



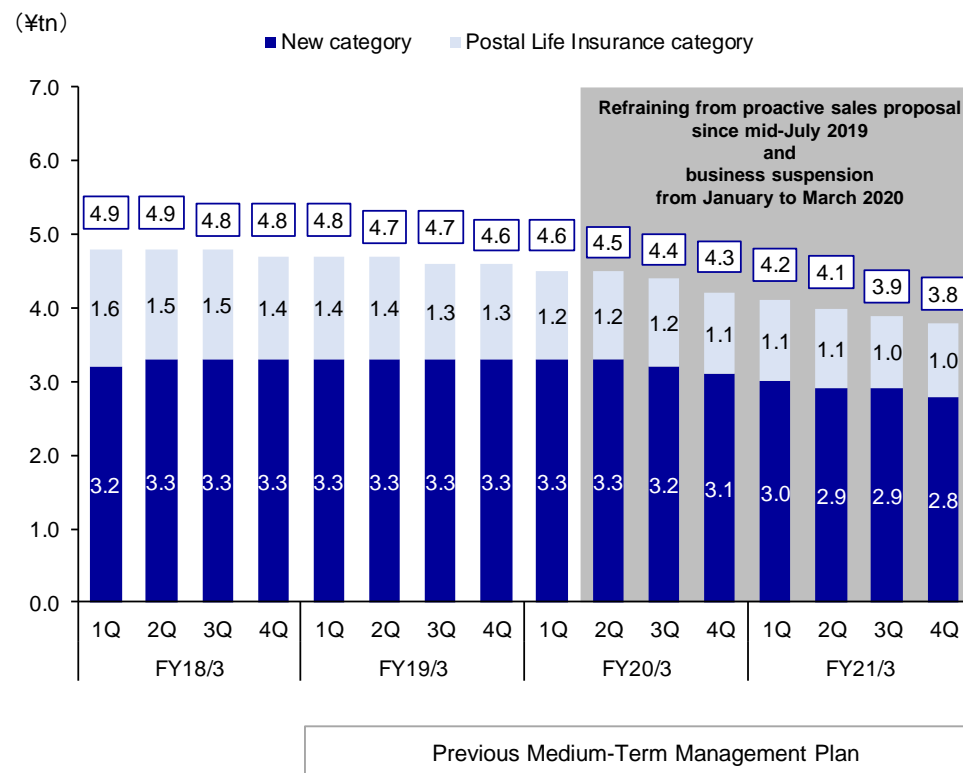
Policy Sales [Individual Insurance]

- As new policy sales were influenced by refraining from proactive sales proposal from July 2019 and business suspension from January to March 2020, our policies in force as a whole has been declining as well.

Annualized Premiums from New Policies (Individual Insurance)



Annualized Premiums from Policies in Force (Individual Insurance)



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.)

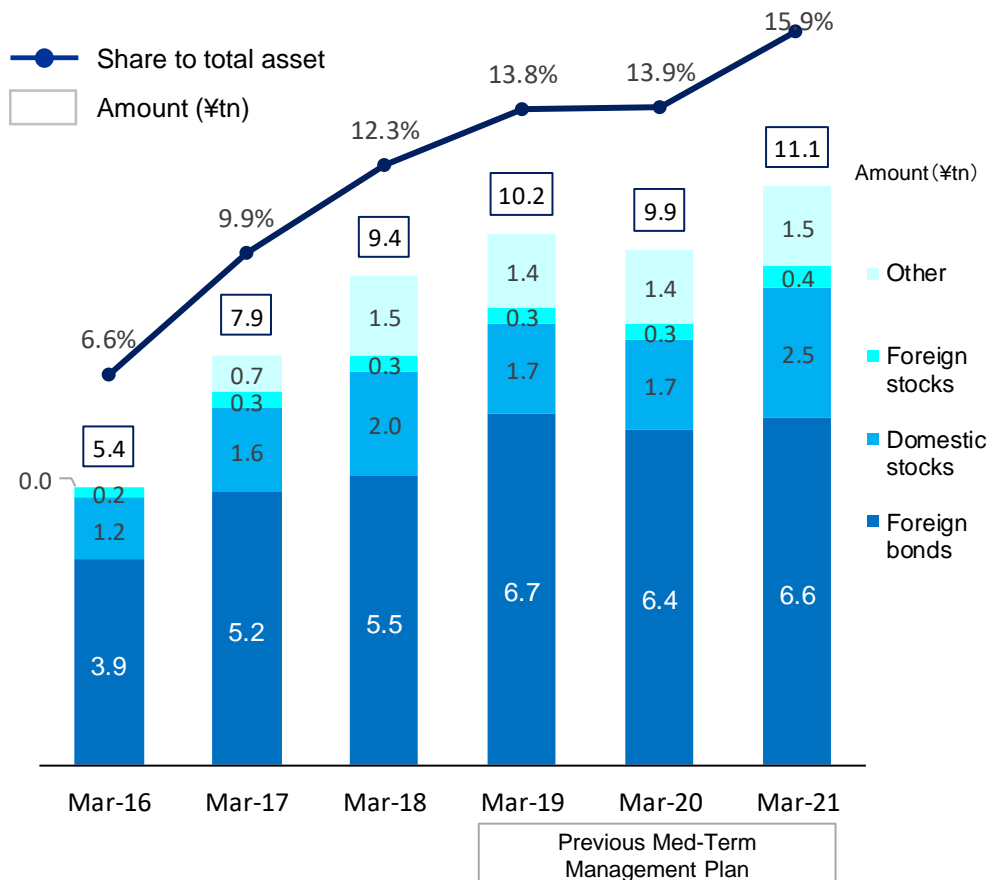
Note2 : The figures for the year ended March 31, 2020 and the year ended March 31, 2021 include the influence by refraining from proactive sales proposal from mid-July 2019 and business suspension from January to March 2020.

Note3 : "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 Organization for Postal Savings, Postal Life Insurance and Post Office Network.

Asset Management

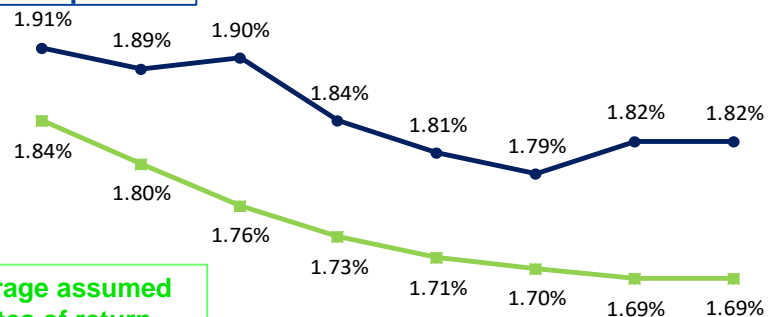
- For the year ended March 31, 2021, we secured a positive spread of ¥76.3billion, which reflects the effect of asset portfolio diversification we have been pursuing.

Return Seeking Assets



Positive Spread

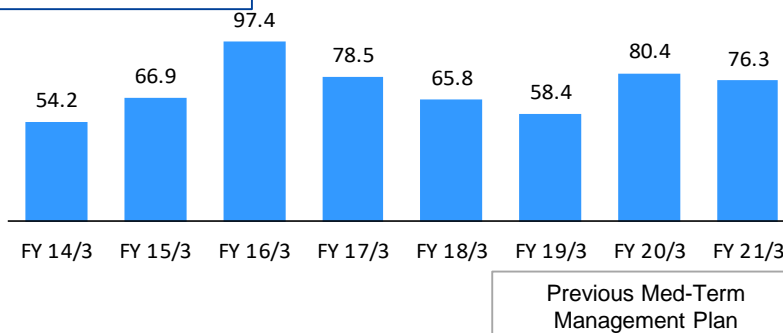
Investment return on core profit



Average assumed rates of return

Revision of insurance premium rate
 (Aug. 2016) (Apr. 2017)

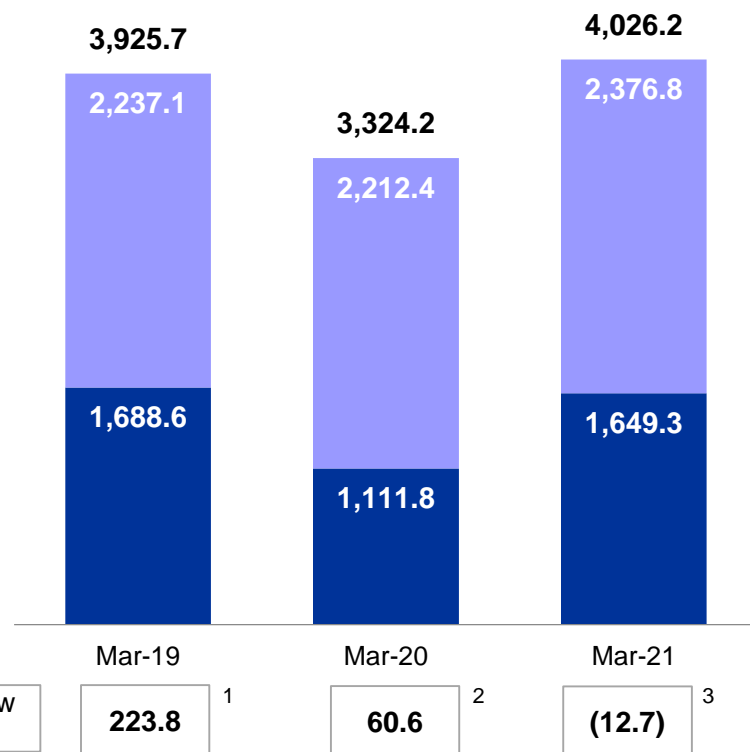
Positive spread (¥bn)



EV and ESR

EV

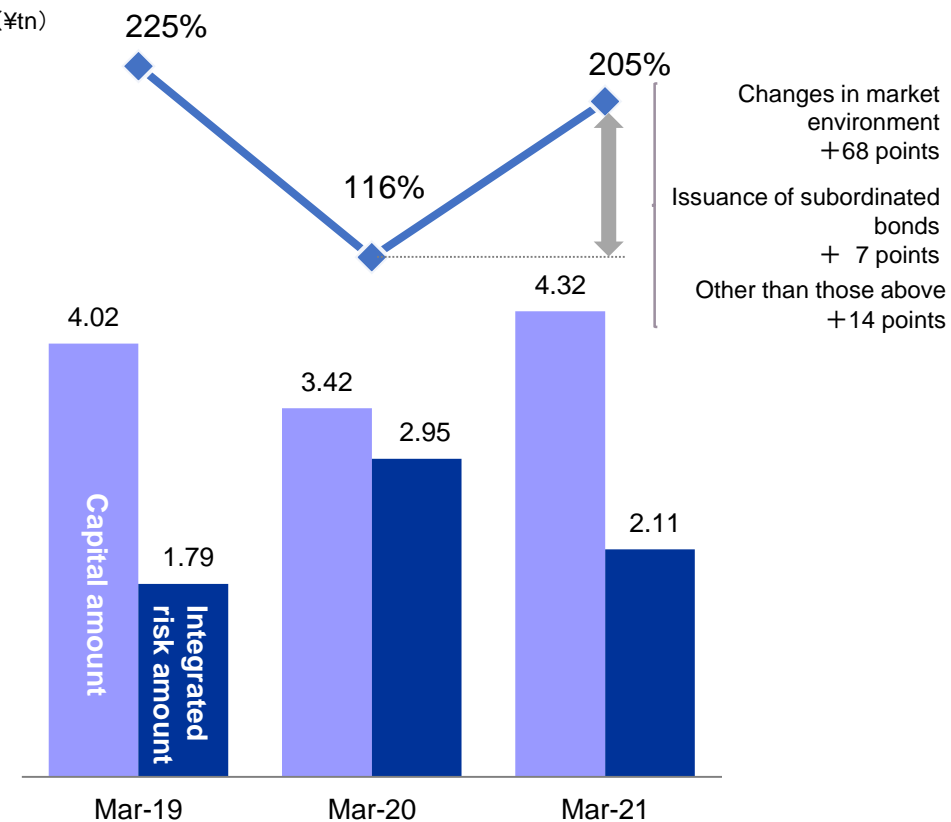
(¥bn) Adjusted net worth Value of in-force covered business



- Using the economic assumptions as of December 31, 2018, based on the new policies written in the period from April 2018 to March 2019. The value of new business includes an increase or decrease due to a switchover of riders.
- Using the economic assumptions as of December 31, 2019, based on the new policies written in the period from April 2019 to March 2020. The value of new business includes an increase or decrease due to a switchover of riders.
- 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.

ESR

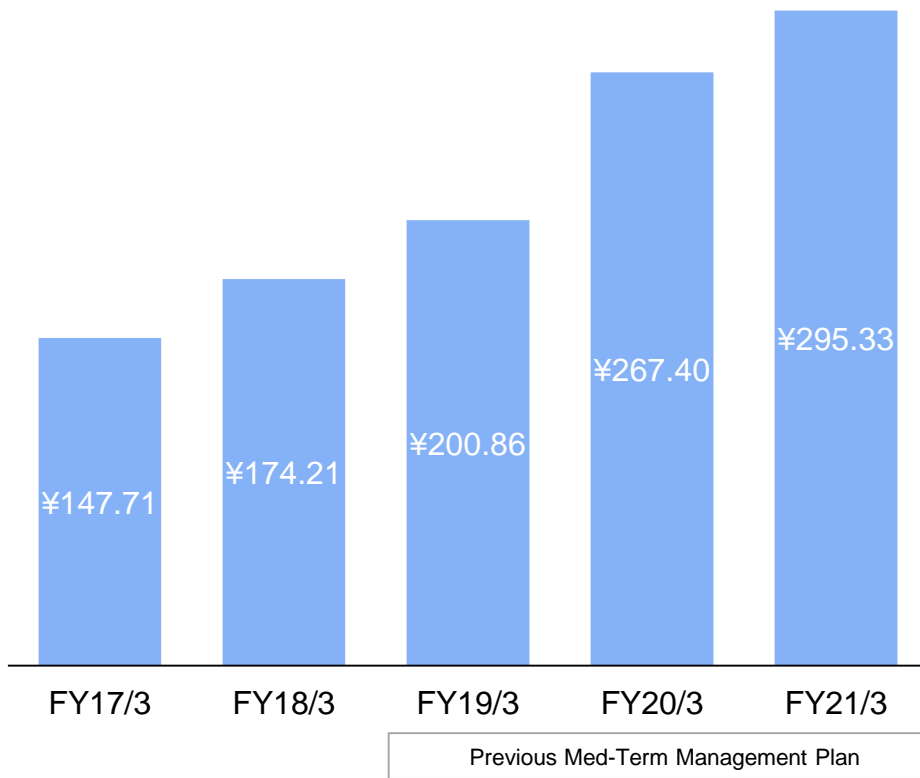
(¥tn)



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.

Earnings Per Share and Shareholder Return

Earnings Per Share



Shareholder Return

(Payout Ratio)

40.6 %

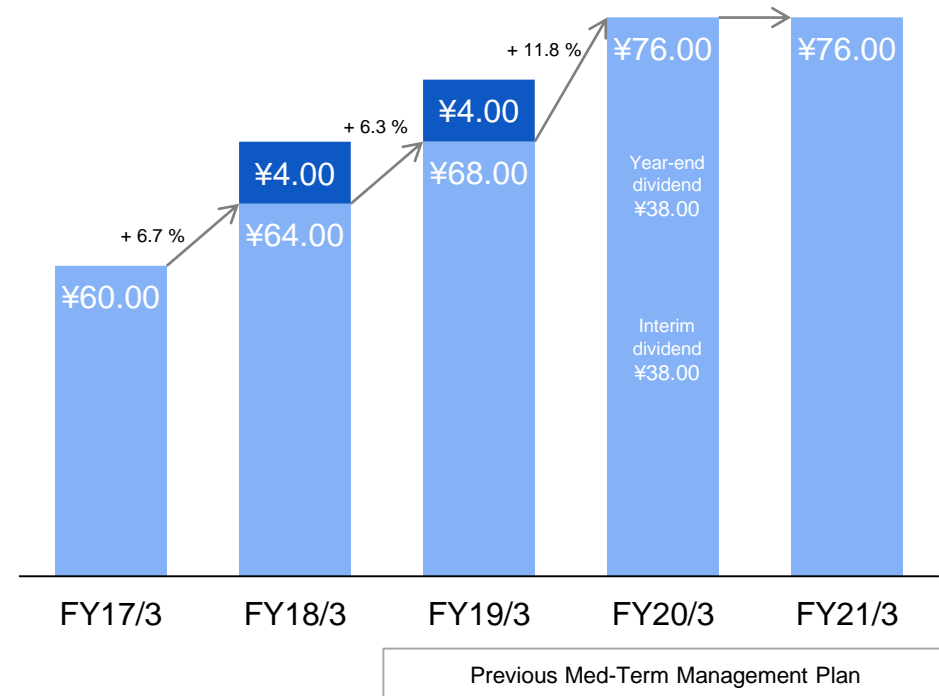
39.0 %

35.8 %

28.4 %

25.7 %

■ Ordinary dividend ■ Special dividend



2

Medium-Term Management Plan (FY2021 - FY2025)

Vision of Japan Post Insurance

Group Management Philosophy

Stressing the security and confidence of Japan Post Group network, the Group, as a private corporation, is demonstrating creativity and efficiency to the greatest extent possible, and will provide customer-oriented services, support the lives of customers in local communities and aim for the happiness of customers and employees. The Group will also pursue managerial transparency on its own, observe rules and contribute to the development of society and the region.

Management Philosophy

Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being.

Social mission (purposes)

We will remain trusted and selected by customers, thereby protecting their lives by providing life insurance product.

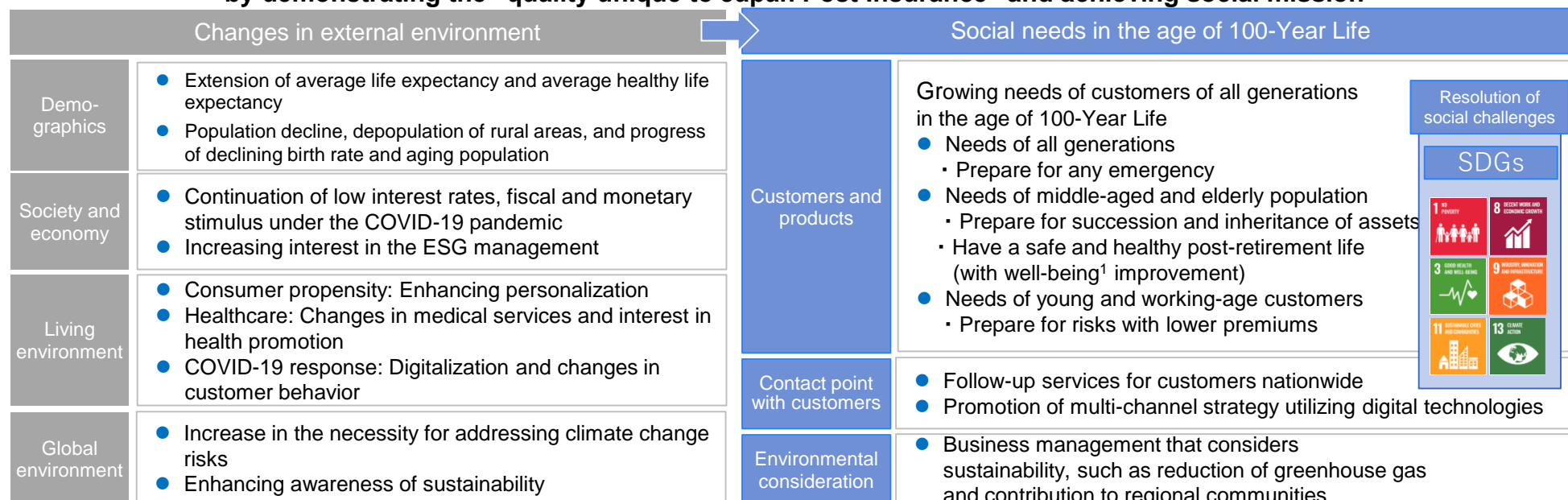
✓ **Provide basic protection through our network of community-based post offices with the opportunity of notice about necessity**

✓ **Respond precisely to the needs of society in the age of 100-Year Life as a life insurance company**

✓ **Pay insurance claims to customers nationwide as promised in a reliable and smooth manner**

We aim to be an insurance company with a sense of “warmth”

by demonstrating the “quality unique to Japan Post Insurance” and achieving social mission



1. Everything is fulfilled physically, mentally and socially.

Basic Policy of Medium-Term Management Plan (FY2021-FY2025) Targets

- We will reconstruct into a company that is truly trusted by its customers and shift to a business model that positions customer experience value as its top priority to ensure sustainable growth.

		Basic Policy	Main initiatives
Reconstruction	Continue efforts to regain trust	<ul style="list-style-type: none"> • Thoroughly implement customer-oriented business operations and regain customers' trust 	<ul style="list-style-type: none"> • Based on appropriate solicitation processes, deploy activities for customers to understand and be satisfied with our insurance services • Rebuild relationships of trust through careful after-sales follow-ups of customers
	Reinforce business foundations	<ul style="list-style-type: none"> • Improve profitability by responding to the protection needs of customers in all age groups and through efficient business operations 	<ul style="list-style-type: none"> • Build new Japan Post Insurance sales system with the aim of strengthening initiatives, etc. for the protection-centered insurance market • Enhance insurance services to meet the coverage needs of customers of all generations • Improving efficiency of business operations by DX¹ promotion • Achieve greater depth and sophistication of asset management in anticipation of a new capital regulation
Sustainable Growth	Improve customer experience value	<ul style="list-style-type: none"> • Build systems for provision of services that position customer experience value (CX²) as our top priority 	<ul style="list-style-type: none"> • Transition to business model that positions customer experience value (CX) as our top priority while promoting DX through expanding our customer with services that impress them as the core
	Promote ESG management (Contribute to solutions to social issues)	<ul style="list-style-type: none"> • Contribute to solutions to social issues around sustainability and achieve SDGs and sustainable growth 	<ul style="list-style-type: none"> • Contribute to the resolution of social issues through the achievement of the Company's social mission • Provide services that are closely connected to social issues including health promotion, nursing care, inheritance, etc.
Foundations for Reconstruction and Sustainable Growth			
Corporate culture and work-style reform		<ul style="list-style-type: none"> • Reform into a corporate culture that allows every employee, feel employee satisfaction (ES) while growing together with the company 	<ul style="list-style-type: none"> • Reinvigorate communication between management and employees and share future vision • Support diverse career formation, reinforce management capabilities • Achieve more flexible and diverse work styles
Reinforcement of governance, solvency policy		<ul style="list-style-type: none"> • Through more sophisticated risk sensitivity, ensure soundness in business operations and realize sustainable growth 	<ul style="list-style-type: none"> • Reinforce corporate governance • Reinforce prevent money laundering and criminal activity, etc. • Based on ERM³, maintain the financial soundness while secure revenue and appropriately return to shareholders

1. DX is an abbreviation for Digital Transformation.
 2. CX is an abbreviation for Customer Experience.
 3. ERM is an abbreviation for Enterprise Risk Management.

Primary Targets

Financial Targets, etc.

	FY2025
Customer satisfaction¹ NPS^{®2}	Customer satisfaction Aim for 90% or more NPS[®] Aim for One of the highest in the industry
Numbers of policies in force	20 million or more policies
Net income	¥ 91.0bn (FY2023 ¥ 78.0bn)
Divided-per-share (DPS)	In principle aim not to decrease but to increase dividend per share for the period of the Medium-term Management Plan
EV growth (RoEV)	Aim for 6% to 8% growth ³

ESG Targets

CO ₂ emissions
FY2030 (compared to FY2019) Reduce 46%^{4,5}
▼
Aim to achieve carbon neutrality by 2050⁵

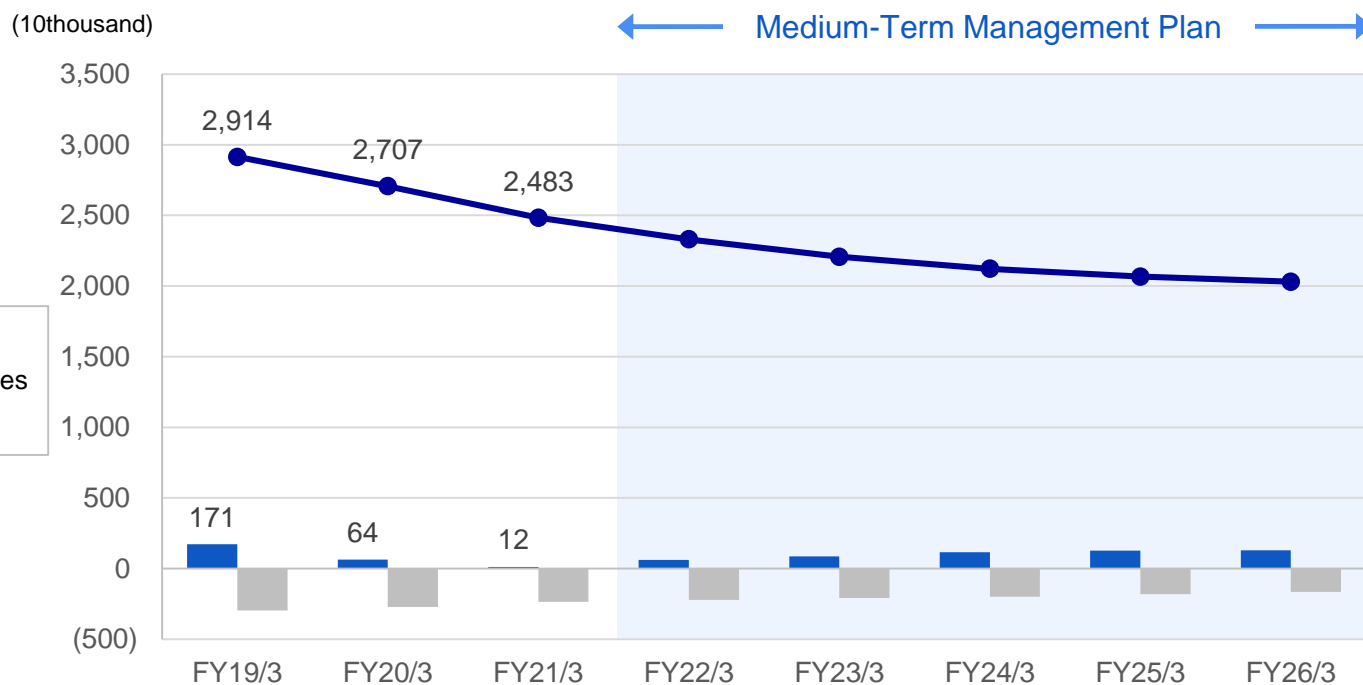
Ratio of female managers
FY2030 the ratio of female managers at the head offices: 30%⁶
<p>Strive to establish an adequate environment, raise awareness and develop human resources with a view to increasing employees who wish to become managers and executives, in an effort to increase female managers outside the head office as well</p>

1. The total percentage of customers who responded as "satisfied" and "somely satisfied" with a 5-level rating of customer satisfaction.
2. NPS[®] is an abbreviation for "Net Promoter Score" and a registered trademark of Bain & Company, Inc., Fred Reichheld, and Satmetrix Systems, Inc.
3. Calculated by excluding economic variance factors
4. Subject to Scope 1 (direct emissions from the company) and Scope 2 (emissions associated with the use of electricity, etc. supplied by other companies). Increases due to new businesses have been excluded.
5. In order to achieve the targets, the carbon neutralization is necessary, including the popularization of renewable energy in Japan. Japan Post Group will also support the carbon neutralization of Japan and the world. We will support the Paris Agreement and promote efforts to achieve carbon neutrality.
6. Ratio of female managers at the head offices of the four main companies of Japan Post Group. The Group aims to achieve the ratio above as of April 1, 2031, a date when the effect of the initiatives up to FY2030 will have become apparent.

Numbers of Policies in force and Net Income

- Despite the decrease in policies in force, we aim to secure more than 20 million policies in force (individual insurance) in the fiscal year ending March 31, 2026, through meticulous follow-up services and a gradual increase of the sales force.
- We will secure stable profit by shifting to a product portfolio centered on protection-type products.

Numbers of Policies (Individual Insurance)



Aim to increase the number of policies in force in the long-term

(¥bn)

Net income	FY19/3	FY20/3	FY21/3	FY22/3	FY23/3	FY24/3	FY25/3	FY26/3
	120.4	150.6	166.1	118.0 (forecast)	secure stable net income of around ¥ 80.0 to ¥ 90.0bn			

Relaxation of Additional Restrictions under the Postal Service Privatization Act

- In Japan Post Group's 'JP Vision 2025', Japan Post Holdings disclosed that they would dispose of their equity interests in the two financial subsidiaries to lower the holding ratio to 50% or less as early as possible and Japan Post Holdings will hold 49.90% of voting rights in the Company after acquisition of treasury stock, etc.¹
- After acquisition of treasury stock, etc., additional regulatory restrictions relating to new businesses under the Postal Service Privatization Act will be relaxed and the Company will further provide insurance services to meet our customers' needs.
- Although Japan Post Holdings will hold 49.90% of voting rights in the Company after acquisition of treasury stock, Japan Post Holdings will remain a parent company of the Company.

JP Vision 2025 (Excerpt)

Improvement of the management flexibility through early disposal of shares in the two financial subsidiaries

- We will aim to dispose of our equity interests in the two financial subsidiaries to lower the holding ratio to 50% or less as early as possible during the period of JP Vision 2025.
- After that, we will proceed with deliberations on the disposal of our equity interests in the two financial subsidiaries.
[Shareholdings in two financial subsidiaries]

Japan Post Holdings



Voting rights of Japan Post Holdings in the Company after acquisition of treasury stock and disposal of shares in the Company through a trust for share disposal after May 2021

49.90%

Achieve the Postal Service Privatization and relaxation of Additional Restrictions

Item	Additional Restrictions under the Postal Service Privatization Act
New business	<p>【Until Japan Post Holdings disposes of 50% or more of all the shares of the Company】</p> <ul style="list-style-type: none"> ■ Approval by specified ministers² (a hearing at the Postal Service Privatization Committee is required) <p>【After Japan Post Holdings disposes of a 50% or more of all the shares of the Company until the designated date³】</p> <ul style="list-style-type: none"> ■ Notification to competent ministers (obligation to consider competitors, notification to Postal Service Privatization Committee is required) <p>【After designated date³】</p> <ul style="list-style-type: none"> ■ No regulations under Postal Service Privatization Act (regulations under Insurance Business Act will continue)
Limit on coverage amount	<p>【Until the designated date³】</p> <ul style="list-style-type: none"> ■ Prescribed in a cabinet order (a hearing at the Postal Service Privatization Committee is required to revise) <ul style="list-style-type: none"> - Limit on coverage amount: in principle, ¥ 10mn (total of ¥ 20mn after 4 years have elapsed since start of coverage (age 20-55)) <p>【After designated date³】</p> <ul style="list-style-type: none"> ■ No regulations based on Postal Service Privatization Act
Subsidiary	<p>【Until the designated date³】</p> <ul style="list-style-type: none"> ■ Prohibited from acquiring or holding as a subsidiary or merging with any insurance company <ul style="list-style-type: none"> - no specific statutory rules applicable to our minority investments, which is acquiring voting rights below 50% <p>【After designated date³】</p> <ul style="list-style-type: none"> ■ No regulations based on Postal Service Privatization Act

1. The Company has resolved matters related to the acquisition of its treasury stock at a meeting of the Board of Directors held on May 14 2021. After acquisition of treasury stock, Japan Post Holdings plans to dispose of shares in the Company through a trust for share disposal.
2. Specified ministers: Prime Minister (Commissioner of the Financial Services Agency) and Minister of Internal Affairs and Communications
3. Designated date: The earlier of (i) the disposal of 50% or more of Japan Post Holdings' equity interest in the Company and the determination by the Prime Minister and the Minister for Internal Affairs and Communications that the additional restriction does not apply to the Company and (ii) the disposal of Japan Post Holdings' entire equity interest in the Company

Continuous initiatives for regaining customers' trust

- We will radically shift to a new sales approach and thoroughly conduct activities to ensure that “our customers can use our products and services based on their satisfaction and understanding.”
- Throughout the insurance period, we will be engaged in careful follow-up services for strengthening ties with our customers, based on the concept of “providing services in the form of life insurance,” thereby rebuilding relationship with them.

Thorough implementation of customer-first business operation

- Thoroughly implement activities based on the “new sales approach” under the appropriate solicitation process

Old sales approach

- “Proposal-first” activities based on products
- Solicitation flow based on an approach of “assuming customers’ intentions”
- Insufficient checking systems
- Management based on excessive focus on new sales amounts

New sales approach

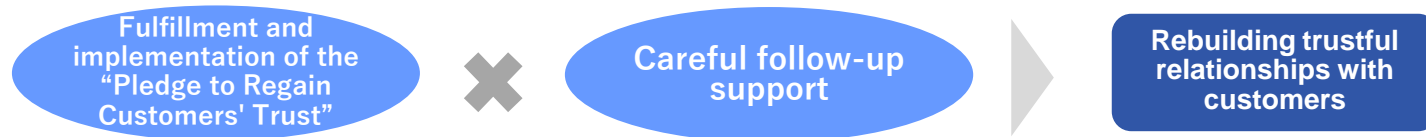
- Activities based on the solicitation policy¹, “standard model of Japan Post Insurance products (such as customer-first proposals)”²
- Solicitation flow based on an approach of “understanding customers’ intentions in advance”
- Multi-layered check systems to protect both customers and employees
- Management that appreciates policies in force and the process of sales activities

Rebuilding trustful relationships with customers

Pledge to Regain Customers' Trust



- Faithfully do our utmost to regain customers’ trust
- Rebuild trustful relationships through careful follow-up support of our customers
 - Work to enhance customers’ understanding of the necessity of their insurance protection in force, through “policy coverage confirmation activities” utilizing the “Notification of Policy Coverage” sent to each customer in the month prior to his/her birthday



Scheme to ensure effectiveness

Thorough implementation of the PDCA cycle

Strengthening of checking systems and control

Enhance risk sensitivity, verify and review the effectiveness of improvement measures

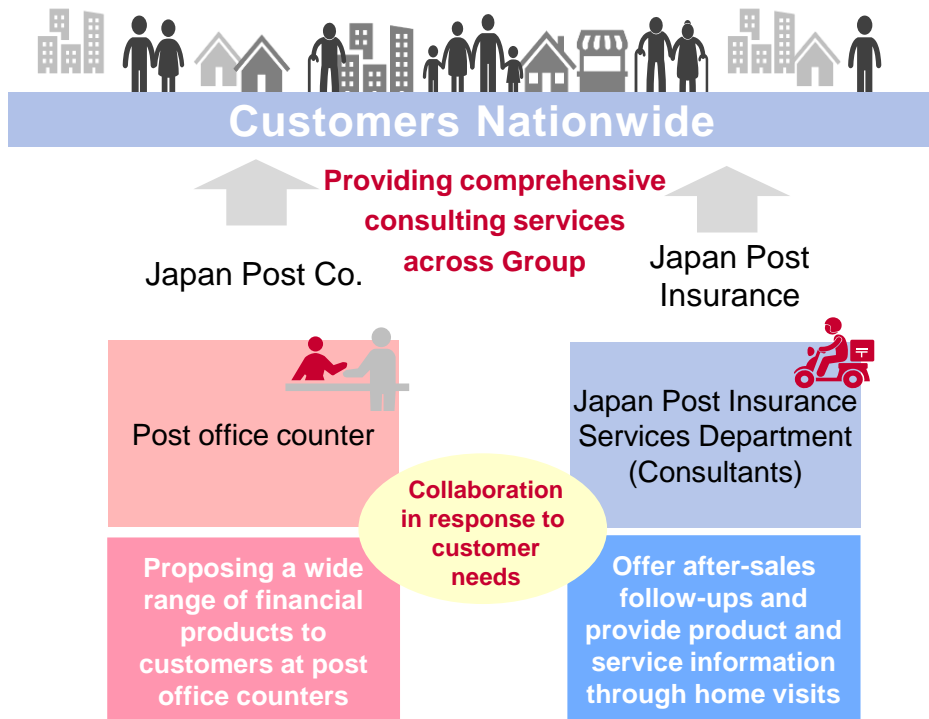
Prevent policies that are not in line with customers’ intentions

1. The solicitation policy that reflects the customer-first philosophy, based on the principle of providing insurance coverage founded on high ethical standards which take the original roles and mission of life insurance into account.
 2. “Standard of Japan Post Insurance sales” based on a solicitation policy that reflects the customer-first philosophy.

Establishment of new Japan Post Insurance sales system

- To offer insurance services that will meet the diverse coverage needs of our customers, we will build a new Japan Post Insurance sales system with specialty and extensiveness and realize a comprehensive consulting service across the entire Group.
- Consultants will be dedicated to proposing life insurance and providing after-sales follow-ups. Further, with the introduction of a customer assignment system, they will also give customers high-quality, attentive after-sales follow-ups.

New Japan Post Insurance sales system



Features of the new Japan Post Insurance sales system

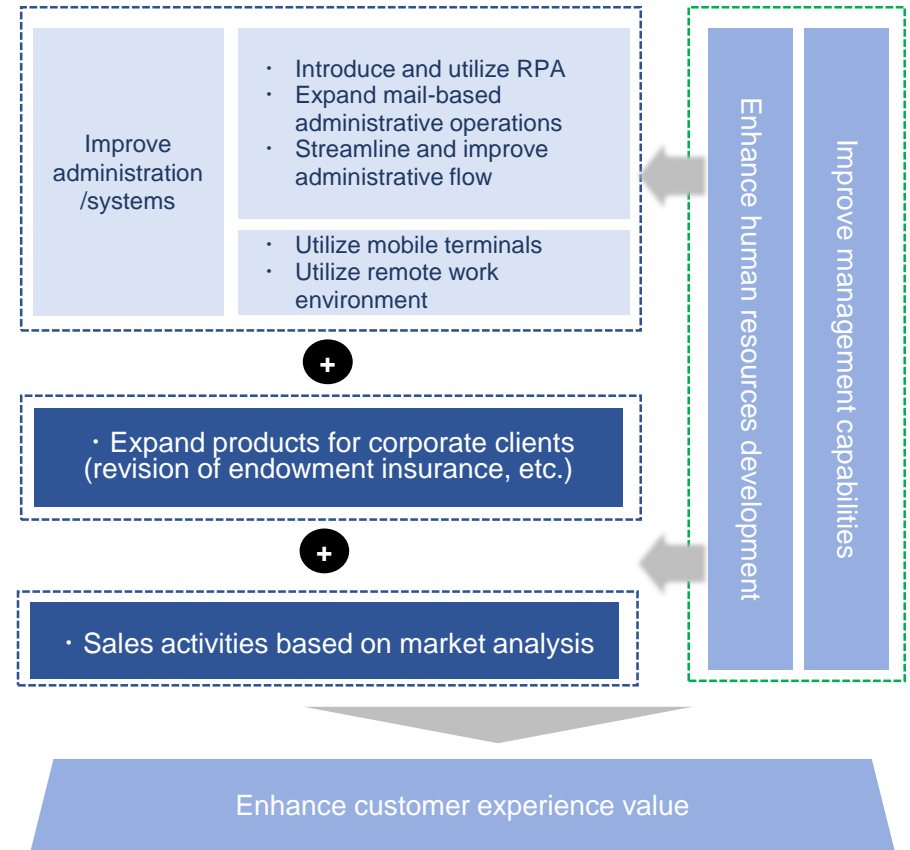
- | | | |
|---|---|--|
| 1 | Establishing consultants as insurance specialists | <ul style="list-style-type: none"> ● Consultants will be dedicated to proposing life insurance and providing after-sales follow-ups. They will engage in high quality sales activities by ensuring proper solicitation quality. ● Japan Post Insurance will create a new system allowing it to hold direct responsibility for the management of consultants. |
| 2 | Introduction of a customer assignment system | <ul style="list-style-type: none"> ● A customer assignment system will be introduced, and consultants will take responsibility for providing attentive customer service to each customer with a view to building long-term, continuous relationships of trust. |
| 3 | Consolidating consultant operation bases | <ul style="list-style-type: none"> ● Consultant operation bases will be consolidated in line with market potential including the number of policies in force and population. |

Initiatives of the Wholesale Department

- Based on trust from corporate clients, we will contribute to the sustainable growth of the company through close communication with their management.
- We will improve customer experience value based on the good solicitation quality, through needs-based product revisions and administrative/system improvements.

Main Initiatives

1	Enhance human resources development and improve management capabilities	<ul style="list-style-type: none"> ● Strengthen relationship with management through close communication ● Multiple training programs designed to further enhance expertise in corporate management ● Enhance employee productivity through improvement in management capabilities
2	Improve administration/systems	<ul style="list-style-type: none"> ● Establish an adequate environment surrounding solicitation processes and provide efficient support for activities through promoting digitalization
3	Expand products for corporate clients	<ul style="list-style-type: none"> ● Revisions products facilitating employee benefits (revision of endowment insurance, etc.) ● Enhancement of products and services that will meet the diverse management needs
4	Sales activities based on market analysis	<ul style="list-style-type: none"> ● Roll out sales activities utilizing database marketing ● Develop a scheme for rolling out sales activities in new markets such as mid-sized corporations, through careful market analysis



Enhancement of insurance services

- We will progress the development of insurance services that respond to the protection needs of customers of all generations in an age of 100-year life.
- We will provide insurance products that connect the generations and support the lives of our customers.

Responding to insurance coverage needs for all age groups and situations



Want to prepare against risk with low premiums

- Young and middle-aged needs for generous protection at low premiums

Want to prepare against economic uncertainty

- Traditional insurance needs, such as unexpected injury and illness, risk of nursing care needs, and corporate employee welfare and benefits needs

Want to live a secure and healthy old age

- Needs for living a secure and healthy old age, striving for health promotion and well-being¹ improvement, while preparing against the risk of prolonged old age

Want to prepare for inheritance and asset succession

- Senior citizens' needs concerning inheritance and asset succession to children and grandchildren

1. Everything is fulfilled physically, mentally and socially.

Insurance services that meet customers' protection needs

Future product development directions

- Provide balanced protection at low premiums (revision of enhancement of medical rider coverage, etc.)
- In light of the age of 100-year life, expand products that meet protection needs, etc. for the elderly and middle-aged and senior adults (expand of coverage ,etc.)
- Research products that will contribute to healthy longevity (collection and use of health promotion data)

Connecting to young and middle-aged customers through educational insurance

Connecting by strengthening links to young and middle-aged customers through nursing care and inheritance issues, etc.

Parents' generation



Children's and grandchildren's generation



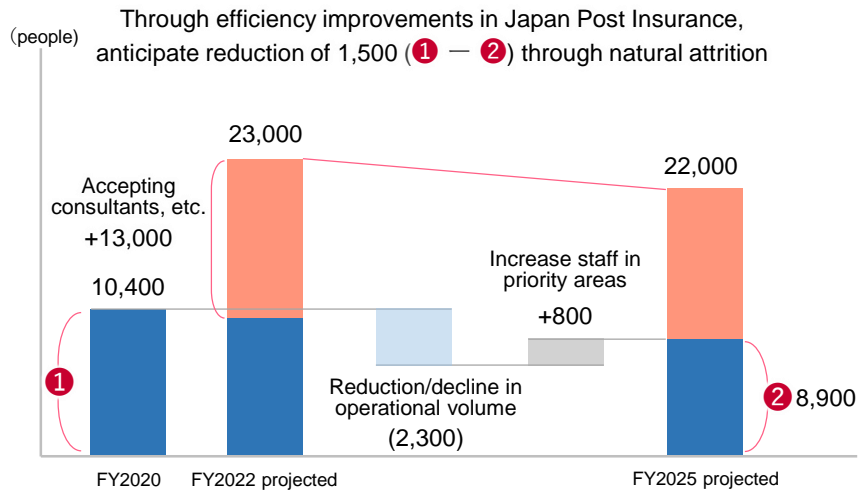
Services that support the lives of our customers

- Japan Post Insurance will become a trusted part of customers' lifestyles, providing not only services to support major life events but also support for the challenges they face in everyday life.

Boosting efficiency of business operations

- We will improve customer service, boost the efficiency of operations, and reduce costs by promoting digitalization.
- The management resources freed up by higher efficiency will be shifted to priority areas such as customer support and DX promotion.

Outlook of Personnel Numbers



Major reduction of workload

Workload equivalent to reduction of 2,300 staff, etc.

- Efficiency improvements in service centers, etc. through DX promotion

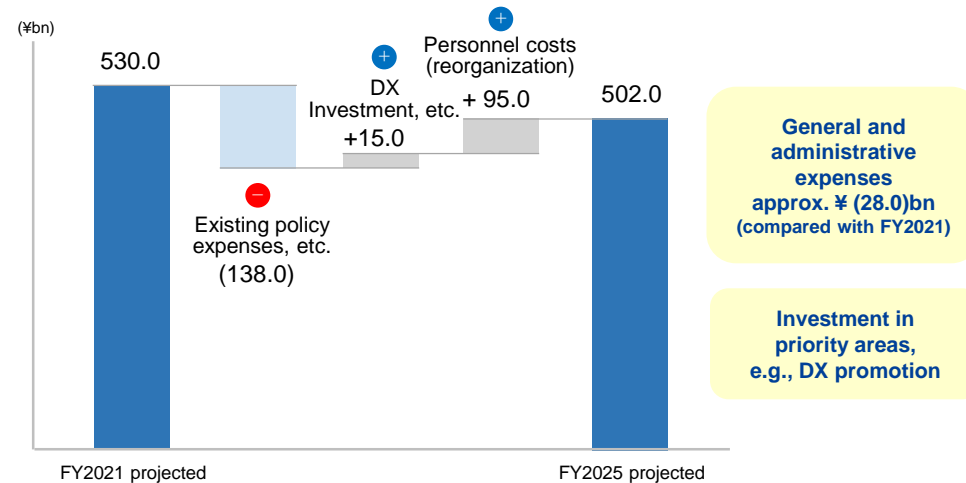
More personnel in priority areas

+800 staff
Shift to priority areas (e.g., customer support area)

- Reinforcement of customer support operations (customer service centers, etc.)

Note1 : Premised on accepting 13,000 temporarily assigned consultants, etc. in April 2022
Note2 : Anticipate improvements in admin. area due to CX/DX promotion, and concentration of operations in shared divisions

Reduction of Necessary Expenses / Investment in Priority Areas



General and administrative expenses approx. ¥ (28.0)bn (compared with FY2021)

Investment in priority areas, e.g., DX promotion

Reduction in expenses

- Productivity improvements in system development, etc.
- Reduction of various policy expenses, decline in depreciation and amortization, decline in commission fees, etc.

Investment in priority areas

- Investment in systems for DX promotion, etc.

[Reference] Scale of strategic IT investment during the Medium-term Management Plan: ¥ 100.0billion in 5 years

Achieving greater depth and sophistication of asset management

- Under the ERM framework, we aim to secure stable asset management earnings based on ALM management.
- We will achieve greater depth and sophistication of asset management in terms of both portfolio building and each investment field such as alternative investment, while responding appropriately to the introduction of the new solvency regulation.
- We will progress ESG investment that create a sense of warmth unique to Japan Post Insurance.

Deepening asset management

- Set up specialized departments, e.g., Alternative and Global Credit Investment Departments, and reinforce management for each investment field
- More sophisticated portfolio building based on the use of highly elaborate risk analysis
- Recruit and cultivate sophisticated management personnel with the introduction of a specialist profession personnel system
- Reinforce risk management readiness through the establishment of various risk scenarios and impact analysis, etc.

Responses to new solvency regulations

- Implement asset allocation processes in anticipation of the introduction of a new economic value-based solvency regulation
- Aim to improve and stabilize ESR while reducing interest rate risk, etc.
- Diversification of portfolio management method responses to the introduction of the new solvency regulation

Promotion of ESG investment

Aiming for investments that create a feeling of warmth unique to Japan Post Insurance



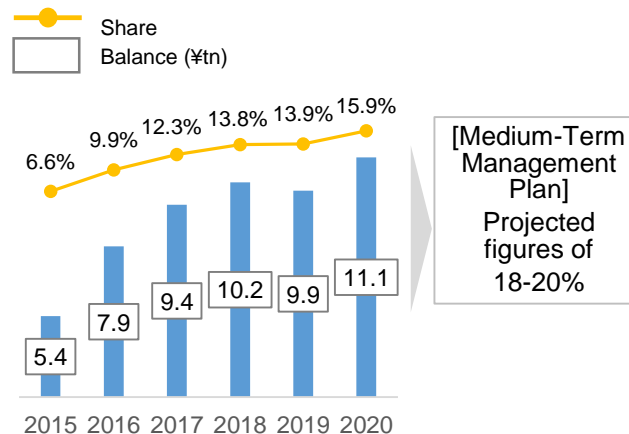
- Promoting theme-based investment and financing focusing on priority areas of well-being¹ improvement, regional and social development, and contribution to environmental conservation including climate change based on our ESG investment approach.
- More proactive investment and financing that contributes to the achievement of a carbon-neutral society
- Start and improve ESG integration on all investments
- Measure, analyse, and disclose carbon footprint of investment portfolio



Investment in solar power generation business

1. Everything is fulfilled physically, mentally and socially.

Return Seeking Assets



ESG Investment

Total power generation output from renewable energy facilities that we lend money to and invest in

March 31, 2021		Output ²
Domestic	equity	18.8
	debt	14.0
Overseas	equity	19.7
	debt	8.2
Total		60.7

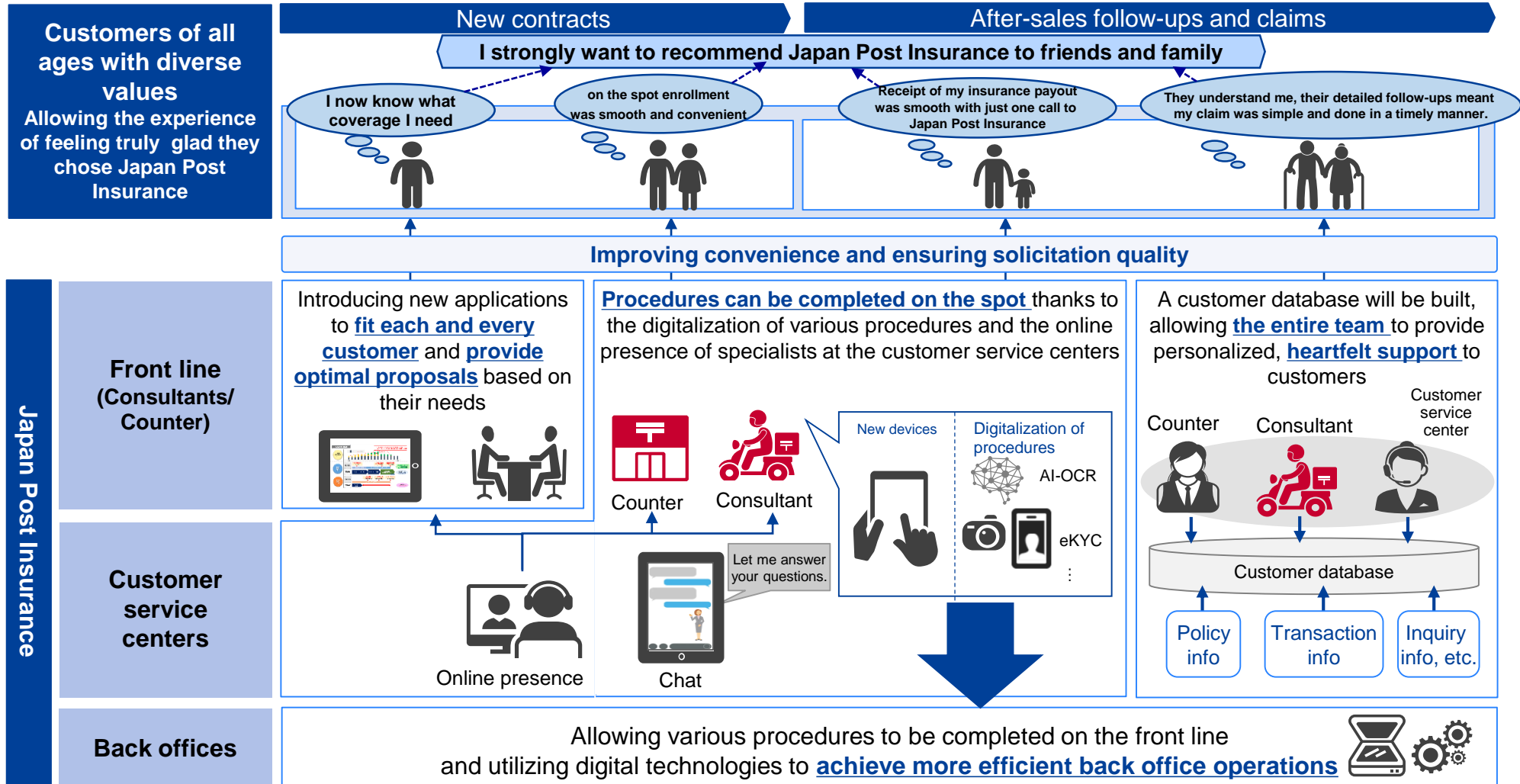
Target of 1.5 million kW under the Medium-term Plan

2. Unit: 10,000 kW, after calculating the Company's holdings

[Reference] ESG Investment Policy (URL): https://www.jp-life.japanpost.jp/english/aboutus/csr/en_abt_csr_esg.html

Improving customer experience value (CX)

- We will implement a sweeping review of insurance services from the perspective of boosting customer experience value and improve customer convenience and solicitation quality to ensure customers feel truly glad they chose Japan Post Insurance.
- Customers who are satisfied with the customer experience value will communicate the experience to their family members, friends, regions and society as a whole, expanding our customer base.



Investment in Systems Infrastructure and Necessary Initiatives for Enhancing Customer Experience Value

- We will integrate physical and digital processes to create a business model that allows customers to complete procedures on the spot. That will make our services more convenient and improve customer experience value while streamlining business operations and improving productivity.
- We will create system infrastructure compatible with the latest technologies for driving those initiatives.

Investment in Systems Infrastructure that Help Enhance Customer Experience Value

Realizing

Provide Services Combining Physical and Digital Processes

Establish a customer database to centralize and share information

- Establish a database that integrates policy and inquiry information, etc. for each customer
- Support activities of consultants by introducing applications, thereby further enhancing solicitation quality

Develop systems that support customers' application and claim-filing procedures

- Develop digital-based systems for procedures with new devices (AI-OCR, eKYC, etc.)
- Expand the scope of online-based procedures accessible at night and on holidays

System infrastructure for customer service centers

- Develop system infrastructure for communicating with customers using various methods such as on-line attendance

Next-generation system infrastructure

- Develop next-generation system (utilization of cloud services, zero trust security, etc.) infrastructure enabling flexible and speedy system development with a view to realizing the aforementioned

Develop system infrastructure for enhancing customer support

Strategic IT investments: Approx. **¥100.0** billion over **5** years¹

1. In addition to "investments" in financial accounting, this includes expenses related to strategic IT.

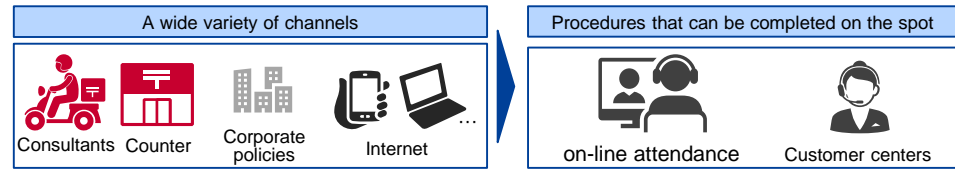
Enhancement of convenience

Provide simple procedures that can be completed on the spot, with a wide range of channels

- Select online or face-to-face channel, etc., depending on customer needs
- Reduce burden of claim-filing procedures to enable elderly customers to receive insurance claims with peace of mind, without fail

Enhance after follow that focus on the relationship with customers

- create frequent contact points with customers to meet their needs by utilizing digital technologies

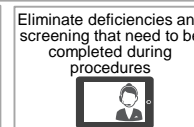
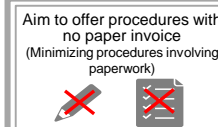


Promote streamlining and improving productivity

Leverage digital technologies to offer procedures that can be completed at the frontline

- Introduce application and claim-filing procedures that can be completed at the frontline by utilizing digital technologies, thereby streamlining back office administrative operations requiring manpower
- Management resources generated by the streamlining will be shifted to focus areas such as customer support operations

[Application and claim-filing procedures]

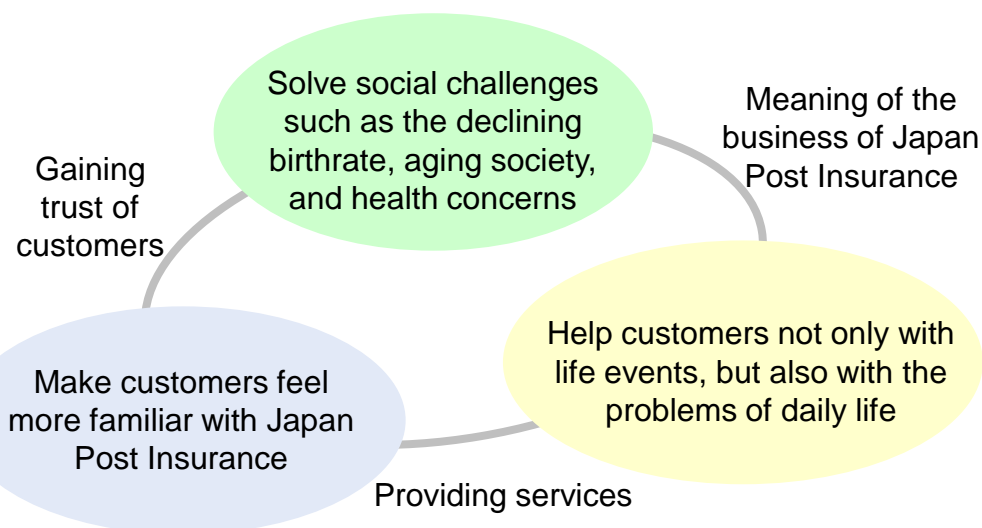


Providing services that are close to the daily lives of customers

- By demonstrating the meaning of our business and providing services that are close to the daily lives of customers, we aim to solve the social challenges facing our customers, such as the declining birthrate, aging society and health concerns.
- We will consider how we can provide services that make customers feel more familiar with Japan Post Insurance, thereby gaining their trust.

Our Vision

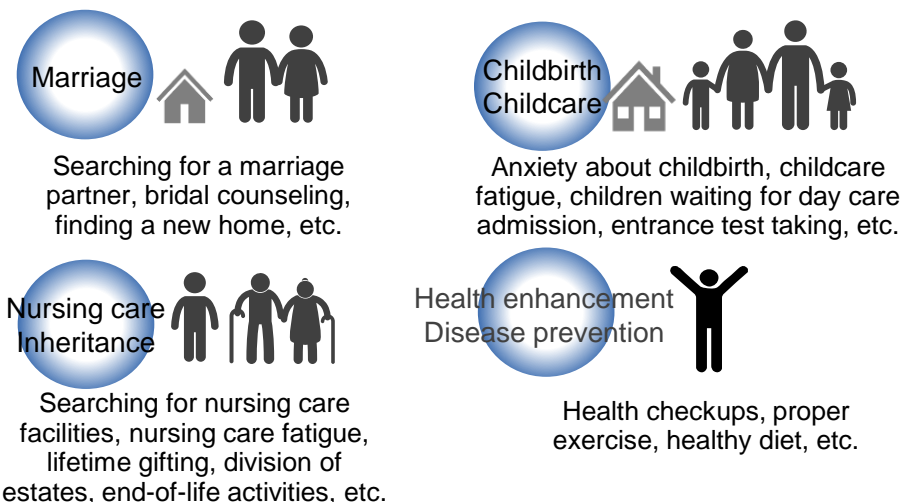
Further build relationships of trust with customers through the resolution of social challenges



Make Japan Post Insurance more familiar to customers

Aim to provide services that respond to the diverse concerns of customers

[Examples of worries and concerns that customers have]








Services to support life events

(Considering the provision of new services rooted in daily life, including food, clothing, and housing as well)

Promote ESG Management (Contribute to Resolving Social Challenges)

- Contribute to resolving social challenges by performing our social mission. Aim at achieving SDGs by working on five prioritized challenges (materiality).

Social Mission	Social Challenges (Materiality) to Address with Priority	Main Initiatives
Provide basic protection and promote understanding of protection	<p>Provide insurance products and services through our network of post offices, etc.</p> 	<ul style="list-style-type: none"> Provide basic protection and services through our network of community-based post offices Integrate our network of post offices and digital contact points through DX promotion Develop products that respond to the protection needs of all generations
Respond to social needs	<p>Contribute to regional and social development and environmental conservation</p> 	<ul style="list-style-type: none"> Initiatives for carbon neutrality² Initiatives in accordance with the TCFD proposal Promote ESG investment
Reliable and smooth payout of insurance claims	<p>Extend healthy life expectancy through health promotion, etc. - Improve well-being⁴</p> 	<ul style="list-style-type: none"> Popularize radio exercise Provide services utilizing health promotion app “Sukoyakanpo” Provide insurance services based on interest in health promotion and social needs Promote ESG investment Respond to the spread of COVID-19
Sustainable business foundation	<p>Establish an environment where each and every employee can actively demonstrate his/her full potential to empower himself/herself</p> 	<ul style="list-style-type: none"> Corporate culture reform/work style reform Human resources development, strengthening the use of human resources Promote diversity (promoting expanding roles for female employees, providing support for balancing work and childcare/nursing care, promoting employment of persons with disabilities, and responding to gender diversity)
	<p>Corporate governance supporting the meaning of our business and social mission</p> 	<ul style="list-style-type: none"> Regain customers' trust Thorough compliance Strengthen corporate governance

CO₂ emissions
FY2030 (compared to
FY2019)
Reduce 46%^{1,2}

Aim to achieve
carbon neutrality by 2050²

FY2030
the ratio of female
managers at the head
offices: 30%³

Strive to establish an adequate environment, raise awareness and develop human resources with a view to increasing employees who wish to become managers and executives, in an effort to increase female managers outside the head office as well

ESG investment (Total power generation output from renewable energy facilities that we lend money to and invest in)
Aim for 1.5 million kW during the Med-Term Management Plan period

Make improvements in the employee satisfaction surveys every year

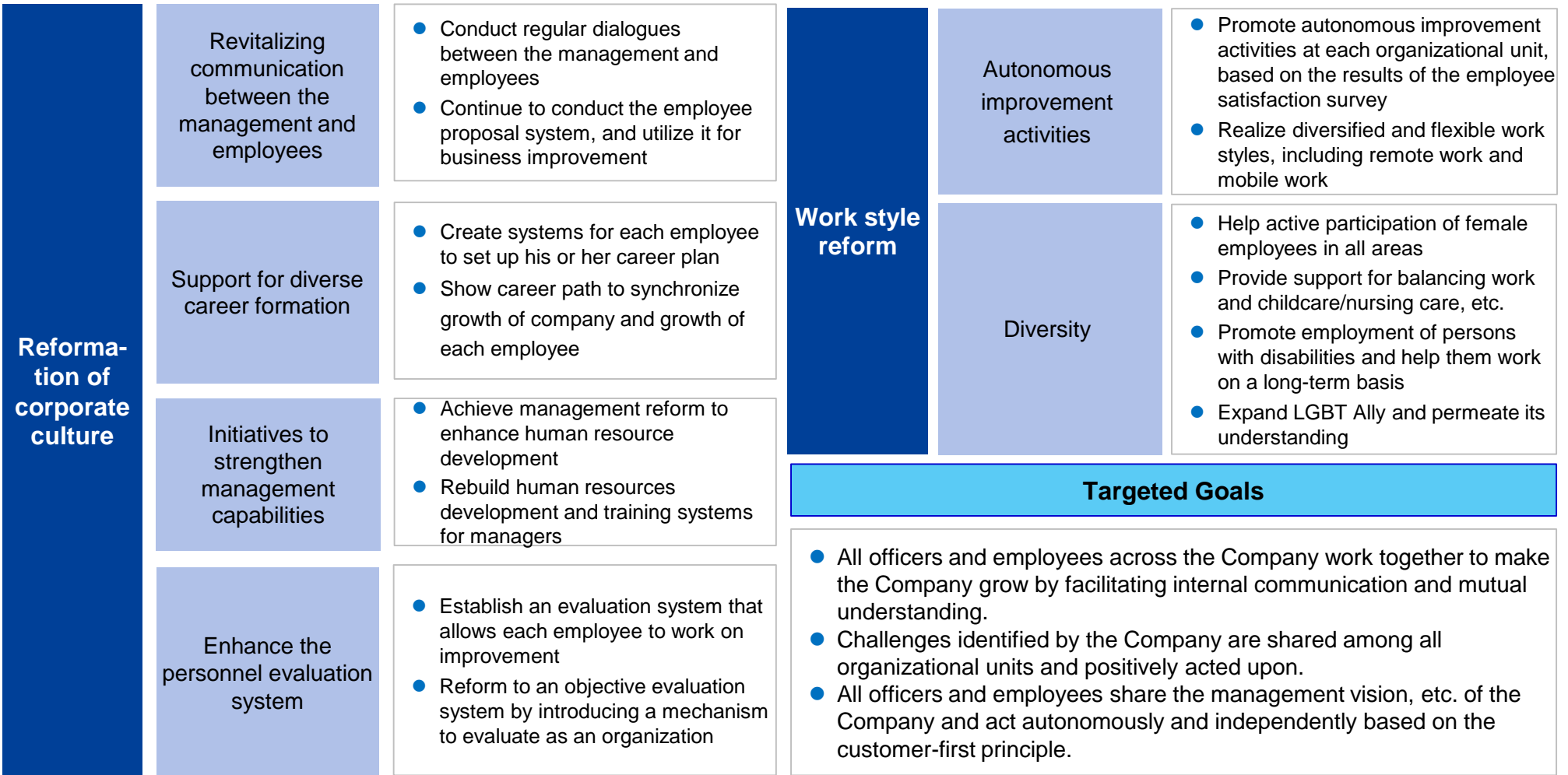
Rate of taking childcare leave:
100% for both male and female employees

Rate of employees with disabilities:
2.5%

1. Subject to Scope 1 (direct emissions from the company) and Scope 2 (emissions associated with the use of electricity, etc. supplied by other companies). Increases due to new businesses have been excluded.
2. In order to achieve the targets, the carbon neutralization is necessary, including the popularization of renewable energy in Japan. Japan Post Group will also support the carbon neutralization of Japan and the world. We will support the Paris Agreement and promote efforts to achieve carbon neutrality.
3. Ratio of female managers at the head offices of the four main companies of Japan Post Group. The Group aims to achieve the ratio above as of April 1, 2031, a date when the effect of the initiatives up to FY2030 will have become apparent.
4. Everything is fulfilled physically, mentally and socially.

Reformation of Corporate Culture and Work Style

- We aim to be a company where employees and management share the future vision, and each and everyone grows together with the Company while feeling employee satisfaction (ES).
- We will strive to establish an environment that allows diversified human resources to choose various work styles.



Strengthening of Governance

- We will conduct strengthening of governance and thoroughly implement customer-first business operation.
- We will take customer's voice, employee voice as a valuable property and improve customer service , business operation.

Corporate governance

- Create an environment for the Board of Directors to fulfill its functions including appropriate responses to revisions to the Corporate Governance Code
- Continue efforts to strengthening of governance through evaluation of the effectiveness of the Board of Directors, etc.

Internal audits

- Promote audits using the risk-based approach and management audits from a medium- to long-term perspective
- Promote early detection of risks focusing on offsite monitoring and internal audits on important issues regarding internal control
- Secure and develop highly professional audit personnel and build a human resources portfolio

Measures to prevent money laundering and other financial crimes

- Reinforce efforts against money laundering and financing of terrorism by building systems to detect and respond to risks. We also establish an organization dedicated to countermeasures
- Further promote cashless operations to prevent financial crimes, as well as continuing and thoroughly implementing employee education
- Identify issues and improve effectiveness of internal reporting desks by using internal reporting system certification
- Fostering and instilling compliance and risk awareness so that all employees can act risk-sensitively and autonomously

Personal information protection and information security

- Provide responses and support based on increasing information security risk in line with the DX promotion
- Comply with the amended Act on the Protection of Personal Information
- Reinforce the cybersecurity management system (improvement in IT technology and development of systems assuming more sophisticated cyberattacks)

ERM and Capital Policy

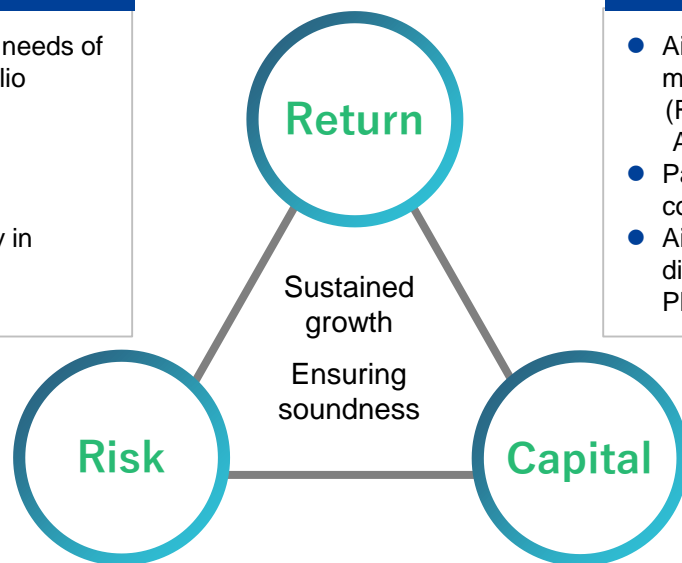
- Based on ERM under our Risk Appetite Statement, we will ensure soundness in business operation while achieving sustained growth and the medium- to long-term enhancement of corporate value.
- We will aim to secure revenue and give due consideration to efficiency in terms of capital and risk while ensuring financial soundness.
- Recognize that the distribution of profit to shareholders is an important policy of management, we aim to secure profits while maintaining financial soundness and return them to shareholders stably based on ERM.

Improvement of return against risk

- Develop insurance services to satisfy protection needs of customers of all generations and shift to a portfolio centering on protection-type products
- Engage in deeper and more sophisticated asset management to maximize return against risk (Return seeking assets: approx. 18% to 20%)
- Invest in DX while promoting improved efficiency in business operation (Reduce necessary costs by ¥28.0bn)

Improvement of capital efficiency

- Aim for growth exceeding estimated capital costs in the medium- to long-term (RoEV¹ of 6% to 8%
Assumed capital cost ratio: around 6%)
- Pay due consideration to costs and quality in the capital composition and maintain soundness of the financial base
- Aim for an increase in per-share dividends and never reduce dividends, in principle, during the Medium-Term Management Plan



1. A value obtained by excluding the "difference between the economic assumption and actual results" from the EV variance factors.

Maintaining financial soundness

- Establish and maintain the minimum financial soundness and the assessment criteria (Maintain financial soundness: The minimum solvency margin ratio of 400%, the standard solvency margin ratio of 600%, and ESR (economic solvency ratio) of 100%)
- Aim for the medium- to long-term stability of ESR while refining measurement methods in anticipation of the introduction of new capital regulations
- Commence responses to the introduction of new capital regulations, including reduction of interest rate risks

Shareholder Return

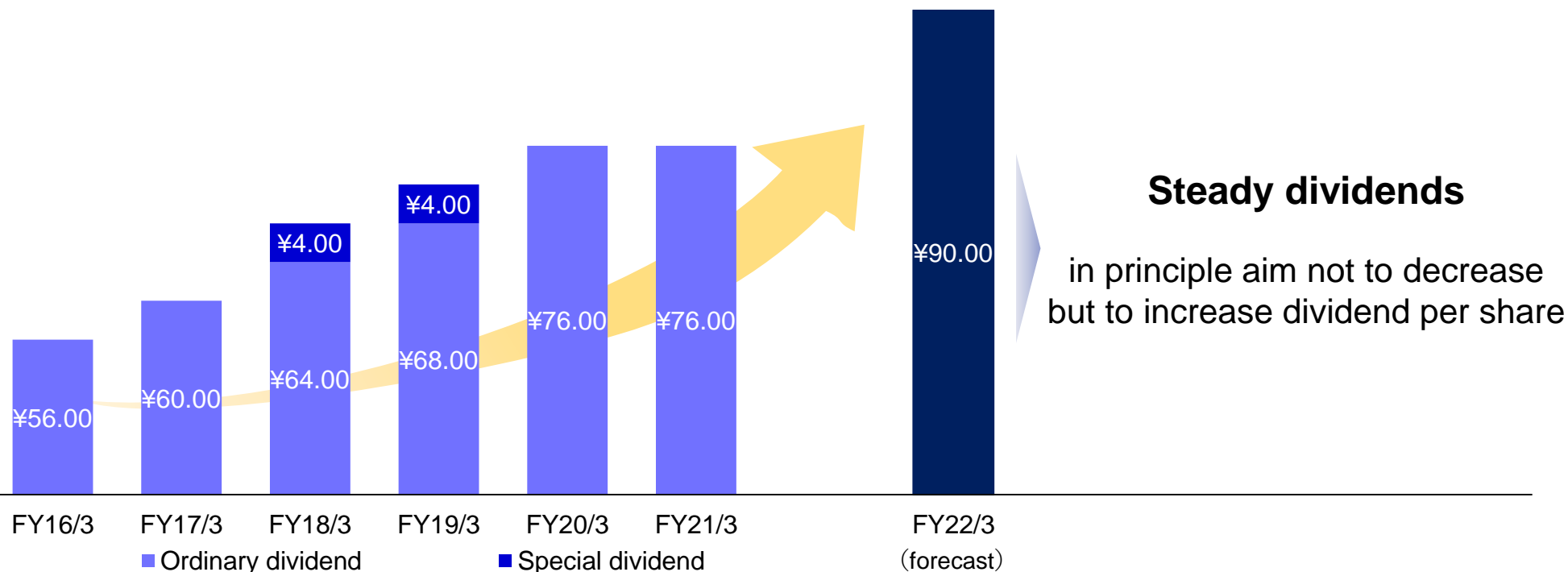
- The Company recognizes that the distribution of profit to shareholders is an important policy of management.
- Specifically, the Company in principle aims not to decrease but to increase dividend per share for the period of the Medium-Term Management Plan (FY2021 – FY2025), while considering earning prospects and financial soundness.

Dividend per Share

FY2015 – FY2017
Medium-Term Management Plan

FY2018 – FY2020
Medium-Term Management Plan

FY2021 - FY2025
Medium-Term Management plan



Steady dividends

in principle aim not to decrease but to increase dividend per share

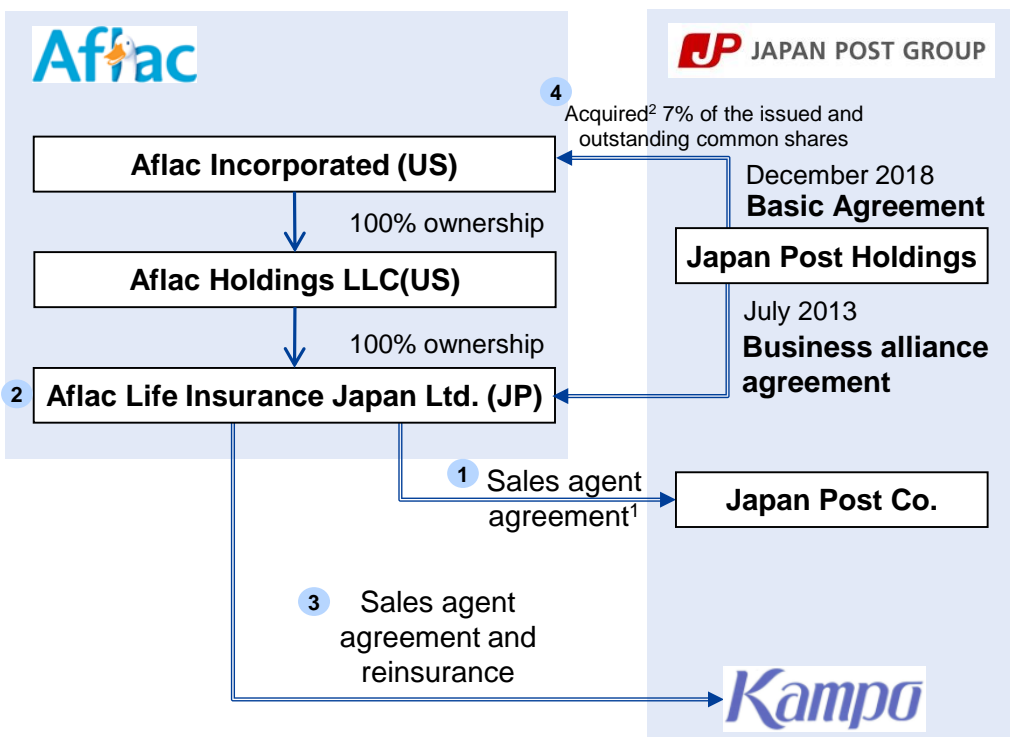
3

Appendix

Overview of the alliance between Aflac and Japan Post Group

- In July 2013, Japan Post Holdings and Aflac Life Insurance Japan Ltd. entered into a business alliance agreement to provide cancer insurance through the nationwide post offices and Kampo's directly managed offices. Those policies are reinsured by Kampo and risk profits are shared.
- In December 2018, Japan Post Holdings and Aflac Incorporated entered into a basic agreement regarding a strategic alliance based on a capital relationship to increase corporate value in each of Japan Post Group companies, including Kampo.
- New products to be considered for development are confirmed not to affect the field of products which Kampo plans to launch or sell independently and Kampo's corporate value is not expected to be impaired.

Business Alliance Structure



Scope of Business Alliance

【From July 2013—】

- 1** Offer Aflac's cancer insurance through the nationwide network of approx. 20,000 post offices.
- 2** Aflac to design distinct cancer insurance products that are dedicated to Japan Post Group, which supplements coverage of our medical riders.
- 3** Kampo's directly managed offices to offer Aflac cancer insurance and reinsurance of cancer insurance sold at post offices and directly managed offices.



【From December 2018—】

Japan Post Holdings will invest in Aflac Incorporated by 7%
Consideration of new initiatives for cooperation.

- 4**
 - ① Leveraging digital technology
 - ② Cooperation in new product development
 - ③ Cooperation in domestic and/or overseas business expansion and joint investment in third-party entities
 - ④ Cooperation regarding asset management

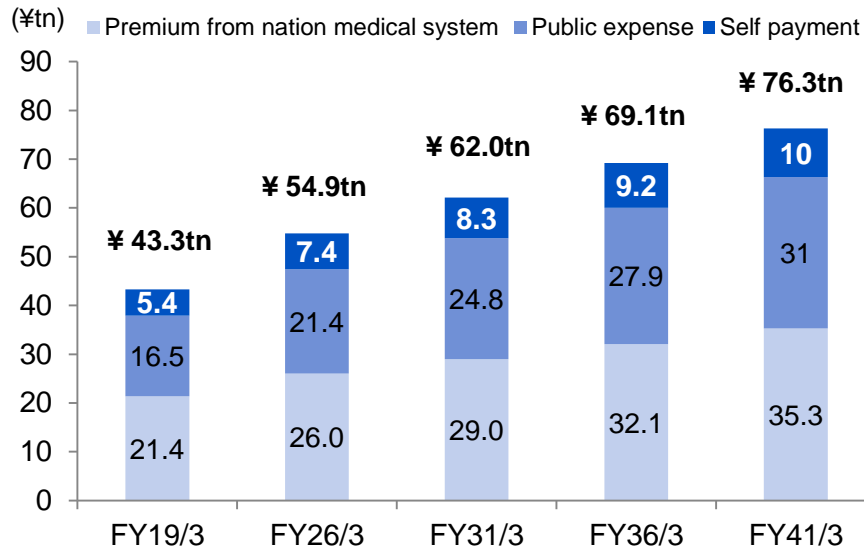
1. Commenced selling of Aflac cancer insurance at some part of post offices from October 2008 (October 2008: 300 post offices, July 2009: 1,000 post offices)

2. The Articles of Incorporation of Aflac Incorporated, in principle, stipulate each share is entitled to ten votes after continuous holding of Aflac Incorporated common shares for 48 months by the same beneficial owners, which is expected to result in at least 20% voting rights four years after acquisition of shares (February 2020) and application of the equity method of accounting.

Business Environment in the Japanese Life Insurance Industry

- As social security cost such as medical expenditures are expected to increase going forward, the necessity of self-help effort for the risk of living expenses, injuries, diseases and nursing care has been increasing.
- Detecting a disease at an early stage before it gets serious and taking measures to prevent or delay the onset of serious illness have been becoming more important in Japan.

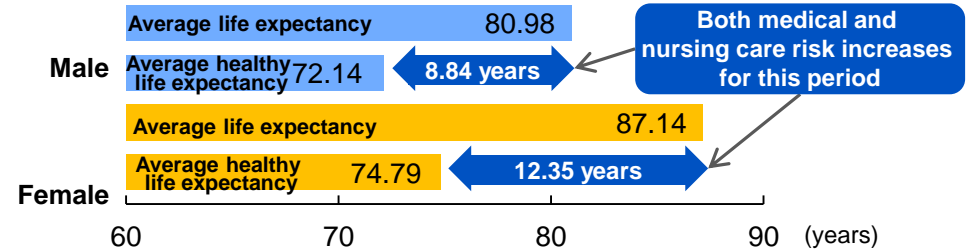
Increase in National Medical Expenditure(NME)



	FY19/3	FY26/3	FY31/3	FY36/3	FY41/3
GDP (¥tn)	548.3	645.6	694.8	741.2	790.6
NME (%)	7.9%	8.5%	8.9%	9.3%	9.7%

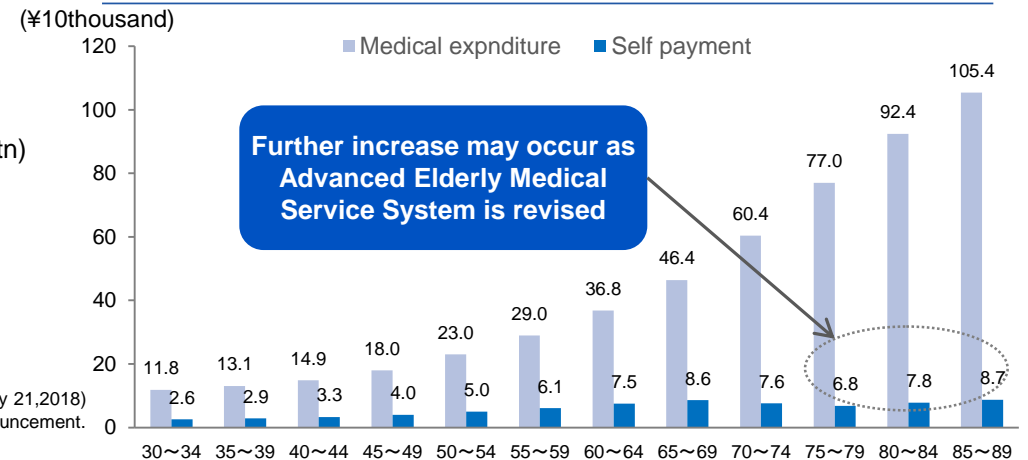
Sources: Cabinet Secretariat, Cabinet Office, Ministry of Finance, Ministry of Health, Labor and Welfare (May 21, 2018)
 Note: Figures at FY19/3 are actual results. Figures at FY26/3 onwards are estimated amount at official announcement.

Difference between Average Life Expectancy at Birth (years) and Average Healthy Life Expectancy at Birth (years)



Source: Ministry of Health, Labor and Welfare, 11th meeting of Health Japan 21 (the 2nd term), material No. 1-1

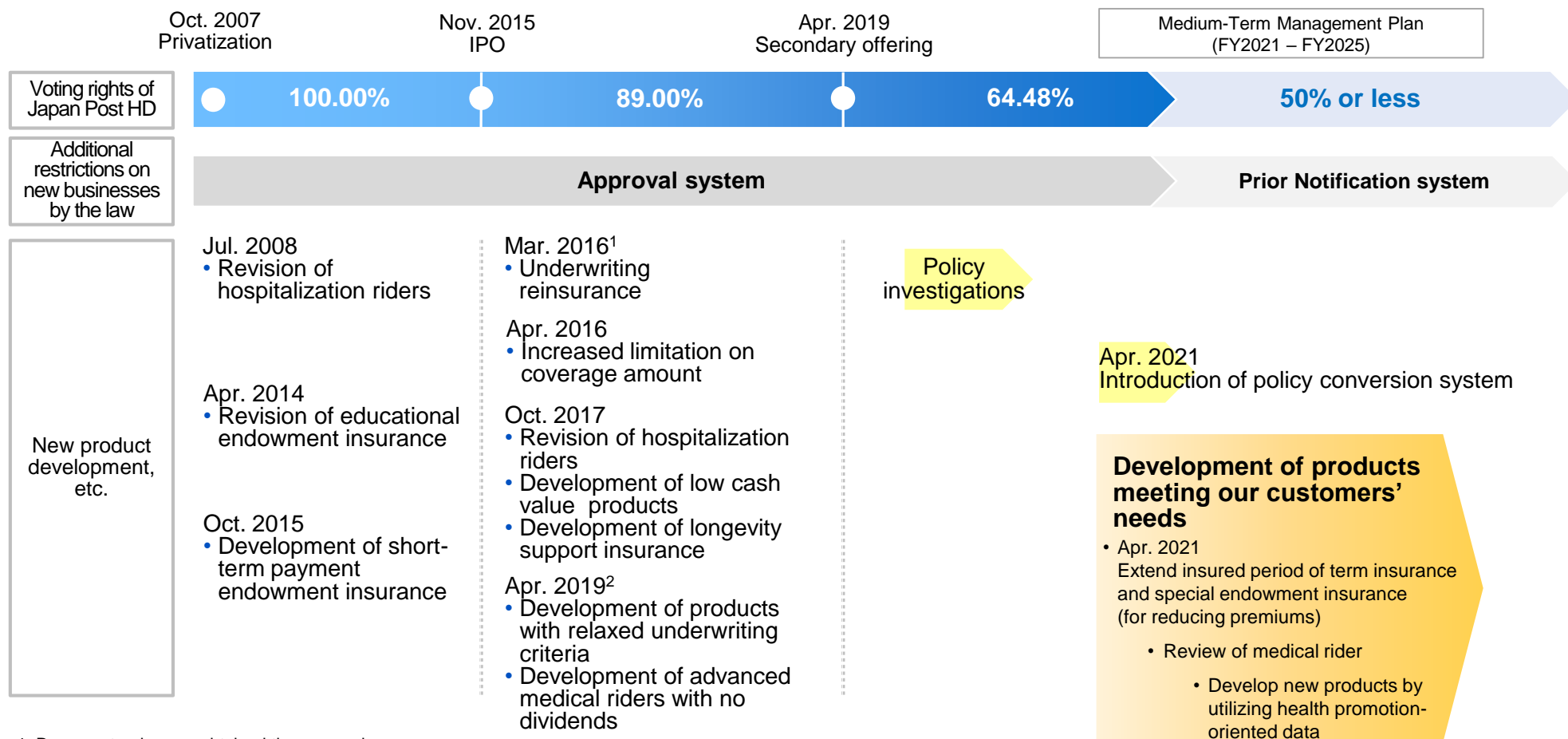
Medial expenditure per person by age group and self payment (annual amount) (estimated based on actual result in FY19/3)



Source: Medical expenditure per person by age group, Ministry of Health, Labor and Welfare (FY19/3)

Status of Product Development

- We have developed and marketed products and services that flexibly respond to customers' needs, despite additional regulatory restrictions under the Postal Service Privatization Act.



1. Represents when we obtained the approval

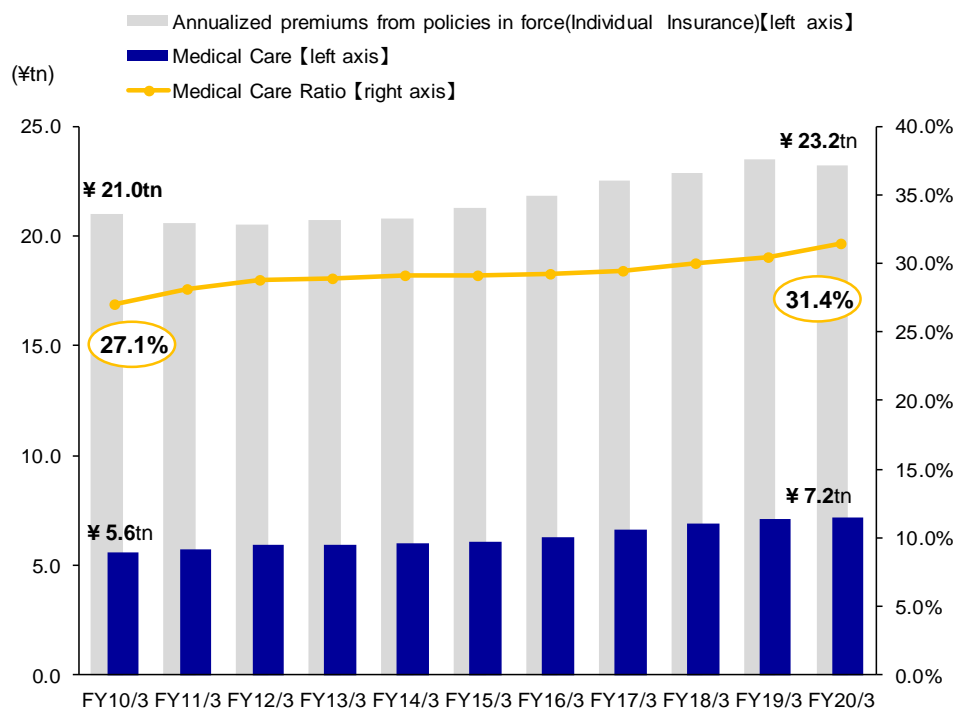
2. Acquisition of approval was in December 2018, and the ratio of voting rights at that time was 89.00%

Medical Care Market

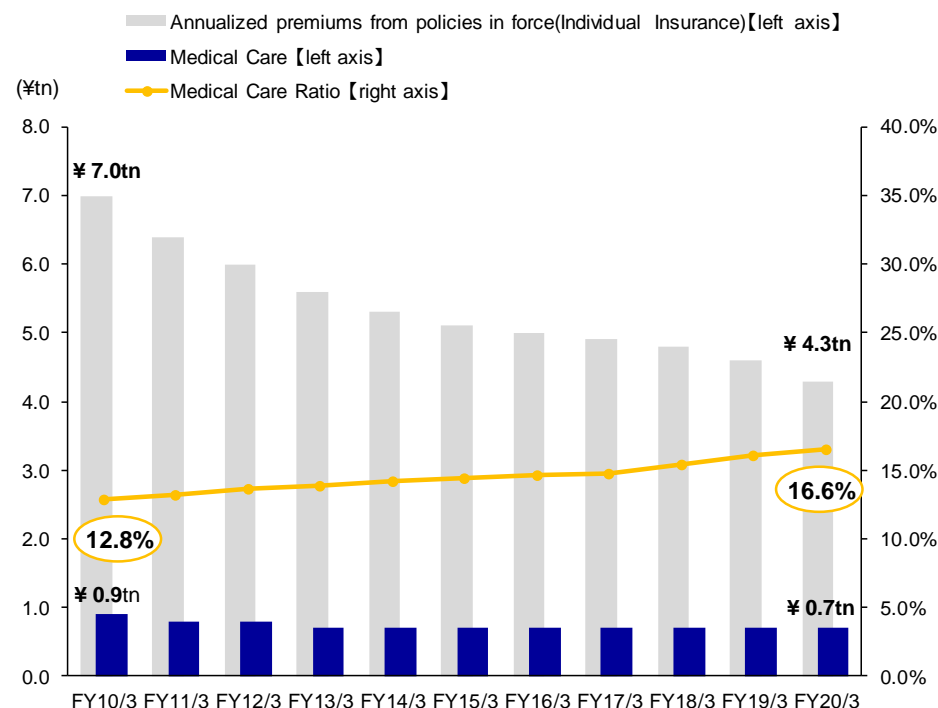
- As the domestic market for medical care is expanding, medical care ratio to annualized premiums in force is also increasing.
- While our medical care ratio to annualized premiums in force is increasing as well, it is still low compared with the domestic market, and we believe there is room to further increase that ratio by meeting customers' protection needs.

Annualized Premium from policies in force (medical care)

Domestic Life Insurance Companies



Japan Post Insurance

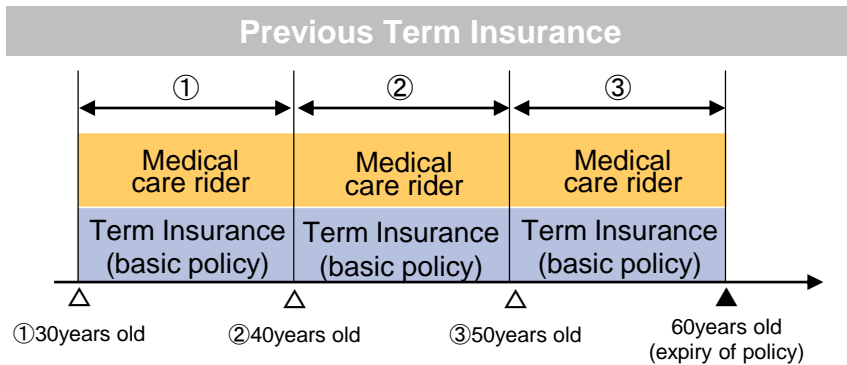


Source: The Life Insurance Association of Japan: Summary of Life Insurance Business in Japan
 Note: "Domestic Life Insurance Companies" includes postal life insurance policies

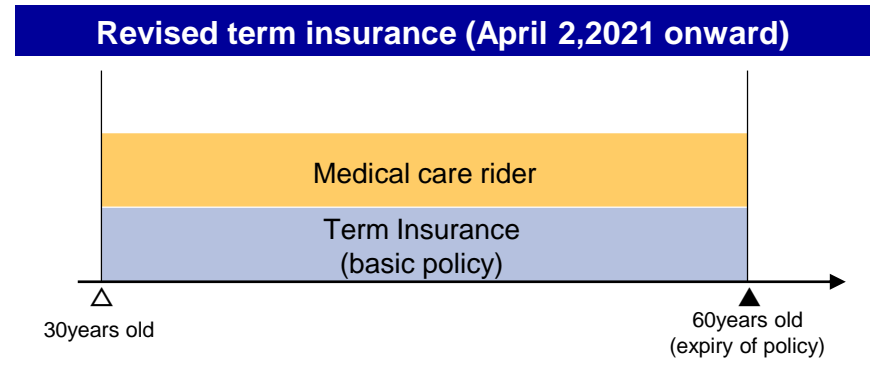
Revision of Term Insurance

- Extend insured period of term insurance in order to meet customers' protection needs for longer insurance coverage that continues until the life events such as retirement or independence of children are occurred.
- Insurance premiums were also revised and the premium for the basic policy were reduced. By providing generous coverage including medical care riders at lower premiums than ever, we will reach young and working-age customers with strong protection needs.

Ex.) Use term insurance for protection needs from 30 to 60 years of age



- New contract were required every 10 years of expiration
- Premiums would rise as entry age rose at the time of re-entry



- Extend insured period
- Lowered premium
- The insured is covered for the entire period by one policy
- Lowered insurance premiums for young and working-age generations

Major Revisions

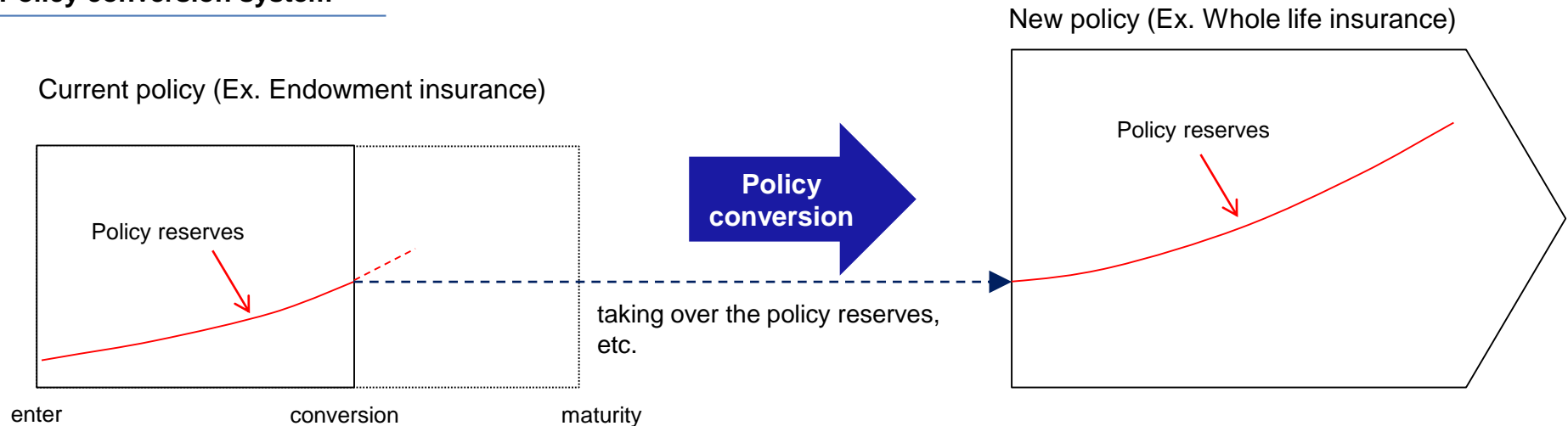
15~50	Entry age	15~ <u>60</u>
Only 10 years of expiration	Coverage period	Chose from 10 years of expiration or expiry age of <u>55, 60, 65, 70</u>
(Premiums at ①, ②, ③ as shown in the example above ²) [male] ①¥ 3,100, ②¥ 4,000, ③¥ 6,450 [female] ①¥ 3,850, ②¥ 3,750, ③¥ 4,750	Premiums per month ¹	(As shown in the example above, entry age of 30 and expiry age of 60) [male] expiry age of 60 : ¥ 4,100 [female] expiry age of 60 : ¥ 3,700

1. Premiums of ordinary term insurance (standard insured amount: ¥ 5mn) with non-participating general medical care rider [type I](hospitalization benefit: ¥ 7,500 × days)
2. Premiums before revision (until April 1, 2021)

Policy Conversion System

- Under the policy conversion system, if a policyholder intends to review his or her coverage, the customer will shift to a new policy by taking over the policy reserves, etc. of the current policy based on his or her intention.
- Announced as one of the improvement measures in the Business Improvement Plan along with the conditional cancellation system (introduced in January 2020) as a system to realize a customer-oriented review of coverage

Policy conversion system



Outline of the system

- Under the policy conversion system, the current policy will lapse if the new policy is underwritten. Thus, unlike policy rewriting, the policy conversion system does not have an uninsured period or overlapping period of coverage.
- When the coverage is reviewed through the policy conversion system, the current policy will lapse, **but rather than paying the surrender value, the policy reserve, etc. will be transferred to the new policy.**
- **Even in cases where insurance benefits are not paid under the new policy after conversion, special treatment may be provided, such as payment of insurance benefits within the coverage of the policy before conversion.**

Measures aimed at avoiding recurrence (Business Improvement Plan)

- We submitted the Business Improvement Plan to Financial Services Agency of Japan on January 31, 2020 and have been implementing multiple measures as stated below.
- Measures aimed at avoiding recurrence under the Business Improvement Plan are generally progressing as planned and most of them were completed.

<52 measures>

<Main measures and implementation status>

Creation of a healthy corporate culture

Establishment of an appropriate sales promotion scheme

[16 measures]

[Implemented 16 measures]

- Create an appropriate solicitation policy that is well understood by employees (code of conduct, standard model of Japan Post Insurance products)
- Training for sales personnel
- Set appropriate sales targets according to the appropriate solicitation quality
- Review the incentives for policy rewriting
- Develop new products meeting our customers' needs

Establishment of an appropriate solicitation quality control scheme

[22 measures]

[Implemented 22 measures¹]

- Record and keep a voice record of solicitation process
- Introduction of a conditional cancellation system
- Introduction of a policy conversion system (April 2021)

Strengthening governance drastically

[14 measures]

[Implemented 14 measures]

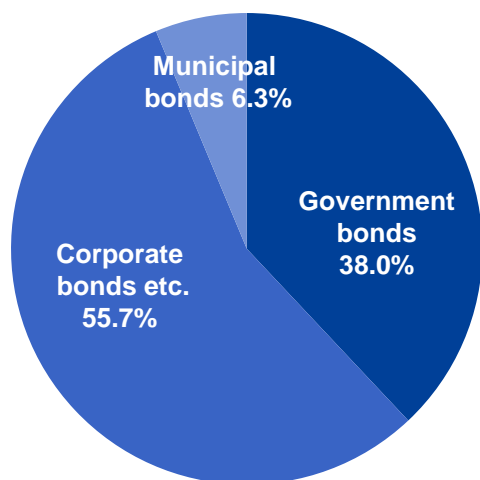
- Strengthen investigation of circumstances of solicitation process and thoroughly implement PDCA cycle
- Strengthen the governance function of the Board of Directors and Audit Committee

1. As of April 30, 2021. Included the measures partially implemented

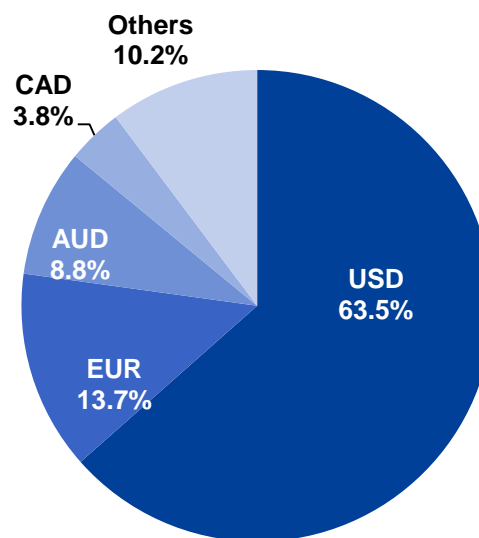
Exposure to Foreign-currency-denominated Bonds (as of March 31, 2021)

- As low interest rate environment continues in Japan, we have been increasing investment in foreign-currency-denominated bonds, especially spread products such as municipal and corporate bonds, and promote diversifying our asset portfolio including expansion of our target currencies into non-USD.
- In principle, we choose investment-grade bonds (rated “BBB” or above) for our in-house investment. Around 80% of the bonds we invest in are rated “A” or above.

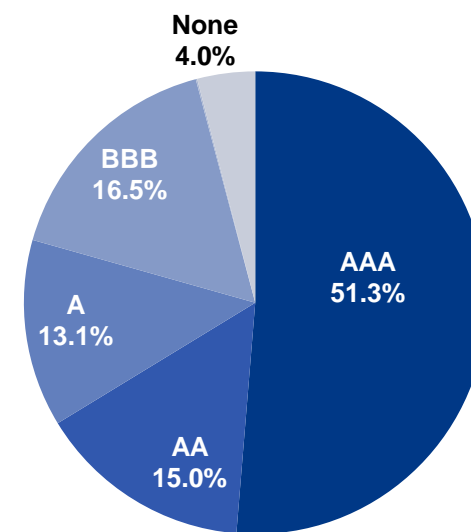
Breakdown of Foreign-currency-denominated Bonds



Exposure by Currency



Exposure by Rating Level



Note 1: Only foreign-currency-denominated-bonds issued by foreign entities are included in the calculation
 Note 2: Issuer Ratings by Moody's are indicated.

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

		FY17/3	FY18/3	FY19/3	FY20/3	FY21/3
Total assets	¥mn	80,336,414	76,832,508	73,904,576	71,667,398	70,173,857
Postal Life Insurance category		51,447,550	46,684,937	41,354,076	39,225,493	37,815,270
New category		28,888,864	30,147,570	32,550,500	32,441,904	32,358,586
Number of policies in force	(000)	31,562	30,405	29,143	27,070	24,837
Postal Life Insurance category (insurance)		14,411	12,484	11,048	9,907	8,944
New category (individual insurance)		17,150	17,921	18,095	17,163	15,893
Insurance premiums and others	¥mn	5,041,868	4,236,461	3,959,928	3,245,541	2,697,936
Postal Life Insurance category		1,002,816	755,221	590,340	459,151	364,196
New category		4,039,051	3,481,240	3,369,588	2,786,389	2,333,740
Ordinary profit	¥mn	279,347	308,845	265,143	286,829	345,022
Postal Life Insurance category		185,250	137,074	113,981	92,490	82,454
New category		94,097	171,771	151,162	194,338	262,568
Net income	¥mn	88,520	104,309	120,958	151,132	165,586
Postal Life Insurance category		26,044	16,878	16,763	17,806	6,566
New category		62,475	87,430	104,195	133,325	159,020
Contingency reserve (reversal) provision	¥mn	(120,819)	(139,678)	(151,592)	(165,388)	(186,023)
Postal Life Insurance category		(172,881)	(173,722)	(173,590)	(170,814)	(191,014)
New category		52,061	34,043	21,997	5,425	4,991
Price fluctuations reserve (reversal) provision	¥mn	6,444	128,031	(19,251)	(39,152)	46,477
Postal Life Insurance category		12,625	17,090	(3,686)	(29,845)	23,121
New category		(6,181)	110,940	(15,564)	(9,306)	23,355
Additional policy reserve (reversal) provision	¥mn	(50,454)	(30,648)	(50,292)	(49,750)	27,652
Postal Life Insurance category		(50,454)	(47,674)	(46,698)	(46,396)	30,553
New category		-	17,025	(3,594)	(3,354)	(2,901)

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	FY21/3
Insurance premiums and others	5,041.8	4,236.4	3,959.9	3,245.5	2,697.9
Ordinary profit	279.7	309.2	264.8	286.6	345.7
Provision for reserve for policyholder dividends	152.6	117.7	111.8	109.2	65.4
Net income	88.5	104.4	120.4	150.6	166.1
Net assets	1,853.2	2,003.1	2,135.1	1,928.3	2,841.4
Total assets	80,336.7	76,831.2	73,905.0	71,664.7	70,172.9
Return on equity	4.7 %	5.4 %	5.8 %	7.4 %	7.0 %
RoEV ¹	4.9 %	9.9 %	8.6 %	(2.8) %	5.0 %
Dividends to shareholders	36.0	40.8	43.2	42.7	42.7
Payout Ratio	40.6 %	39.0 %	35.8 %	28.4 %	25.7 %
EV	3,355.6	3,743.3	3,925.7	3,324.2	4,026.2
Value of New Business	36.8	226.7	223.8	60.6	(12.7)
Core profit (Non-consolidated)	390.0	386.1	377.1	400.6	421.9
Core profit attributable to life insurance activities	311.4	320.3	318.7	320.1	345.6
Spread (positive/negative spread)	78.5	65.8	58.4	80.4	76.3

1. Calculated by excluding economic variance factors.

Expenses

Operating Expenses (Commissions¹ etc.)

(¥bn)

	Year ended Mar-20	Year ended Mar-21	Change
Operating expenses	473.8	403.0	(70.8)
Commissions	248.7	198.1	(50.6)
Sales Commissions	100.9	42.2	(58.6)
Maintenance Commissions ²	147.8	155.8	8.0
Contributions ³	57.5	56.0	(1.5)
Others	167.4	148.8	(18.6)
Depreciation and amortization	57.4	59.3	1.8

1. Commissions paid to Japan Post Co.

2. For FY21/3, unit price of maintenance commissions were reviewed in January 2021. The difference was recorded dating back to April 2020.

3. Contributions paid to Organization for Postal Savings, Postal Life Insurance and Post Office Network based on the related law

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 FY20/3 and FY21/3

Commission for new policies acquired in the fiscal year (Y on Y ¥ (14.0)bn)

- In FY21/3, commissions for new policies acquired in the fiscal year decreased compared with FY20/3, when we were engaged in ordinary sales activities until mid-July 2019, due to influence by refraining from proactive sales proposal from mid-July 2019 and business suspension from January to March 2020.
- In addition, from FY21/3, in order to focus on the continuation of policies, the commissions paid for policies in the first 12 months were reduced while they increased in the second year onward (the total amount of sales commissions remained the same level). As a result, commissions for new policies acquired in the fiscal year decreased.

Commission for new policies acquired in the period between 84 months earlier and 13 months earlier (Y on Y ¥ (34.9)bn)

- While the commissions are paid in installments over seven years in principle, commissions are on a decreasing trend due to a decrease in the number of new policies from FY18/3 as well as a significant decrease in the number of new policies from FY20/3 attributable to the influence by refraining from proactive sales proposal from mid-July 2019 and business suspension from January to March 2020.

Incentive commissions (Y on Y ¥ (9.6)bn)

- Incentive commissions decreased due to a decrease in sales commission in conjunction with the improper solicitation.

Note: For FY22/3, the amount of commissions is expected to be ¥ 214.0bn (an increase of ¥15.8bn year on year), of which sales commissions are expected to be ¥ 49.8bn (an increase of ¥ 7.6bn year on year), and maintenance commissions are expected to be ¥ 164.1bn (an increase of ¥ 8.2bn year on year).

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.

Comparison of FY20/3 and FY21/3

Basic commission (Y on Y +¥ 20.1bn)

- In FY21/3, basic commission increased because unit price of maintenance commissions was reviewed.

Incentive commissions (Y on Y ¥ (12.1)bn)

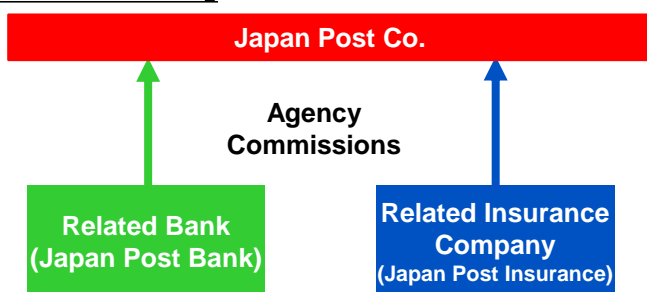
- In FY21/3, incentive commissions decreased because we examined the concept and effects of incentive commissions, some of them were abolished, and others were integrated into the commission for the maintenance of policies in force.

Overview of Funds and Contributions

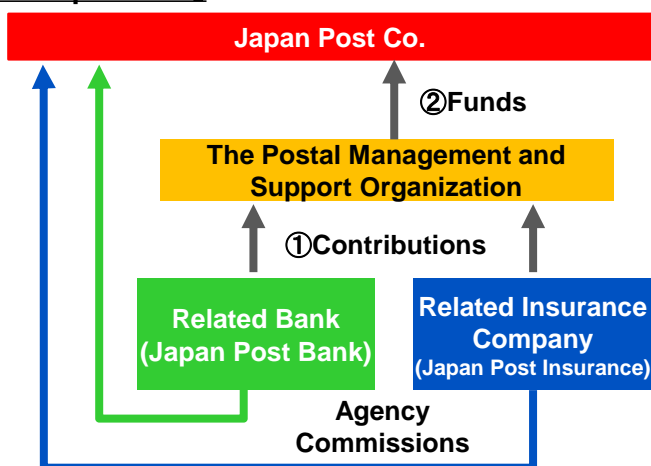
- Amendments to the Act on the Management Organization for Postal Savings and Postal Life Insurance have taken effect since December 1, 2018.
- From April 2019, we and Japan Post Bank are required to contribute to The Postal Management and Support Organization which will pay the fundamental necessary expenses for Japan Post Co. to maintain its post office network.

System of Funds and Contributions

【Until March 2019】



【From April 2019】



Calculation for contributions

* pursuant to an ordinance of the MIC

- The amount of contribution is calculated as follows,
 - Calculate and sum necessary expenses for post office network and administrative expenses of the Organization
 - Allot expenses above in proportion to the degree of use of the post office network by mail counter work, bank counter work and insurance counter work

[Example of distribution : usage volume]



Regarded as usage volume, which is main element for distribution

Commissions and contributions

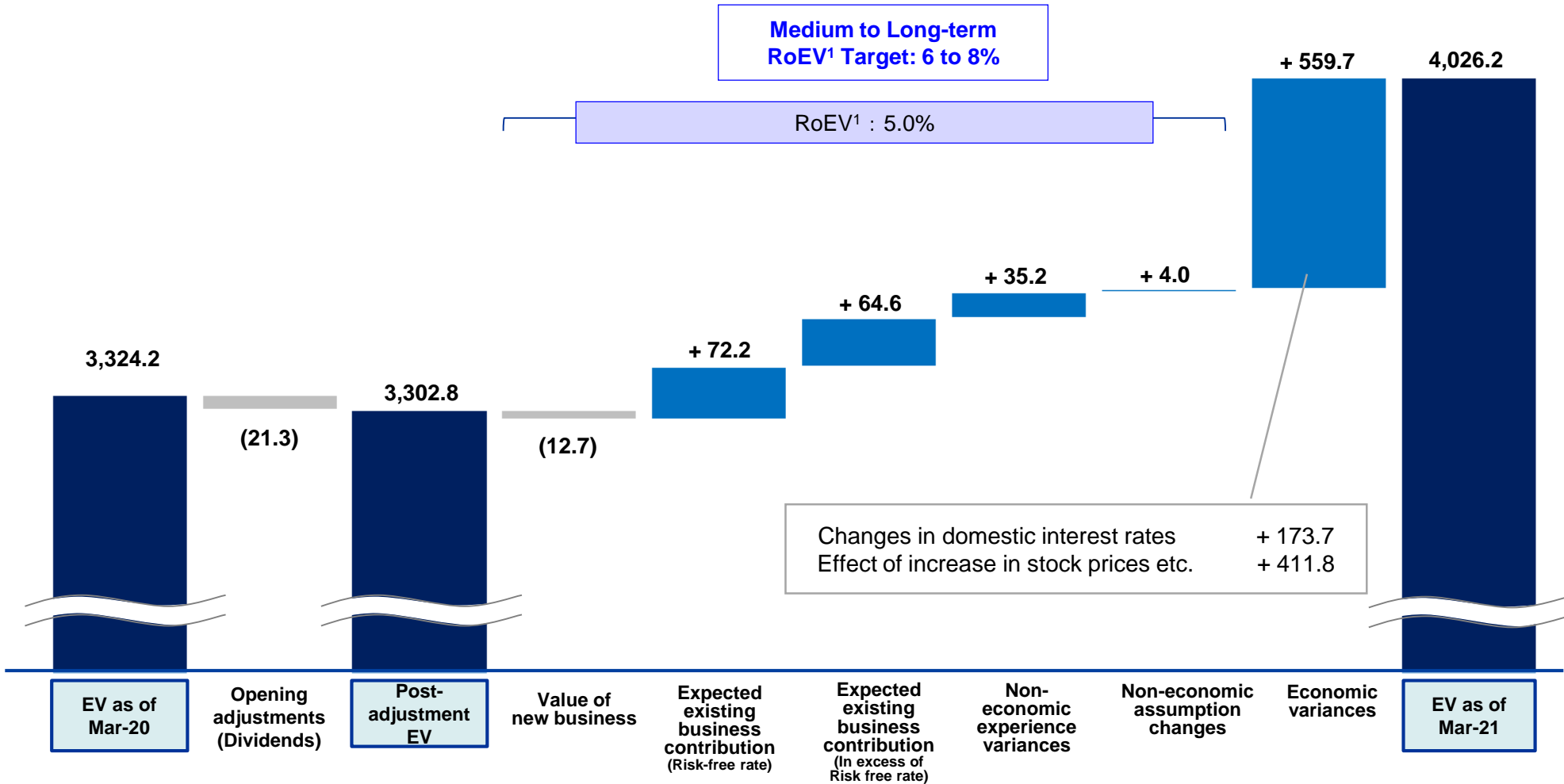
- Along with the establishment of the system of funds and contributions, we revised the structure of agency commissions

(¥bn)

	FY19/3	FY20/3	FY21/3	FY22/3 (forecast)
Commissions	358.1	248.7	198.1	214.0
Contributions	—	57.5	56.0	54.0
Total	358.1	306.3	254.1	268.0

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

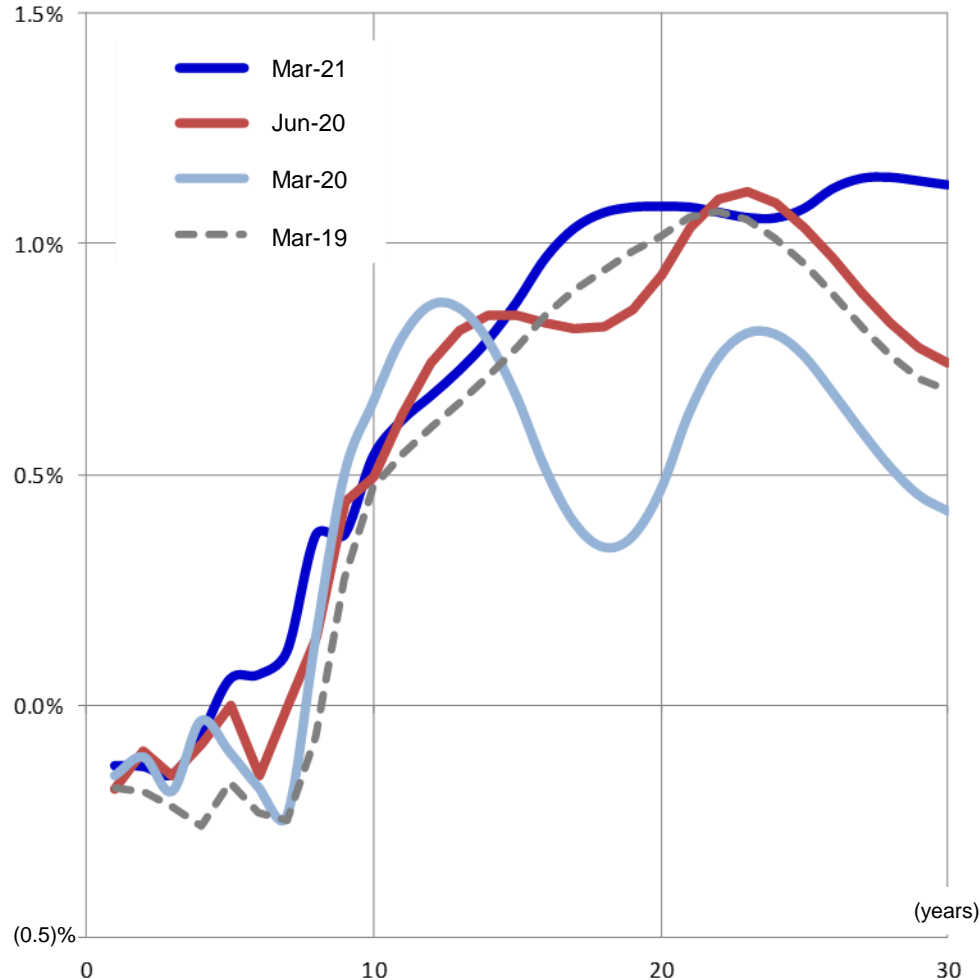
(¥bn)

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.

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

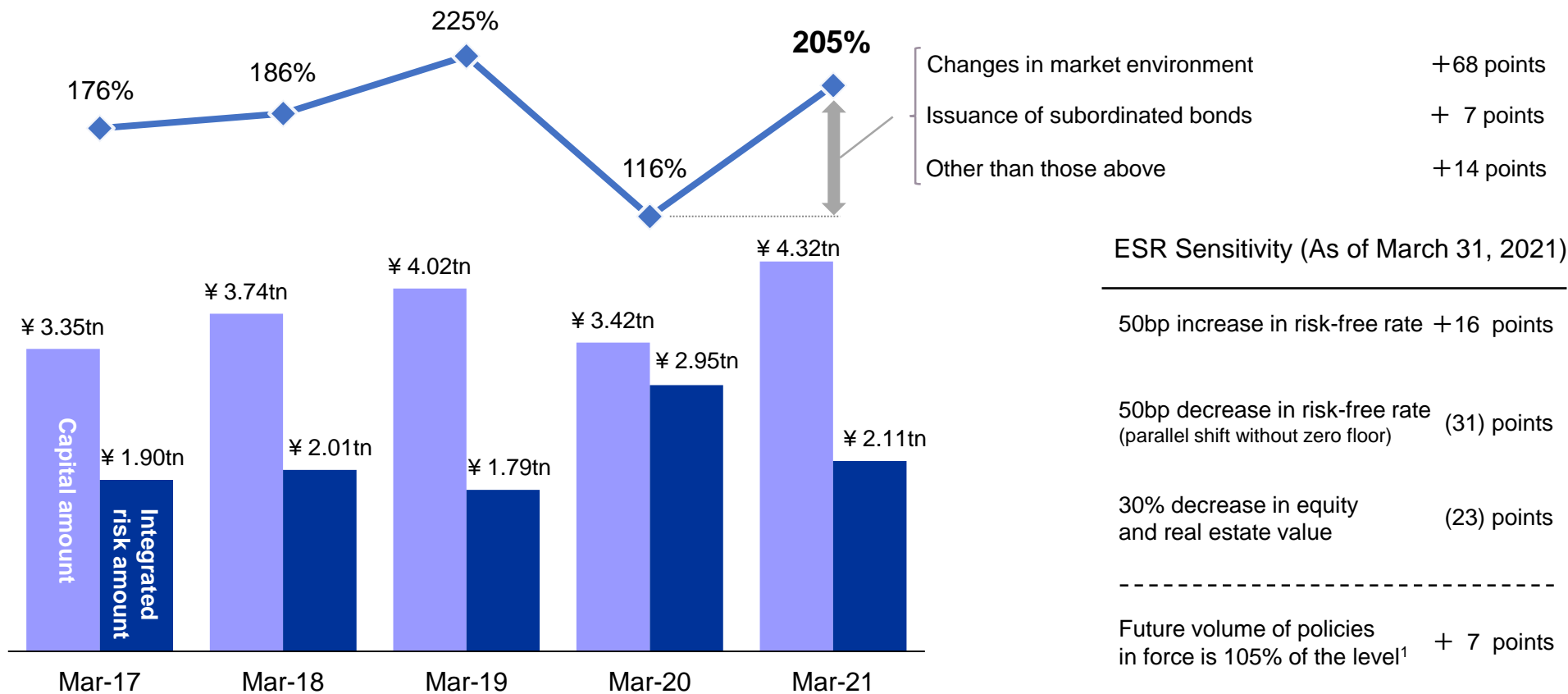
Note: The economic assumptions used for the calculation of EV and the value of new business are as follows:

- 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.

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.



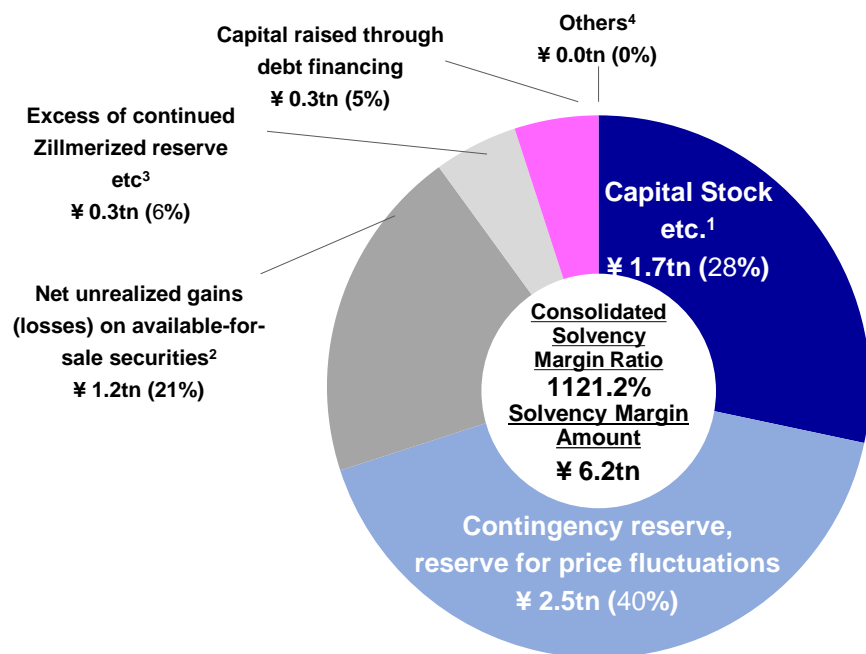
Notes: The capital amount, the numerator of ESR, was calculated by adding the amount of subordinated bonds issued by the company to EV.
 The integrated risk amount, the denominator of ESR, was calculated based on an internal model (holding period: 1 year, confidence level: 99.5%), recognizing fluctuations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

1. Assumed in the calculation of EV as of March 31, 2021

High-quality Capital Structure

- Secure the solvency margin ratio in adequate level, maintaining a high level of soundness. The high proportion of capital stock and internal reserve results in high capital quality.
- Based on ERM under our Risk Appetite Statement, we will ensure soundness in business operation while achieving sustained growth and the medium- to long-term enhancement of corporate value.

Breakdown of Consolidated Solvency (as of March 31,2021)



1. Subtracted deduction item values from capital stock
2. Net unrealized gains and losses on available-for-sale securities and land
3. Subtracted values not included in the margin, among an excess of continued Zillmerized reserve and capital raised through debt financing, from an excess of continued Zillmerized reserve
4. Combined the total amount, among others, of general reserve for possible loan losses, sum of unrecognized actuarial differences and unrecognized prior service cost

ESR

(¥bn)

	Mar-20	Mar-21
ESR	116 %	205 %
Capital amount	3,420.0	4,320.0
Integrated risk amount	2,950.0	2,110.0

Credit Ratings¹

As of May 14, 2021

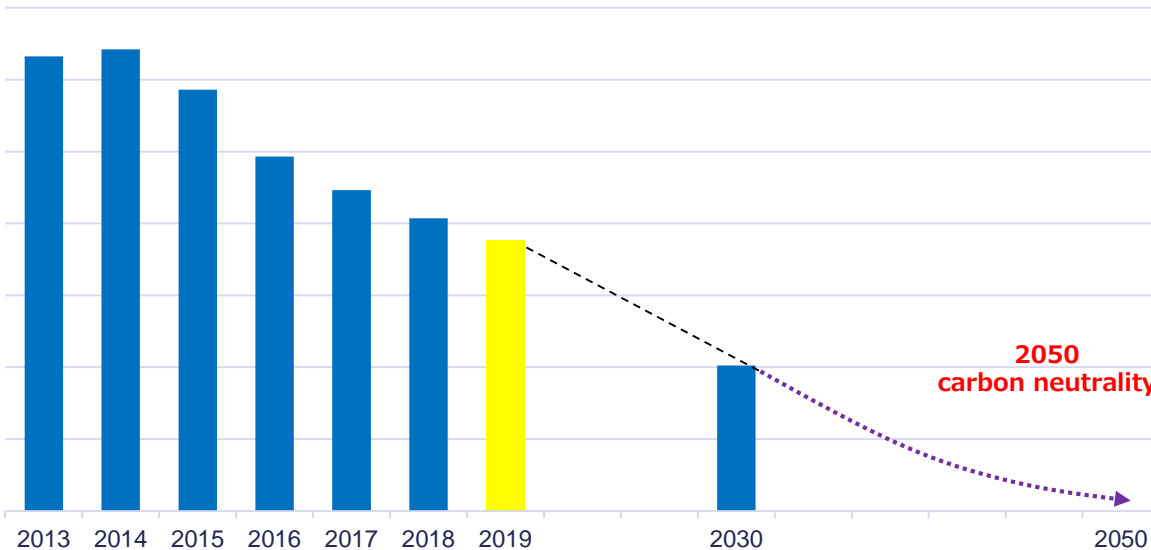
	S&P	R&I	JCR
Kampo	A (Stable)	AA- (Stable)	AA (Negative)
(Reference) Japanese government	A+ (Stable)	AA+ (Stable)	AAA (Stable)

1. Kampo's ratings fall under insurance financing (rating on insurance benefit solvency)

Initiatives to Contribute to Environmental Conservation - Environmental

- Toward the realization of carbon-neutral society, we will reduce CO₂ emissions 46% (compared to FY2019) in FY2030 and aim to achieve carbon neutrality by 2050^{1,2}
- Reducing greenhouse gas emissions through the use of decarbonized electricity by making facilities and vehicles more energy saving and more efficient, assuming a shift to a carbon-neutral society through technological innovation
- Further promote climate change initiatives taken to date and work on further information disclosure in accordance with the TCFD proposal

Image of Reduction to Achieve Carbon Neutral



1. Subject to Scope 1 (direct emissions from the company) and Scope 2 (emissions associated with the use of electricity, etc. supplied by other companies). Increases due to new businesses have been excluded.
2. In order to achieve the targets, the carbon neutralization is necessary, including the popularization of renewable energy in Japan. Japan Post Group will also support the carbon neutralization of Japan and the world. We will support the Paris Agreement and promote efforts to achieve carbon neutrality.

Disclosure in line with TCFD proposal

We have expressed our support for the proposal of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB) in April 2019.

In accordance with the four key elements of the TCFD proposal, namely “Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets,” we have disclosed information on our response to climate change and other issues.

To contribute to environmental protection, we will continue our efforts to lower the environmental impact through our business activities, including by reducing greenhouse gas emissions.

In asset management, we will also promote investments and loans under the theme of contributing to environmental protection, including addressing climate change, and measure the greenhouse gas emissions of our portfolio companies in order to examine how to manage our portfolio in light of greenhouse gas emissions.

Note : Please refer to the Japan Post Insurance website for more details on disclosure.

https://www.jp-life.japanpost.jp/english/aboutus/csr/en_abt_csr_environment.html#csrEnv5

ESG Initiatives – Social

- Assist promoting health and forming a diversity society as a contribution to local communities and society.

Popularize radio exercise

- Assist local community-society citizens in promoting health, by popularizing radio exercise.
- For FY21/3, thanks to the cooperation of the municipal authorities¹, we produced radio exercise footage at various locations titled “Digital Radio Exercise Tour” and broadcast successively through the radio exercise channel of Japan Post Insurance on YouTube.



Komaki-shi, Aichi
(photo on the above)



Hachinohe-shi, Aomori
(photo on the below)

1. Authorities scheduled to hold “FY21/3 Radio Exercise and *Minna no Taiso*”, which was cancelled due to the COVID-19

Support and Sponsorship of Wheelchair Tennis

- Supporting wheelchair tennis through our sponsorship of the Japan Wheelchair Tennis Association (JWTA) as a top partner.
- Welcomed OTANI Momoko, a wheelchair tennis player with whom we had an affiliate contract, as an employee of Japan Post Insurance in April 2020. We will provide her with further support and seek to help develop a society respecting diversity.



Support for the training camp in various regions organized by JWTA
(photo on the left)



OTANI Momoko (photo on the right) finished second in women’s singles at the Grand Slam Tournament held in France in October 2020.

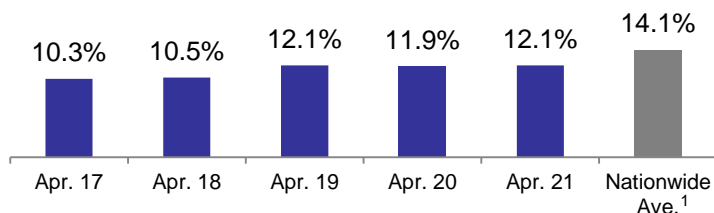
ESG Initiatives – Social

- Promote diversity management, mainly in the areas of “promoting expanding roles for female employees,” “work-life balance,” “providing support for balancing work and childcare/nursing care” and “promoting employment of persons with disabilities.”

Expanding Roles for Female Employees

Ratio of female Managers

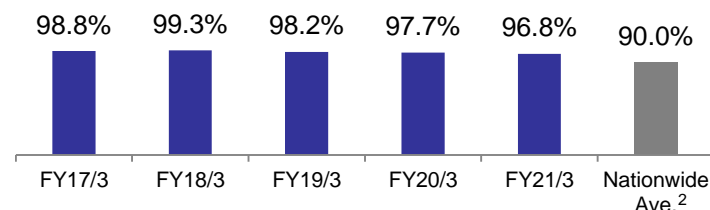
- Support expansion of roles for female employees by fostering an empowered mindset through career design seminars held for them



1. Ratio of female managers for companies with 5,000 employees or more (2019 Basic Survey of Gender Equality in Employment Management, MHLW)

Return-to-work rate of employees who took childcare leave

- Provide ongoing support for employees who have taken childcare leave with enhanced childcare leave systems and return-to-work programs

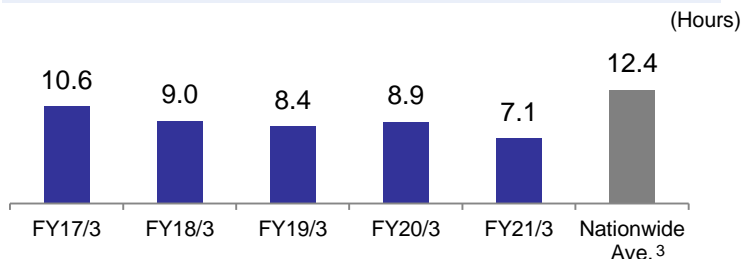


2. Return-to-work rate of employees who took childcare leave (2018 Basic Survey of Gender Equality in Employment Management, MHLW)

Work-Life Balance

Monthly average amount of overtime

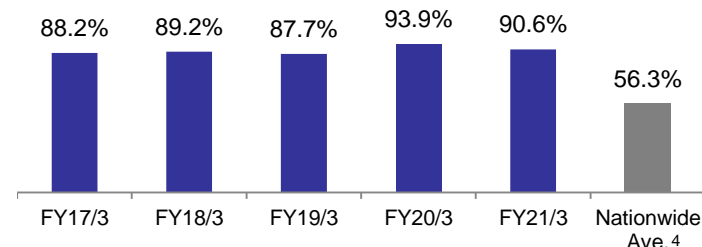
- Promote initiatives in work style reform and decrease the average overtime per month/per employee



3. Overtime work hours (excluding part-time work) (Monthly Labour Survey, 2020, MHLW)

Rate of taking paid leave

- Encourage employees, including managers, to take paid leaves as they planned and consecutive leaves

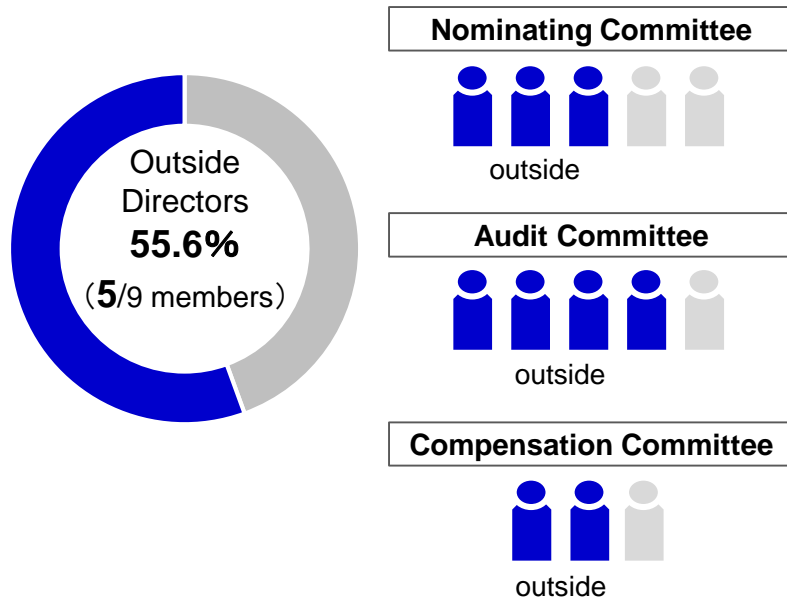


4. Rate of taking paid leave (2020 General Survey on Working Conditions, MHLW)

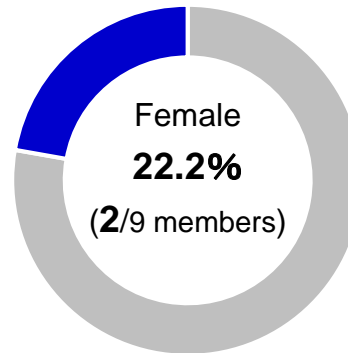
ESG Initiatives – Governance

- Strengthened corporate governance and enabled faster decision-making by adopting the corporate structure of a company with a Nominating Committee and other committees, and clearly separate the business execution and supervisory functions.
- Majority of directors in our Board of Directors are outside directors, and that includes two female directors. We achieve diversification and high independence in our Board.

Board of Directors Composition



Ratio of Female Directors



Outside Directors Composition

Female SUZUKI Masako	Executive Advisor of Pasona Group Inc.
SAITO Tamotsu	Senior Counselor of IHI Corporation
Female YAMADA Meyumi	Director of istyle Inc.
HARADA Kazuyuki	President and Representative Director of Keikyu Corporation
YAMAZAKI Hisashi	Attorney-at-law Former President, Sapporo High Court

Trust-Based Performance-Linked Stock Compensation System

Sharing the risk of depreciation as well as the advantage of appreciation in the company's stock price with shareholders gives executive officers an even greater awareness of the importance of contributing to sustainable growth of the company and the long-term improvement in corporate value.

Note: As of January 29, 2021

ESG Investment

- ESG factors are taken into account for all asset investments and loans from FY2021. As a framework for incorporating the ESG factors, we will focus on ESG integration, engagement and exercise of voting rights, theme investments, and impact investments.
- Based on the sense of “warmth” that is unique to Japan Post Insurance, we will actively promote investment under the following key themes: well-being¹ improvement, regional and social development, and contribution to environmental conservation.

Framework	Outline
ESG integration	<ul style="list-style-type: none"> We will integrate ESG factors into the investment process for all assets and promote the enhancement of our initiatives, in order to realize a sustainable society, improve investment results and reduce risks in the long term.
Engagement and exercise of voting rights	<ul style="list-style-type: none"> We will support the resolution of corporate social challenges through engagement and exercise of voting rights based on the following priority themes.
ESG-themed investment and impact investment	<ul style="list-style-type: none"> We will promote impact investment along with the ESG-themed investment already in place based on the following priority themes, thereby contributing to the resolution of social challenges.
Negative screening	<ul style="list-style-type: none"> We will consider expanding the target assets of negative screening for inhumane weapons related companies and project finance involving coal-fired power generation, which have already been implemented in-house investment.

Priority themes in ESG-themed investment, etc.

[Theme 1] Well-being¹ Improvement

[Specific investment targets (plan)]

- Support for the countermeasures against COVID-19
- Support for facilities and corporations that contribute to health promotion
- Support for the creation, etc. of an environment in which children, the elderly and people with disabilities can live safely with peace of mind
- Support for efforts to achieve gender equality



[Theme 2] Regional and Social Development

[Specific investment targets (plan)]

- Support for the revitalization, etc. of local businesses
- Support for initiatives to improve a local transport system
- Support for community formation
- Support for urban renewal and disaster recovery



[Theme 3] Contribution to Environmental Conservation

[Specific investment targets (plan)]

- Support for renewable energy
- Support for businesses and technologies that contribute to the reduction of GHG emissions
- Support for initiatives to protect forest, water resources and biodiversity, and reduce waste



1. Everything is fulfilled physically, mentally and socially.

<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.

Contact information

IR Office, Corporate Planning Department
JAPAN POST INSURANCE Co., Ltd.
TEL: +81 3-3477-2383