

FY2020/3
Financial Results & Corporate Strategy Meeting

May 27, 2020



CEO Profile



**President, CEO, Representative
Executive Officer**

Tetsuya Senda

[Date of birth: April 22, 1960]

 **JAPAN POST INSURANCE**

[Summary of career background]

April 1984	Joined the Ministry of Posts and Telecommunications
October 2007	Establishment of Japan Post Group Senior General Manager of Customer Service Department of the Company
July 2011	Executive Officer and Senior General Manager of Corporate Planning Department of the Company
July 2013	Managing Executive Officer of the Company
(November 2015	IPO of Japan Post Insurance)
June 2016	Senior Managing Executive Officer of the Company
November 2017	Senior Managing Executive Officer of Japan Post Holdings Co., Ltd. President, Representative Director of Japan Post Capital Co., Ltd.
April 2019	Deputy President, Representative Executive Officer of the Company
August 2019	Managing Executive Officer of Japan Post Holdings Co., Ltd. (current position)
January 2020	President, CEO, Representative Executive Officer of the Company (current position)

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- Please look at page 1.
- I am Tetsuya Senda, appointed as President of Japan Post Insurance in January of this year. Thank you very much for attending our Financial Results & Corporate Strategy Meeting today.
- First of all, I express my sympathy to those who have been infected with COVID-19 and extend my sincerest condolences to those who have lost their dear ones. Besides, please accept my apologies for conducting this meeting in the form of a conference call due to the influence of the recent spread of the COVID-19 infection and any inconvenience that this may have caused to you. As this is my first briefing session since I took office as President, I wanted to have a face-to-face meeting, but considering the risks of having everyone gather here, we have decided to hold this meeting in the form of a conference call. Your understanding would be much appreciated.
- Regarding the solicitation quality issues, our past initiatives to create an appropriate scheme for quality control were insufficient, which has caused a great deal of concern to all of our stakeholders including shareholders and customers since last year.
- As a person who has been appointed as President under such a circumstance, I am aware that I am being called upon to regain the trust of our customers at our highest priority and rebuild our business foundation, while achieving our growth strategies.
- I hope to once again pursue the products and services that are unique to Japan Post Insurance, and to take the command in regaining trust and promoting business improvement.

Agenda

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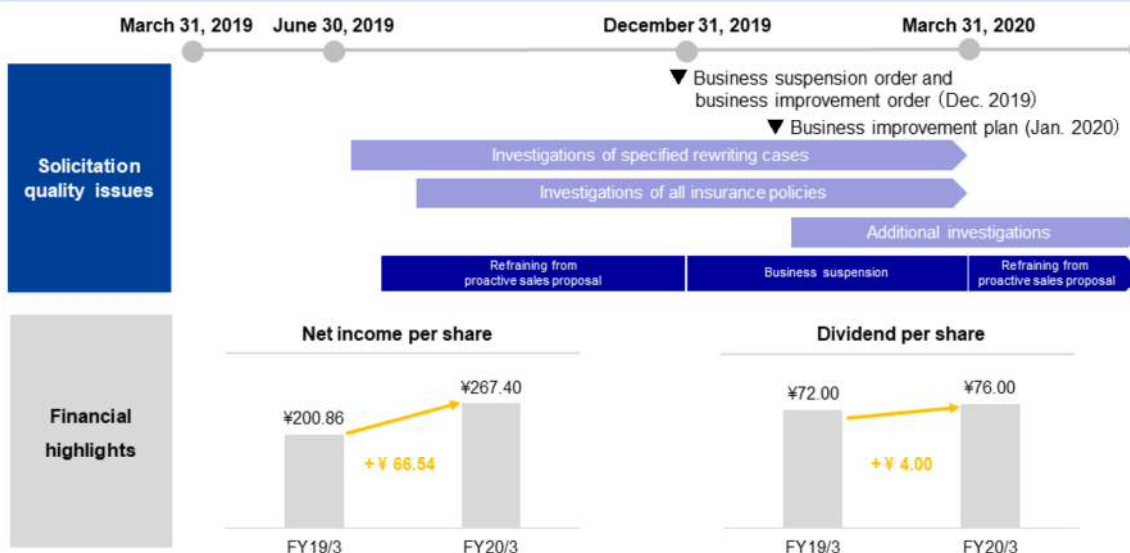
- Please look at page 2.
- For the first half of the meeting today, I would like to give the summary and financial results for the fiscal year ended March 31, 2020. In the second half, I'll share the forecasts for the year ending March 31, 2021 and future initiatives. Afterward, I would like to answer any questions you may have.

1

Summary of the Fiscal Year Ended March 31, 2020

Summary of the Fiscal Year Ended March 31, 2020

- To address the solicitation quality issues, we have been engaged in the policy investigation and improvement measures as top priorities by refraining/suspending sales activities since July 2019, and aimed to regain our customers' trust in an early stage.
- Net income per share for FY20/3 increased to ¥267.40 year on year due to the decrease in expenses for sales and underwriting as a result of decreased new policies sales, and positive spread in investments. The dividend for FY20/3 was ¥76.00 per share.



- Please look at page 4.
- In the fiscal year ended March 31, 2020, we have spared our management resources to deal with the solicitation quality issues since July. Our top priority was to provide recompense for customers' disadvantages.
- Furthermore, in December 2019, we received business suspension and business improvement orders causing considerable concern to shareholders. Nevertheless, by sharing a sense of crisis within the Japan Post Group and engaging in improvement initiatives, we have been making progress to date in our policy investigations and business improvement plan.
- With regard to sales personnel, discipline is being carried out based on impartial criteria. Meanwhile, those sales personnel whom we judged to be able to maintain their sales personnel eligibility are undergoing training so that they can restart insurance sales. By taking these and other measures, we are going forward with preparations to restart sales activities.
- On the other hand, in terms of financial results, net income per share increased significantly in the fiscal year ended March 31, 2020, compared to the fiscal year ended March 31, 2019.
- However, we recognize that this increase was not a result of making favorable progress in our initial management plan, but a temporary upswing in profits, which has been materially impacted by the decrease in expenses for sales and underwriting as a result of refraining from sales activities and other factors.
- Therefore, we have decided to pay a dividend of ¥76 per share for the fiscal year ended March 31, 2020, an increase of ¥4 from previous fiscal year. That is the amount we initially forecast.

Changes in Business Environment and Their Impact

- In an effort to regain customers' trust in an early stage, which has been diminished due to the solicitation quality issues, as soon as possible, we have been engaged in the policy investigation and improvement measures as a top priority since June 2019, and continuing these efforts in FY21/3.
- Since the outset of 2020, our business environment has been changing drastically caused by the global outbreak of COVID-19 and resultant deterioration of the market environment. However, no problems can be seen in the FY20/3 results and financial soundness indicators. We forecast stable earnings generation in FY21/3 (net income: ¥ 124.0bn).

Changes in Business Environment

Response by Japan Post Insurance

Drop in Customers' Trust due to the Solicitation Quality Issues

- To restore customers' trust in an early stage, we have been engaged in the policy investigations and improvement measures as a top priority since June 2019, and committed ourselves to continuing these efforts in FY21/3.
- Responses to customers, disciplinary action against sales personnel and the establishment of a checking system etc. are progressing well.

Spread of COVID-19

- Given the status of the COVID-19 epidemic in Japan as of May 15, 2020, the impact that an increase in insurance benefit have on our financial conditions will be limited.
- We reserved ¥ 1,797.3bn of contingency reserve as of the end of FY20/3. A stress test shows that the financial soundness will not be impaired even under a pandemic situation.

Changes in/Deterioration of Market Environment

- As the concern for COVID-19 pandemic led sharp decline in both domestic and foreign stock prices, we recognized an impairment and a decrease in unrealized gains of some stocks. However, most of the return-seeking assets are hedged foreign bonds. Net unrealized gains on available-for-sale securities for FY20/3 amounted to ¥370.1 billion.
- We remain a high level of financial soundness with a solvency margin ratio of 1,070.9% in FY20/3.



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- Please look at page 5.
- This is a summary of the impact that the changes in the business environment have on the finances.
- In short, our measurements to counter the solicitation quality issues are making good progress. In addition, the impact of the spread of the COVID-19 infection and the accompanying deterioration of the market environment do not damage the financial results and the financial soundness in any significant way.
- With regard to the solicitation quality issues, we continue our effort to regain our customers' trust in this fiscal year. The elements to restart sales activities, those are responses to customers, disciplinary action against sales personnel and the establishment of a checking system, are progressing well
- We recognize the impact of the spread of the COVID-19 on the payment of insurance claims to be limited, considering the current status of the infection. According to our internal stress tests, we have confirmed that we can maintain sufficient soundness even if the disease continues to spread.
- With regard to asset management, although the market has been changed and deteriorated caused by the spread of the COVID-19, since most of our return-seeking assets are hedged foreign bonds, we recognized ¥370.1 billion of net unrealized gains on available-for-sale securities for the fiscal year ended March 31, 2020. We also maintain high financial soundness with a solvency margin ratio of 1,070.9%
- The reason why we are able to generate stable profits even under these harsh circumstances is that the life insurance business is characterized by being a stock business and that we have accumulated a huge customer base that we have contacted so far.
- However, given that current circumstances in which new policies cannot be acquired will impact the financial foundation of the company in the medium to long-term, we will give priority to resolving the solicitation quality issues and aim to restart ordinary sales activities after securing a scheme for appropriate sales activities.

2

**Financial Results for the Fiscal Year
Ended March 31, 2020 and Status of EV
and ESR as of March 31, 2020**

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

- Net income increased by ¥30.2 billion year on year due to a decrease in expenses for sales and underwriting as a result of decreased new policies sales, and positive spread in investments.
- EV and the value of new business declined year on year, due to changes to non-economic assumptions, as well as deterioration of economic variances adversely affected by the spread of the COVID-19 infection, refraining from proactive sales proposal and business suspension.

		FY 19/3	FY 20/3	Change	Achievement (Revised basis)	Revised FY20/3 Forecasts	(¥ bn)
		A	B	B/A	B/C	C	
Earnings (Financial Accounting)	Net Income	120.4	150.6	+ 25.1 %	112.5 %	134.0	
	Net Income per share (EPS)	¥ 200.86	¥ 267.40	+ 33.1 %	112.5 %	¥ 237.79	
Embedded Value (Economic Value)	EV	3,925.7	3,324.2	(15.3) %	—		
	Value of new business	223.8	60.6	(72.9) %	—		
Shareholder Return	Dividend per share (DPS)	¥ 72 (Ordinary Dividend ¥ 68 + Special Dividend ¥ 4)	¥ 76 (Interim Dividend ¥ 38 + Year-end Dividend ¥ 38)	+ ¥ 4	± ¥ 0	¥ 76 (Interim Dividend ¥ 38 + Year-end Dividend ¥ 38)	

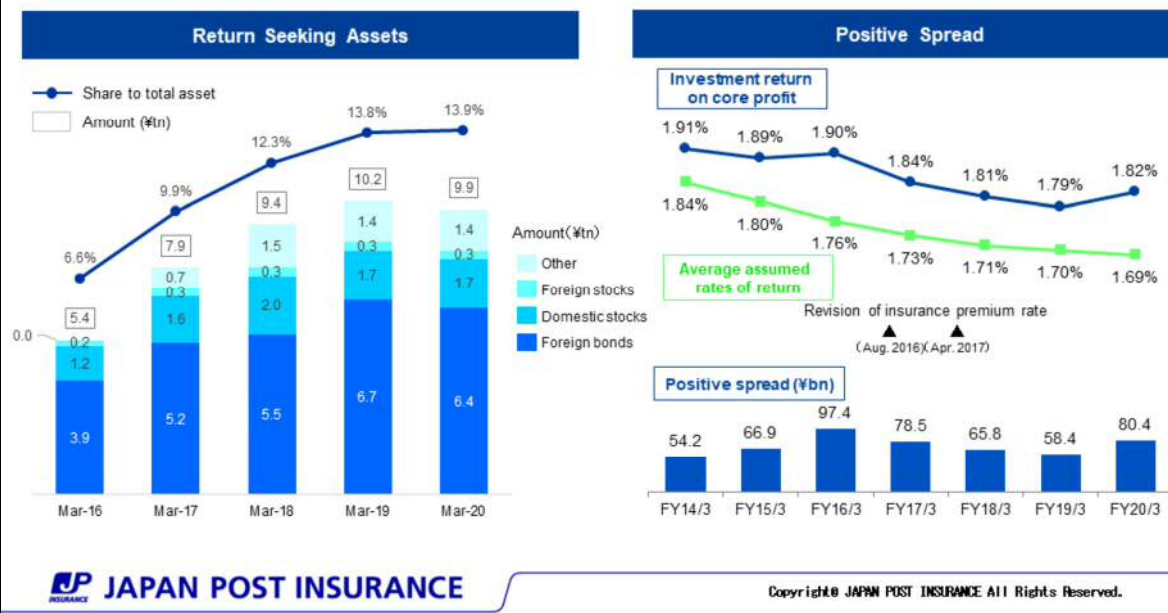
[Factors of year-on-year changes]

- Net income: + ¥30.2 bn
 - Decrease in expenses for sales and underwriting as a result of decreased new policies sales
 - Positive spread in investments
- EV: ¥ (601.5) bn
■ Value of new business: ¥ (163.1) bn
 - Changes in non-economic assumptions (expenses, surrender, etc.)
 - Deterioration of economic variances
 - Decrease in new policy sales due to refraining from proactive sales proposal and business suspension
- Dividend per share: + ¥4
 - Achieved a target of the Medium-Term Management Plan ahead of schedule and pay a dividend of ¥76 per share

- Please look at page 7.
- Next, I would like to explain the summary of financial results.
- Net income for the current period was ¥ 150.6 billion, increased by ¥30.2 billion year on year due to the decrease in expenses for sales and underwriting as a result of decreased new policies sales, and positive spread in investments.
- Both EV and value of new business declined year on year, due to changes to non-economic assumptions such as expense and surrender and lapse, deterioration of economic variances due to the spread of the COVID-19 infection, and decrease in new policy sales due to refraining from proactive sales proposal and business suspension.
- As I explained, EV and the value of new business declined in the fiscal year ended March 31, 2020, despite an increase in net income.
- We are aiming to generate stable profits in the medium- to long-term, rather than a single-year increase in income as a result of one-time factors. We hope that such an effort will eventually lead to increases in EV and the value of new business.

Asset Management

- For the fiscal year ended March 31, 2020, we secured a positive spread of ¥80.4 billion, which reflects among other factors such as the effect of asset portfolio diversification we have been pursuing, despite the drastic changes in the market environment due to COVID-19 from February 2020.



- Please look at page 8.
- Next, I would like to explain the results of asset management.
- The left chart shows the amounts of return seeking assets and the ratio of them to total assets.
- We are expanding investments in return seeking assets within the scope of risk buffer under a risk appetite policy principally based on ALM. At the end of March 2020, balance of return seeking assets such as stocks and foreign bond was ¥9.9 trillion or 13.9% of total asset.
- As a result, we attained 1.82% investment return in the fiscal year ended March 31, 2020, despite some market volatility arising from the spread of the COVID-19 infection since February 2020.
- The average assumed rates of return was 1.69%, reflecting the effect by reductions of assumed rates of return. As a result, a positive spread of ¥ 80.4 billion was achieved.

Financial Soundness

Internal Reserves				Solvency Margin Ratio			
				(#bn)			
	Mar-19	Mar-20	Provisions in the period		Mar-19	Mar-20	
Contingency reserve	1,962.7	1,797.3	(165.3)	Solvency Margin Ratio	1,189.8 %	1,070.9 %	
Postal Life Insurance category	1,491.4	1,320.6	(170.8)	Total amount of solvency margin	5,647.8	5,161.6	
New category	471.2	476.6	5.4	Total amount of risk	949.3	963.8	
Price fluctuations reserve	897.4	858.3	(39.1)	Real net assets	13,535.7	12,350.9	
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.

- Please look at page 9.
- I would like to report on our financial soundness.
- ¥1,797.3 billion contingency reserve as well as ¥858.3 billion reserve for price fluctuations were provided with a view to ensuring sound and stable management into the future, against the risks of business environment change not least the spread of the COVID-19 infection and associated deterioration in the market condition.
- While gradually increasing the proportion of return seeking assets, we are still maintaining superior soundness with solvency margin ratio at 1,070.9%.
- As I explained, we will keep watching the impact of the spread of the COVID-19 infection. The internal stress test has proven that we will maintain insurance benefit solvency and financial soundness in the event of the pandemic scenario.

Embedded Value

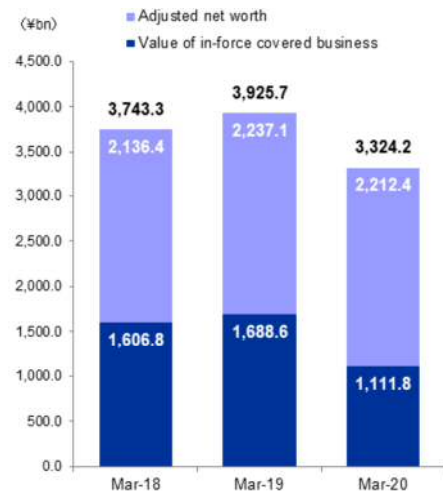
Breakdown of EV

	Mar-19	Mar-20	Change
EV	3,925.7	3,324.2	(601.5) ((15.3) %)
Adjusted net worth	2,237.1	2,212.4	(24.7) ((1.1) %)
Value of in-force covered business	1,688.6	1,111.8	(576.7) ((34.2) %)

	Year ended Mar-19 ¹	Year ended Mar-20 ²	Change (Year on Year)
Value of new business ³	223.8	60.6	(163.1) ((72.9) %)
New business margin ⁴	5.9 %	4.1 %	(1.8) points

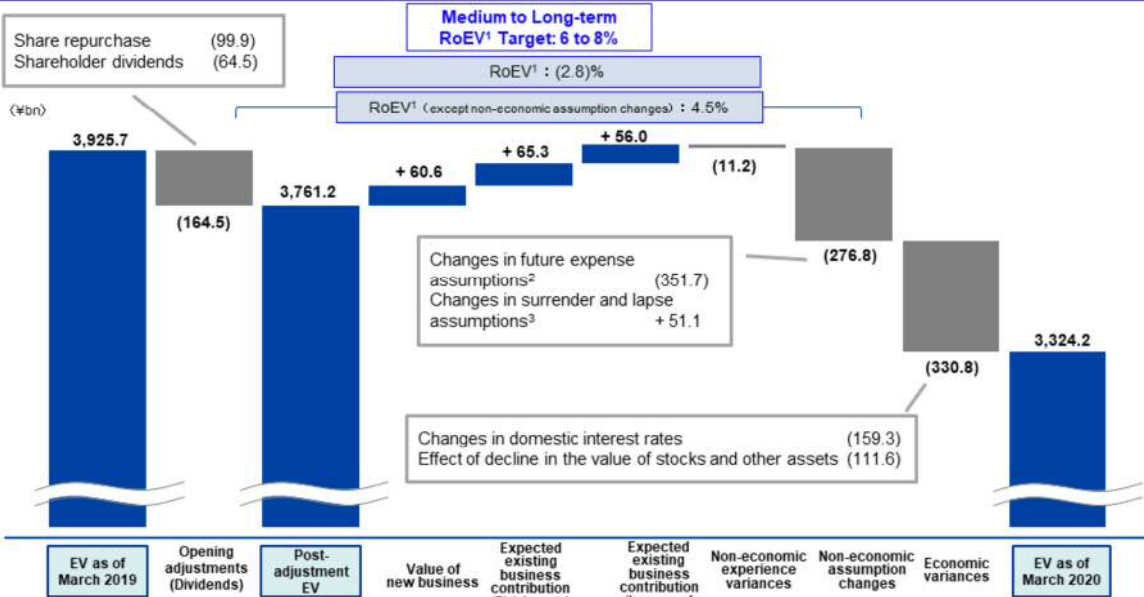
- Using the economic assumptions as of December 31, 2018, based on the new policies written in the period from April 2018 to March 2019.
- Using the economic assumptions as of December 31, 2019, based on the new policies written in the period from April 2019 to March 2020.
- The value of new business includes an increase or decrease due to a switchover of riders.
- The value of new business divided by the present value of future premium income.
- Ultimate forward rates were assumed at 3.5% for FY2018 and the years before FY2018, and 3.8% for FY2019.

EV



- Please look at page 10.
- As mentioned earlier, EV and value of new business declined year on year, due to changes to non-economic assumptions, such as expense and surrender and lapse, as well as deterioration of economic variances adversely affected by the spread of the COVID-19 infection, decrease in new policy sales due to refraining from proactive sales proposal and business suspension.

Movement Analysis of EV

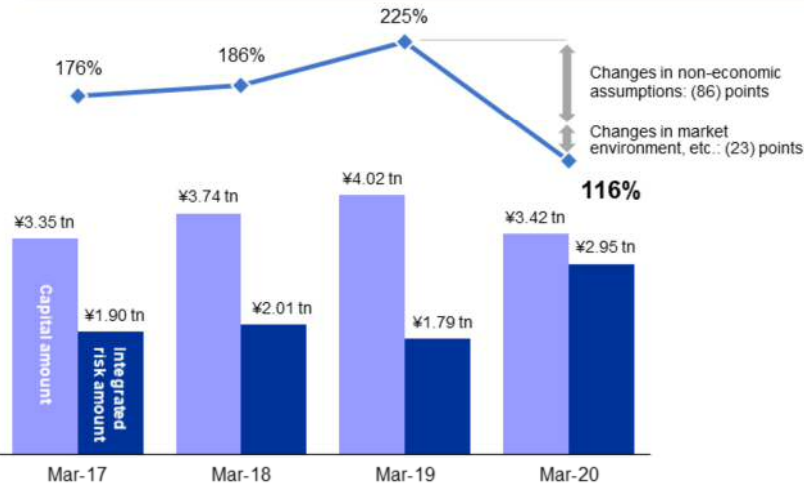


1. Calculated by excluding economic variance factors.
2. The expense assumptions were set based on the most recent experience and an allowance was made for future increases in expenses to reflect the decreasing trend in the volume of in-force policies (including Postal Life insurance policies). In the calculation of the EV as of March 31, 2019, the future trend of in-force volume was estimated based on historical experience. However, in the calculation of the EV as of March 31, 2020, the future trend of in-force volume was estimated under consideration of the issues related solicitation quality at the valuation date. This reduced the estimate of the volume of future in-force policies, in turn increasing the expense assumptions.
3. EV as of March 31, 2019 was calculated based on the surrender and lapse rate that included the effects of rewritings. On the other hand, EV as of March 31, 2020 was calculated based on the surrender and lapse rate that excluded the same effects as the following actions are planned to be taken under the Business Improvement Plan: 1) implementing policy rewriting measures, 2) introducing a conditional cancellation system and policy conversion system; and 3) assessing net increase only for the volume of new business obtained by using the aforementioned systems. This resulted in a decrease in the underlying surrender and lapse rate.

- Please look at page 11.
- This page shows movement analysis of EV. To cope with this decreased EV, we must be focused on the two challenges namely securing and expanding value of new business, as well as securing volume of policies in force, which has significant impact on the expense assumptions.
- We regard EV and value of new business as two important indicators of corporate value, we are aiming to improve these indicators by materializing and steadily implementing the management policies and strategies as mentioned later.

ESR (Economic Solvency Ratio)

- ESR as of March 31, 2020 decreased to 116%, as a result of a reduction in the capital amount caused by changes in non-economic assumptions and changes in market environment, etc., as well as an increase in the integrated risk amount.
- ESR is positioned as an indicator to be referred to and responded to on a medium- to long-term basis, as it fluctuates greatly depending on the assumptions made at the time.



ESR Sensitivity (As of March 31, 2020)

50bp increase in risk-free rate	+ 46 points
50bp decrease in risk-free rate (parallel shift without zero floor)	(31) points
10% decrease in equity and real estate value	(5) points

Future volume of policies in force is 105% of the level*	+ 8 points
Future volume of policies in force: 95% of the level*	(8) points

* Assumed in the calculation of EV as of March 31, 2020

ESR (As of September 30, 2019)

ESR	128 %
Capital amount	¥3.57 tn
Integrated risk amount	¥2.80 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. Changes in non-economic assumptions correspond to the identical item used in the EV movement analysis.

- Please look at page 12.
- Next, I would like to mention ESR. ESR is decreasing due to the decrease in EV while increase in risk amount.
- We regard ESR as an indicator for reference over the medium to long-term, because it does not reflect the level of the capital adequacy at the time of measurement.
- Therefore, we decided to maintain the dividend forecast of ¥76 per share for the fiscal year ending March 31, 2021.
- However, for ESR as of the end of March 2020 as shown here, we will control it adequately through multiple measures including the growth of EV and capital enhancement.

3

The Forecasts for the Year Ending March 31, 2021

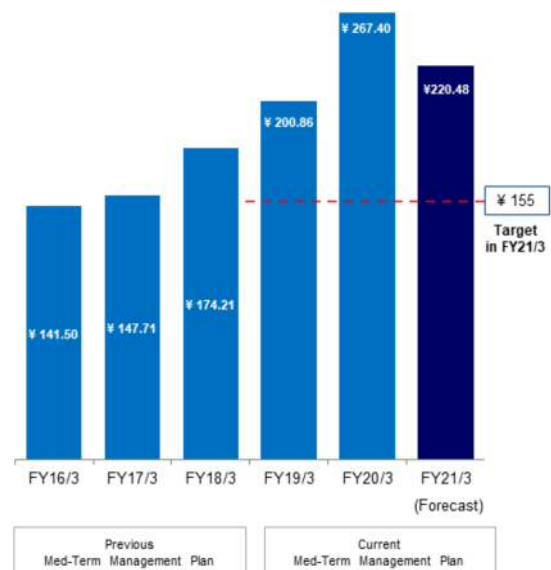
The Forecasts for Full-year Financial Results for the Year Ending March 31, 2021

Full-year Financial Results Forecast¹

(¥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

- Please look at page 14.
- With regard to the financial results forecast for the fiscal year ending March 31, 2021, as we decided not to set sales target and not to monitor the achievement rates of it even after restarting sales activities, we anticipate continuous decline in expenses for sales and underwriting due to decrease in new policy sales as same as in the fiscal year ended March 31, 2020.
- Meanwhile, we have announced decreased financial results forecast due to the decrease in projected expenses for policy administration, etc. along with continuous decrease in policies in force, and the decrease in interest and dividend income under the deteriorating market environment.

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]



Previous Med-Term Management Plan | Current Med-Term Management Plan

2. Share repurchase on April 2019

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

- Please look at page 15.
- I would like to explain the shareholder return.
- Since we regard the distribution of profit to shareholders is an important policy of management, we will distribute profits to shareholders stably to meet shareholders' expectation, while solidly fulfilling our obligations to policyholders without fail.
- Specifically, we aim for stable dividends per share while considering earning prospects and financial soundness. As for the dividends for the fiscal year ending March 31, 2021, we plan to pay an ordinary dividend of ¥76 per share, in line with the dividend targeted for the final year of the Medium-Term Management Plan.
- We will be striving to ensure long-term profitability as basis for stable shareholder return, through materializing the growth strategies to be described later.

4

Future Initiatives

Initiatives in the Fiscal Year Ending March 31, 2021

- Aim to implement the Business Improvement Plan consistently while completing the response to customers associated with the policy investigations as well as the sales personnel investigations in FY21/3.
- Strengthen our business foundation and pursue sustainable development of Japan Post Insurance as well as Japan Post Group as a whole.



- Please look at page 17.
- These are the details of the measures to address the solicitation quality issues that we will undertake in this fiscal year.
- The items stated in the lower right under the headline “Key new measures” are being successively implemented to improve the solicitation quality control scheme. Additionally, as already announced, we will not monitor the achievement rates of sales targets in this fiscal year.
- In the meantime, we will transform our past management style that overly focuses on new sales figures into one that dedicates to establishing and embedding proper sales method, through ensuring thorough understanding and infiltrating of a code of conduct and “Standard of Japan Post Insurance sales,” which will help sales personnel develop their capabilities to accurately communicate to customers that our products can surely serve their needs, and enhance the strength of the post office distribution channels.
- Based on these initiatives, we aim for growth in the medium to long-term by providing better products and services as well as appropriate processes.
- The additional report prepared by the Special Investigative Committee in March 2020 contains the interviews with sales personnel who have been able to maintain both sales results and solicitation quality.
- The fact that they were able to carry this out at the post offices means that if we were to nurture similar human resources going forward, it would be possible for both Japan Post Insurance and Japan Post Co. to conduct appropriate sales and achieve growth together. I am confident of this.

Measures in Response to the Spread of COVID-19

- The spread of COVID-19 has become a global issue and it causes significant impact on individual life and corporate management in Japan.
- Implement our social mission and role stably as Life Insurance Company under this state of emergency .

Actions Taken

Overview

Support for customers

- Implemented emergency measures such as: 1) extension of grace period for premium payments; 2) policy loan at a reduced interest rate (0%); and 3) omission of some of the necessary documents.
- Apply "Double payment of insurance benefits" if an insured dies of COVID-19 infections.
- The insured will be entitled to hospitalization benefits even if he/she receives medical treatment at an accommodation facility offered by prefectural governments or at home, subject to the submission of an evidential document, such as a medical certificate prepared by a physician.

Appropriate business operation in an emergency

- Appropriately conducted important operations that should be continued such as the policy investigation and the payment of insurance claims while paying due attention to the health and safety of our employees.
- Regarding the asset management, watch the financial market carefully and aim to secure positive spread while maintaining financial soundness.

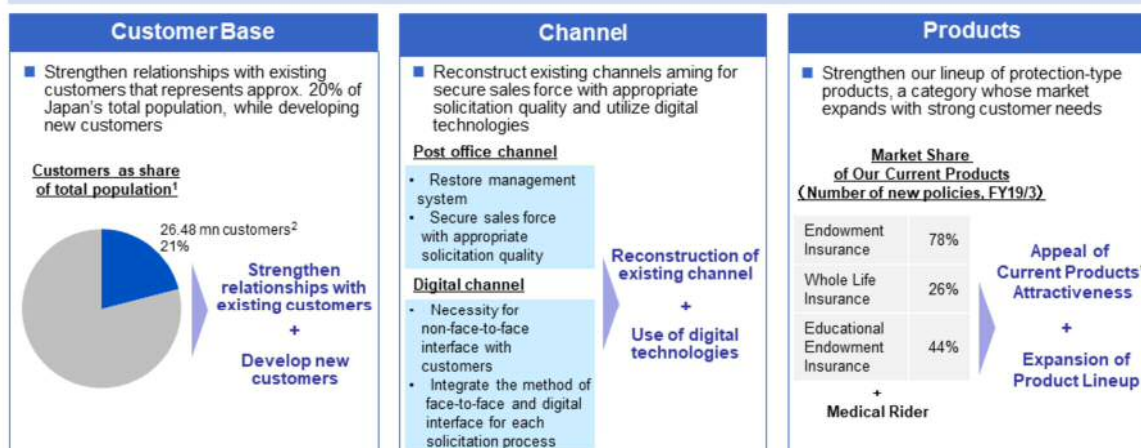
Correspondence to changes in lifestyle

- In light of the spread of non-face-to-face service usage, further utilize digital technologies to create an environment where insurance services can be provided without constraints of time and place.

- Please look at page 18.
- This is a summary of the measures that we have recently taken in response to the spread of the COVID-19 infection.
- Needless to say, in this state of emergency, as a life insurance company, we will continue to maintain our essential services upon giving due consideration to the health and safety of employees, and provide quick and steady economic assistance to customers through the payout of insurance claims and other means. Moreover, it has already taken measures such as supporting the cash management for our customers, such as small and medium-sized enterprises, sole proprietors through loans, as well as investing in bonds which support COVID-19 measures.
- In terms of asset management, in light of growing uncertainties over the market outlook, we will closely monitoring the market environment and ensuring cautious risk taking more than ever.
- The current situation has made us aware of the necessity for providing non-face-to-face services in various business domains. I believe that the possibilities for such services will further expand.
- While we have been promoting the utilization of digital technology, including the online procedures at "my page", we are considering the further utilization to provide an environment where insurance services, including various procedures and insurance consultations, can be provided without constrains of time and place.
- It may be difficult to understand the necessity and the importance of the social role played by life insurance at normal times. Once a situation like this happens, however, we can provide quick and steady economic assistance to customers through the payout of insurance claims among other means. I hope that we will continue to fulfill such a role going forward.

Future Direction of our Growth Strategy

- Maintain the existing customer base, a strength of Japan Post Insurance, by regaining customers' trust through home-visit activities and follow-up support.
- Rebuild a sustainable business model by taking measures, including revitalizing the post office channel, developing a new customer base and offering new products and services.



Rebuild sustainable business model

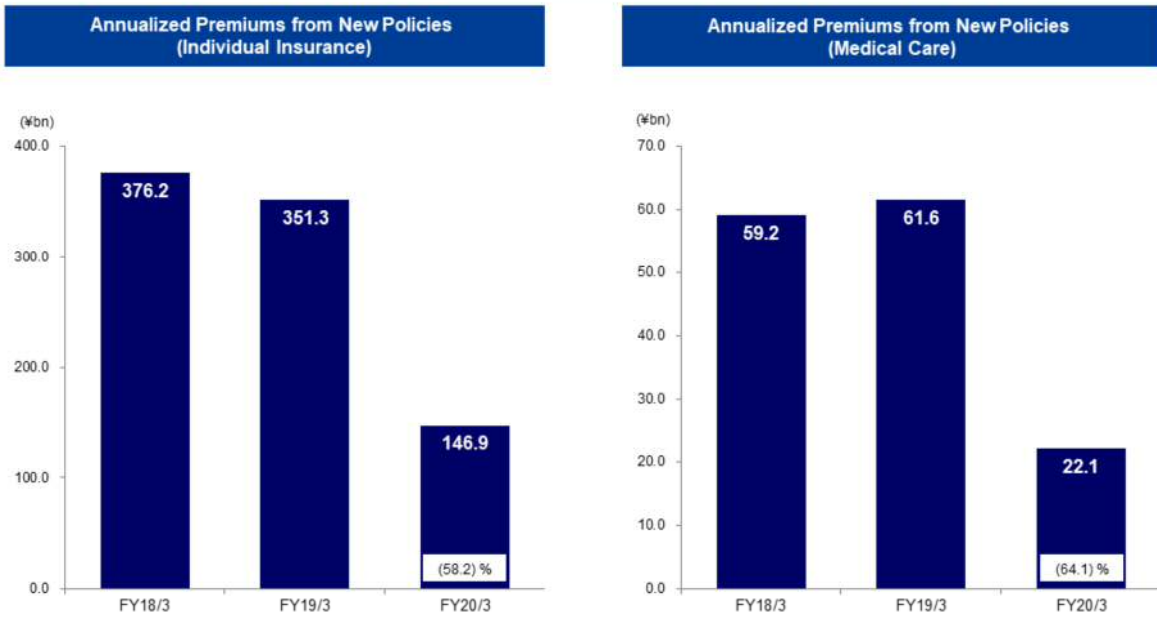
1. 126.23 million people (provisional estimates as of April 1, 2019 from "Population Estimates" (Statistic Bureau, Ministry of Internal Affairs and Communications))
2. As of March 31, 2019: The sum of policyholders and insured (including individual insurance and individual annuities as well as Postal Life insurance reinsured by us under commission from the Postal Management and Support Organization.)

- Please look at page 19.
- This slide shows the initiatives which we need to address in a timespan of around three years. These are the bases for the next Medium-Term Management Plan starting in the next fiscal year, which we are engaged in internal discussions currently.
- Our basic approach is that we will strive to improve our corporate value by securing adequate scale of business along with profitability over the long-term, such as five or ten years, by achieving intrinsic growth in insurance underwriting, the core of our life insurance business, even if restart of sales activities may result in a temporary decrease in profit on a single year basis.
- Based on this long-term approach, the first order of business is to make our business foundation rigid again, through reconstructing post office channel, strengthening relationships with the existing customer base comprising mainly the middle-aged, the elderly and female, and developing products for that purpose. Those are the "strengths" that we have acquired to date.
- Regarding sales channels, it will require further discussions with Japan Post Co., but we intend to reinforce our commitments to improving the sales and management structures at the post offices and to provide necessary support in order to secure sales force with solicitation quality more than ever before.
- As I explained, regarding utilization of digital technology, the spread of COVID-19 reminds us for the importance of non-face-to-face interface with customers.
- From now on, we are considering to expand online procedures and to integrate face-to-face and digital interface in accordance with each solicitation process.
- This concludes my explanation.
- We would sincerely ask and appreciate your further understanding and continuous support. Thank you for your attention.

5

Appendix

Annualized Premiums from New Policies

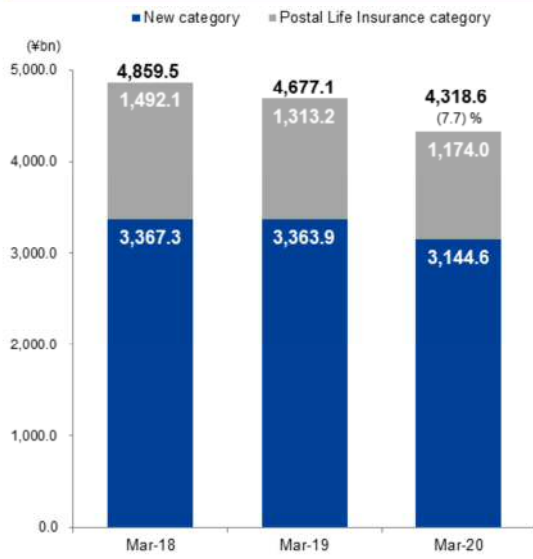


Note1 : Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined according to the relevant payment method to arrive at a single annualized amount. (For lump-sum payments, annualized premiums are calculated by dividing the total premium by the insured period.) Medical care corresponds to medical and living benefits, etc. Annualized premiums (individual insurance) include the premiums for medical care related to individual insurance.

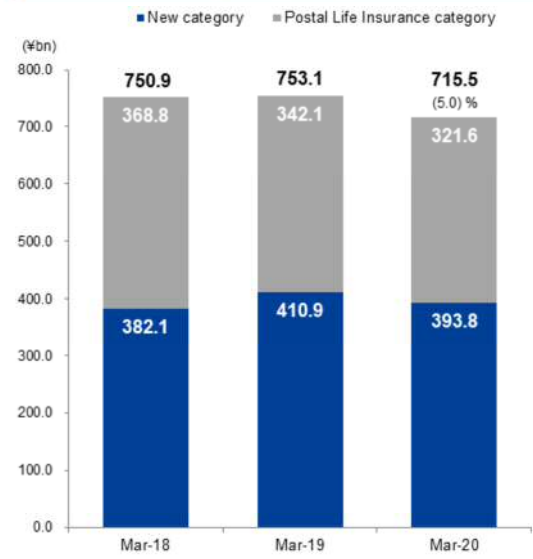
Note2 : The figures for the year ended March 31, 2020 include the influence by refraining from proactive sales proposal from mid-July 2019 and business suspension from January 2020.

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.

Investment

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. 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.

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.



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Diversifying the Asset Portfolio

- Expand investments in return seeking assets within the scope of risk buffer under a risk appetite policy principally based on ALM.
- As low interest rate environment continues in Japan, in light of growing uncertainties over the market outlook, we will closely monitor the market environment and ensuring cautious risk taking more than ever. In FY21/3, we will continue to diversify our asset portfolio, including development of framework to invest directly in alternative assets.

Return seeking assets

(¥bn)

	Mar-16		Mar-17		Mar-18		Mar-19		Mar-20		Mar-21
	Amount	Share ¹	Amount	Share ¹	Amount	Share ¹	Amount	Share ¹	Amount	Share ¹	Plan
Return seeking assets ²	5,401.6	6.6 %	7,963.7	9.9 %	9,450.4	12.3 %	10,217.7	13.8 %	9,938.6	13.9 %	Approx. 15%
Foreign bonds ³	3,919.8	4.8 %	5,267.9	6.6 %	5,545.4	7.2 %	6,708.7	9.1 %	6,445.1	9.0 %	(Hedged) Increase (Open) Keep flat
Japanese stocks ³	1,202.5	1.5 %	1,626.0	2.0 %	2,040.6	2.7 %	1,756.0	2.4 %	1,765.1	2.5 %	Increase
Foreign stocks ³	229.4	0.3 %	309.0	0.4 %	342.5	0.4 %	345.5	0.5 %	323.5	0.5 %	Keep flat
Other ⁴	49.9	0.1 %	760.6	0.9 %	1,521.8	2.0 %	1,407.3	1.9 %	1,404.8	2.0 %	Increase

Main initiatives on return seeking assets	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
		<ul style="list-style-type: none"> [Foreign bonds] <ul style="list-style-type: none"> Expand the amount of investments in hedged foreign bonds [Stocks] <ul style="list-style-type: none"> Commenced smart beta investments [Other] <ul style="list-style-type: none"> Start investing in multi-asset funds 	<ul style="list-style-type: none"> [Foreign bonds] <ul style="list-style-type: none"> Expand the amount of investments in hedged foreign bonds [Stocks] <ul style="list-style-type: none"> Launch in-house investment management [Other] <ul style="list-style-type: none"> Start investing in U.S. Bank Loans 	<ul style="list-style-type: none"> [Foreign bonds] <ul style="list-style-type: none"> Start investing in EM bonds [Stocks] <ul style="list-style-type: none"> Expand the amount of in-house investment management [Other] <ul style="list-style-type: none"> Start alternative investments (HF and PE, among others) 	<ul style="list-style-type: none"> [Foreign bonds] <ul style="list-style-type: none"> Launch in-house investment management for U.S. corporate bonds [Stocks] <ul style="list-style-type: none"> Start investing focused on corporate growth [Other] <ul style="list-style-type: none"> Start investing in overseas real estate funds 	<ul style="list-style-type: none"> [Foreign bonds] <ul style="list-style-type: none"> Expand target currencies [Stocks] <ul style="list-style-type: none"> Expand the amount of in-house investment management [Other] <ul style="list-style-type: none"> Expand the amount of alternative investment

1. The percentage to total assets is shown.

2. 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.

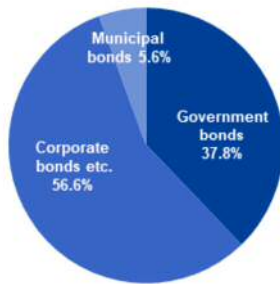
3. "Japanese stocks," "Foreign stocks" and "Foreign bonds" include individual stocks and bonds, as well as investment trusts that invest only in the specified assets.

4. "Bank loans," "multi-asset" and "real estate fund" etc.

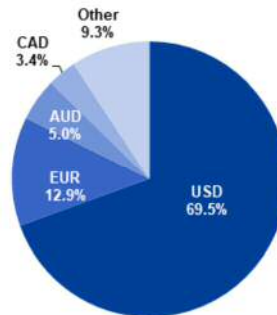
Exposure to Foreign-currency-denominated Bonds (as of March 31, 2020)

- 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. Over 80% of the bonds we invest in are rated "A" or above.

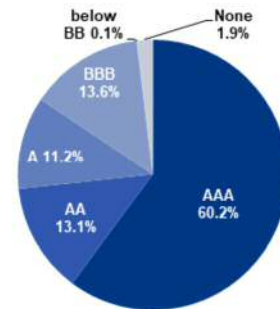
Breakdown of Foreign-currency-denominated Bonds



Exposure by Currency



Exposure by Rating Level

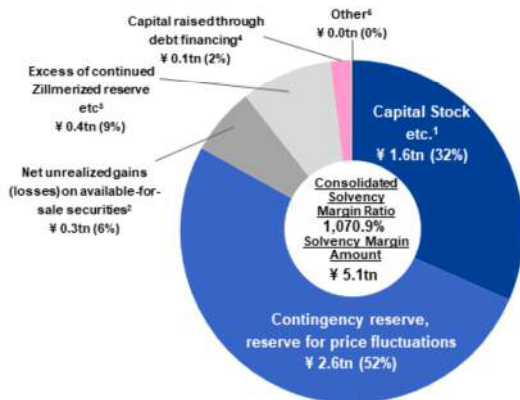


Note 1: Only foreign-currency-denominated-bonds issued by foreign entities are included in the calculation
 Note 2: Issuer Ratings by Moody's are indicated.

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.
- Continuously focus on ensuring financial soundness and improving profitability under an ERM framework in our Medium-Term Management Plan.

Breakdown of Consolidated Solvency



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. Issued subordinated bonds in January 2019 (issued amount: ¥100.0bn)
5. Combined the total amount, among others, of general reserve for possible loan losses, sum of unrecognized actuarial differences and unrecognized prior service cost

ERM framework



Credit Ratings¹

As of October 17, 2019

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

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

Overview of Financial Statements

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
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.

1. Sum of Operating expenses and Other ordinary expenses
2. Sum of Tangible fixed assets and Intangible fixed assets

Sensitivity Analysis of EV

Sensitivity to Economic Assumptions

(¥bn)

Assumptions	EV	Change (%)
50bp increase in risk-free rate	3,677.7	+ 353.4 (+ 10.6 %)
50bp decrease in risk-free rate	2,930.8	(393.4) ((11.8) %)
50bp decrease in risk-free rate (parallel shift without zero floor)	2,769.6	(554.5) ((16.7) %)
10% decrease in equity and real estate value	3,205.0	(119.2) ((3.6) %)

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, 2020 ¹	3,410.5	+ 862 (+ 2.6 %)
Future volume of policies in force is 95% of the level assumed in the calculation of EV as of March 31, 2020 ¹	3,226.5	(977) ((2.9) %)
10% decrease in maintenance expenses	3,587.1	+ 262.9 (+ 7.9 %)

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

(Reference) EVs as of the Ends of Jun., Sep., and Dec. 2019

■ Below are EVs as of June 30, 2019, September 30, 2019, and December 31, 2019 (calculated based on the same non-economic assumptions as those as of March 31, 2020):

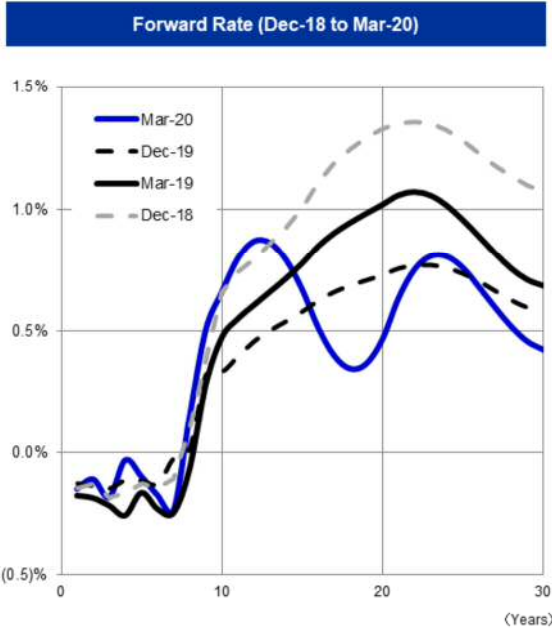
(¥bn)

	Jun-19 ¹	Sep-19 ¹	Dec-19 ¹
EV	3,420.1	3,478.9	3,585.3
Adjusted net worth	2,135.4	2,186.5	2,193.3
Value of in-force covered business	1,284.6	1,292.4	1,391.9

	3 months ended Jun-19 ^{1,2}	6 months ended Sep-19 ^{1,3}	9 months ended Dec-19 ^{1,4}
Value of new business ⁵	64.6	66.7	63.8
New business margin ⁶	6.6 %	4.9 %	4.4 %

1. Provisional calculations that have not been verified by a third party. The assumed ultimate forward rate is 3.8%.
2. The economic assumptions as of March 31, 2019 are used, based on the new policies written in the period from April to June 2019.
3. The economic assumptions as of June 30, 2019 are used, based on the new policies written in the period from April to September 2019.
4. The economic assumptions as of December 31, 2019 are used, based on the new policies written in the period from April to December 2019.
5. The value of new business includes an increase or decrease due to a switchover of riders.
6. The value of new business divided by the present value of future premium income.

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



Forward Rate

(%)	Dec-18 [Ⓓ]	Mar-19 [Ⓓ]	Dec-19 [Ⓓ]	Mar-20 [Ⓓ]
10 years	0.657	0.471	0.329	0.657
20 years	1.327	1.017	0.726	0.466
30 years	1.074	0.683	0.578	0.422

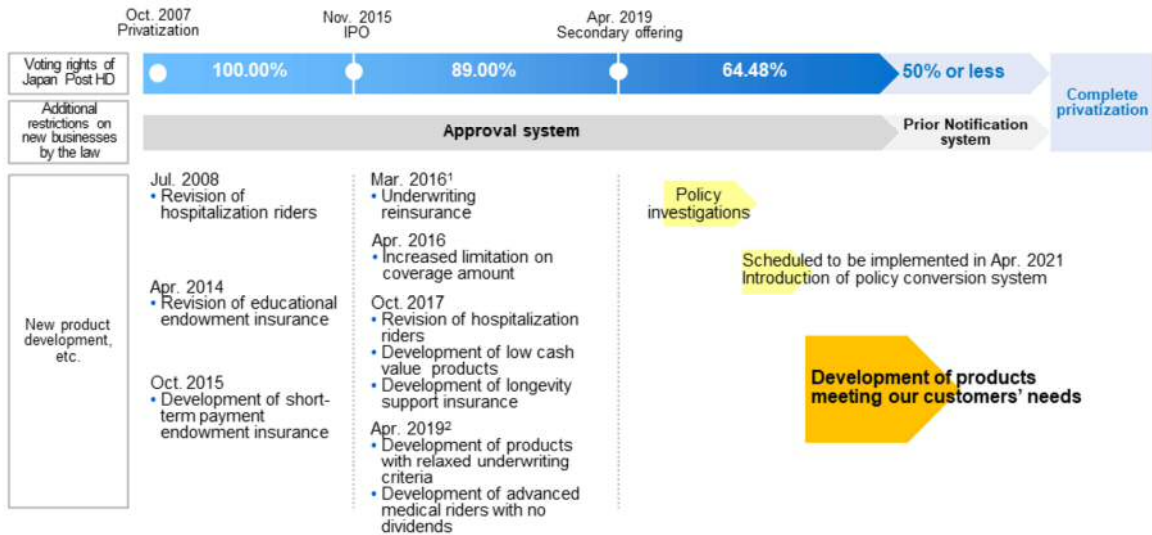
The economic assumptions used for the calculation of EV and the value of new business are as follows:

- Value of new business for FY19/3... ①
- EV as of March 31, 2019... ②
- Value of new business for FY20/3... ③
- EV as of March 31, 2020... ④

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.

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.
- Going forward, we will aim to develop new products more closely meeting the insurance needs of our customers.



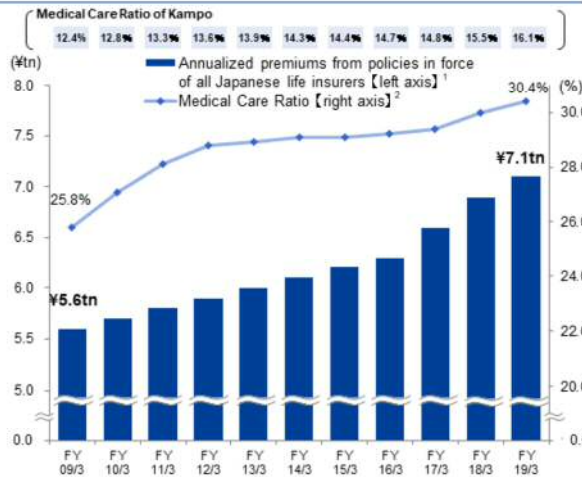
1. Represents when we obtained the approval

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

Development of Products that Meet Customers' Needs

- In order to solve issues related to solicitation quality, developing products that meet customers' needs at Japan Post Insurance and providing them to Japan Post Co. will be necessary.
- The domestic market for medical care is expanding and customer needs have shifted to protection-type products. Japan Post Insurance will reconstruct its business model by providing products that meet customers' needs.

Annualized Premiums from Policies in Force (Medical Care) and Medical Care Ratio



Source: The Life Insurance Association of Japan: Summary of Life Insurance Business in Japan
 1. Japanese life insurers include Management Organization for Postal Savings and Postal Life Insurance
 2. Ratio of the annualized premiums from policies in force (medical care) to the annualized premiums from policies in force of individual life insurance

Future product deployment

- Strengthen our lineup of protection-type products, a category whose market expands with strong customer needs
- The limitation on coverage amount increased, which enables us to meet further needs for death protection

Expansion of death protection

- Average amount of coverage is approx. ¥3 million
- Limitation on coverage amount is ¥10 million, in principle

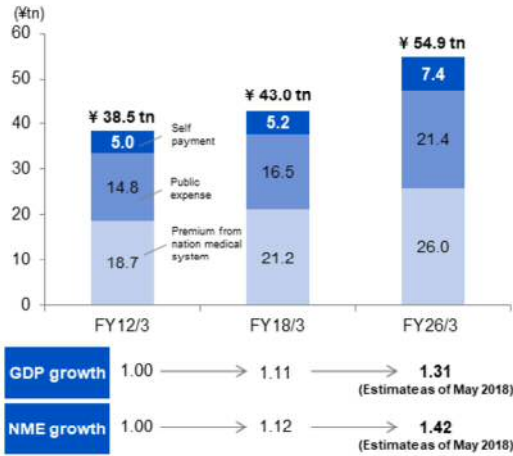


* The number under each product name denotes the number and share of new policies by product category (1.71million policies for the fiscal year ended March 31, 2019)

Business Environment in the Japanese Life Insurance Industry

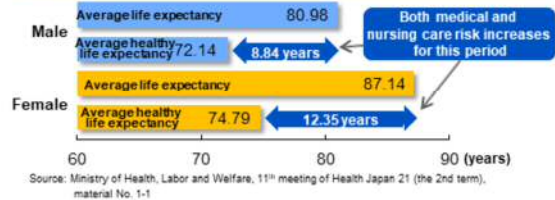
- As social security cost such as medical expenditures are expected to increase going forward, the necessity of self-help effort for the risk of living expenses, injuries, diseases and nursing care has been increasing.
- Detecting a disease at an early stage before it gets serious and taking measures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

Increase in National Medical Expenditure(NME)



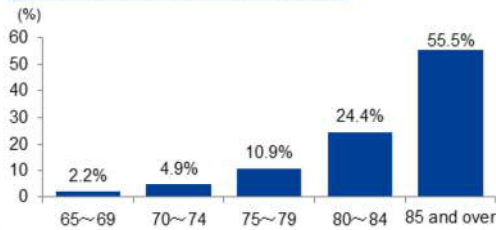
Sources: Cabinet Secretariat, Cabinet Office, Ministry of Finance, Ministry of Health, Labor and Welfare (May 21, 2018)
 Note: Figures at FY26/3 are estimated amount at official announcement. GDP growth and NME growth are rates in comparison to FY12/3

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

Dementia Patients ratio by Age(2012)



Source: "Study on future estimates on elderly population of dementia in Japan" (Special Scientific Research Fund Subsidy Project on Health, Labor and Welfare in 2014)

ESG Initiatives – Environmental

- Expressed support for the proposal of the Task Force on Climate-related Financial Disclosures (TCFD) on April 22, 2019.
- Strive to save energy actively to lower carbon dioxide emissions markedly.

Expressed support for the TCFD

- In Japan Post Group CSR Basic Policy, we declared that "we shall strive to undertake business operations adapted to the impact of climate change and actively promote business and environmental conservation activities with consideration toward reducing our burden on the environment."
- Analyze more deeply the impact of climate change on each companies' operations in light of the TCFD proposal and work on further information disclosures.

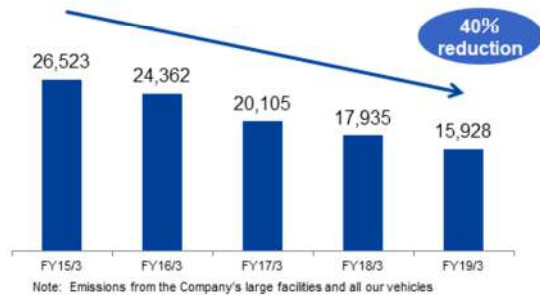
Investment related to TCFD

- Made investments in solar power generation projects.
- Invest in "Climate Awareness Bonds (bonds to raise awareness of climate change)" issued by European Investment Bank in May 2019.

Energy-saving Initiatives

- Target reduced CO₂ emissions from our facilities by saving energy as one means of combatting global warming.
- Reviewing operations of lighting and air-conditioning equipment at large-scale facilities and promoting the shift towards hybrid and other ecologically friendly cars.

CO₂ Emissions (t-CO₂)



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.
- Approx. 2,300 persons participated in the 58th 10 million People's Radio Exercise and *Minna-no Taiiso* ("Exercise for Everyone") festival.



July 28, 2019 in Setagaya-ku, Tokyo

Sponsorship of the Japan Wheelchair Tennis Association (JWTA)

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



ESG Initiatives – Social

- Promote diversity management, mainly in the areas of promoting expanding roles for female employees and work-life balance.

Expanding Roles for Female Employees

■ Ratio of female Managers

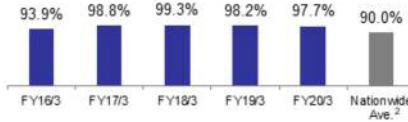
- Support expansion of roles for female employees with career design seminars held for them



1. Ratio of female managers for companies with 5,000 employees or more (2018 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

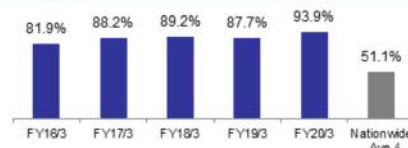
- Promote initiatives in work style reform and decrease the average overtime per month/per employee



3. Overtime work hours (excluding part-time work) (Monthly Labour Survey, 2018, MHLW)

■ Rate of taking paid leave

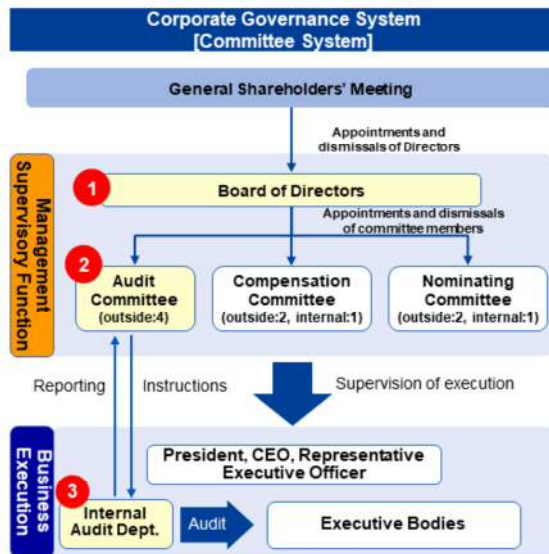
- Encourage employees, including managers, to take paid vacations as they planned and consecutive vacation



4. Rate of taking paid leave (2018 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.
- Consistently implement the Business Improvement Plan submitted on January 31, 2020 and strengthen the governance functions of the Board of Directors, the Audit Committee, and the Internal Audit Department.



Note: As of March 1, 2020

Strengthen the governance functions based on the Business Improvement Plan

1 Board of Directors

- Establish a new "deliberation" within the Board of Directors to leverage the expertise of the Outside Directors from the resolution drafting stage.
- Review the range of matters to be resolved.
- Actively hold extraordinary meetings and informal meetings of the Board of Directors to promote exchange of opinions.

2 Audit Committee

- The internal audit department is required the advance agreement of the Audit Committee for the decision and amendment of the internal audit plan and the important personnel appointments (Executive officers in charge and General Managers).

3 Internal Audit Department

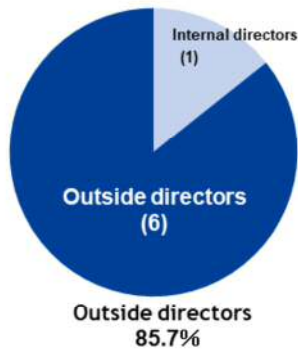
- In addition to reinforcing human resources and organizational structure for internal audit, improve the efficacy of audits by, for example, strengthening risk assessment.

ESG Initiatives – Governance

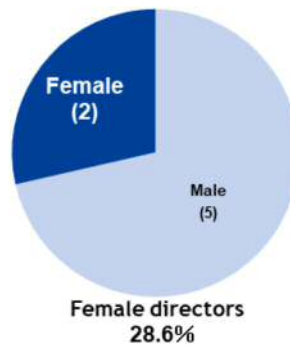
- Majority of directors in our Board of Directors are outside directors, and that includes two female directors. We achieve diversification and high independence in our Board.

Board of Directors Structure (As of March 1, 2020)

Board of Directors Composition



Ratio of Female Directors



Outside Directors Composition

<small>Female</small> Masako Suzuki	Executive Advisor of Pasona Group Inc.
Tamotsu Saito	Chairman of the Board of IHI Corporation
Michiaki Ozaki	Attorney-at-law Of Counsel of URYU & ITOGA
<small>Female</small> Meyumi Yamada	Director of istyle Inc.
Kazuyuki Harada	President and Representative Director of Keikyu Corporation
Akira Satake	Standing Audit Committee Member

Comply with ESG Investment and Stewardship Code

- Actively implement ESG investment complying with the ESG Investment Policy and contribute to forming a sustainable society.
- Actively promote stewardship activities centering on purposeful dialog with investee companies.

ESG Investment Policy (excerpt)

- From the perspective of fulfilling our social responsibilities to all stakeholders, we are promoting initiatives to solve environmental, social and governance (ESG) issues facing society, and actively taking on challenges toward the sustainable growth of corporate value and social development.
- In asset management, we will consider various factors of ESG in making investment decisions, in order to realize a sustainable society, improve investment results and reduce risks in the long-term.

ESG investment results

■ ESG theme investments¹

Item	Size ³
Green bonds and social bonds	¥ 117.7 bn
Solar power generation (project financing)	¥ 34.5 bn
Supporting COVID-19 measures (Sustainability Awareness Bond) (purchased in May 2020)	Approx. ¥ 48.0 bn (purchase amount)

■ ESG integration²

Item	Size ³
Japanese stocks (in-house investment)	¥ 250.1 bn
Japanese stock ESG fund (external mandate)	¥ 5.6 bn

1. Investments in assets that have specific themes leading to resolution of social challenges
 2. Investments made in a manner in which ESG factors are incorporated in the investment decision making process
 3. Market value balance as of March 31, 2020

Our Policies on Japan's Stewardship Code (excerpt)

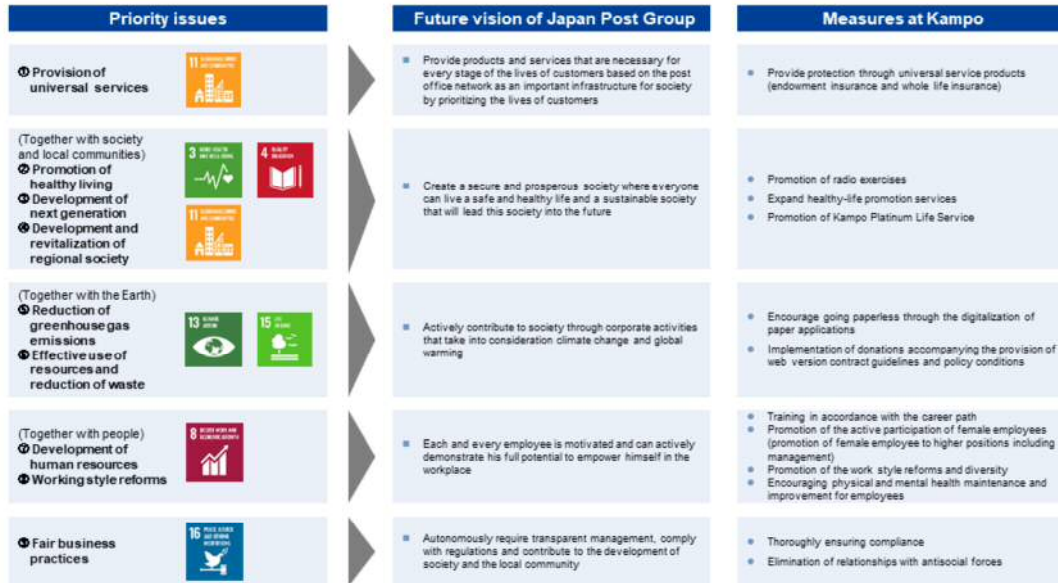
- For our in-house investments in Japanese stocks, we will invest in stocks from a medium- to long-term viewpoint, thereby we fulfill stewardship to promote the medium- to long-term enhancement of corporate value of investee companies through understanding their circumstances, engaging purposeful dialogue with them, and exercise of voting rights.
- We expect an asset management institution to accept the code and request any institution failing to do so to provide sufficient explanation about the reason.

Status of Compliance with the Stewardship Code

- Dialogue with investee companies (engagement)
 - For in-house investment in Japanese stocks, appropriately conduct a constructive dialogue based on sustainability with an effort to build relationships with investee companies.
 - For outsourced investment in Japanese stocks, engage mainly with companies in active management as well as certain companies in passive management such as companies with a large market cap or a relatively low ROE.
 - For investment in domestic bonds, plan to conduct dialogue based on sustainability.
- Verification of conflicts of interest
 - Discussed matters which affect the exercise of voting rights, including conflicts of interest etc. with prominent outside individuals at the Responsible Investment Advisory Committee.

Initiatives Aimed at Achieving SDGs

■ We engage in activities that contribute to the creation of sustainable society and the achievement of SDGs (Sustainable Development Goals).



Provision of health promotion apps

- Starting from January 15, 2019, we began to provide health promotion app “Sukoyakanpo” free of charge.
- Starting from April 15, 2019, we began to provide premium menu items to our policyholders, insured and policyholder-family members.
- Starting from July 3, 2019, we began to provide Radio exercise card.

From January 2019

Provide step logging and management function and incentive



Counting steps with pedometer in your smartphone

When you achieve your target steps, you can apply for weekly lottery

Radio exercise videos



Listen to the sound and watch videos of radio exercises

From April 2019

Below are main menu items. We also provide contents such as a column on health, and a physical exercise management function, among others.

“My Checkup Advice”



Provide advice in accordance with the user's health condition

When you scan checkup result information with a smartphone, it shows the user's health age and type, in addition to advice

“My Recipe”



Support the user's dietary life

App provides a recipe and video supervised by a nutritionist

Illness risk check



Shows future illness probability

The app shows your risk of diseases in comparison with the risk range of people of the same age and gender

“My Calorie Check”



Shows calorie intake

Photographing meal with smartphone quickly calculates calorie intake and nutrients

From July 2019

Radio Exercise Card

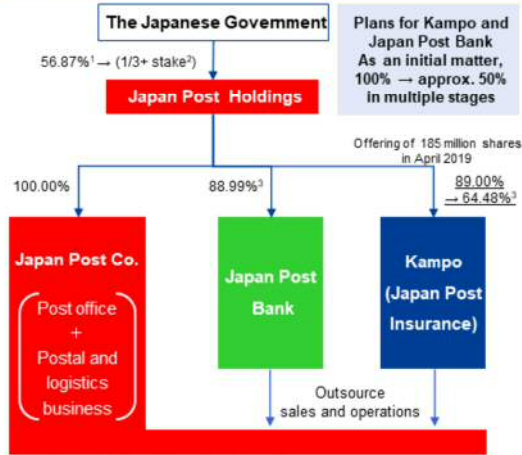


Days of participation in radio exercises are recorded in a calendar

Position within Japan Post Group

- Life insurance business is one of the three main businesses of Japan Post Group.
- Japan Post Co. has a strong contact with household market.
- Once Japan Post Holdings disposes of 50% or more of its equity interest in us, the regulatory approval requirement for new businesses will be lifted and only regulatory prior notification will be required.

Structure of Japan Post Group and Privatization Plans



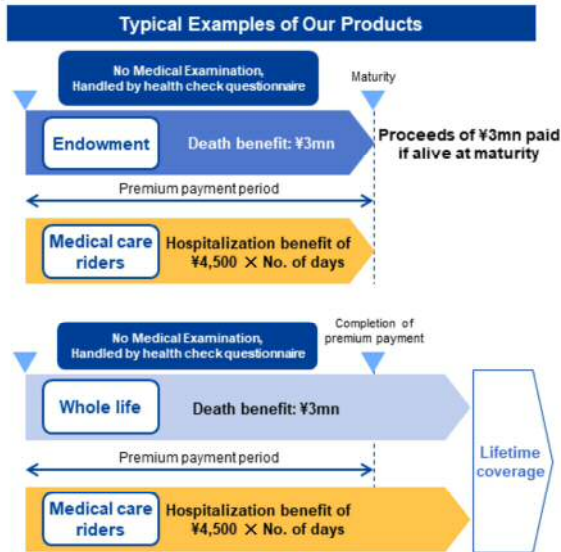
1. Shareholding ratio to the total number of issued shares
2. As required by the Postal Service Privatization Act, the Japanese government must retain an equity interest in Japan Post Holdings that exceeds one-third of its total equity interest and dispose of the remainder within the earliest possible timeframe
3. Shareholding ratio to the total number of issued and outstanding shares

Postal Service Privatization Act

Category	Content
Universal service obligation	<ul style="list-style-type: none"> ■ Japan Post Holdings and Japan Post Co. are obligated to provide universal services including mail, banking and life insurance businesses
Shareholdings	<ul style="list-style-type: none"> ■ Japan Post Holdings aims to dispose of its entire equity interest in the Kampo and Japan Post Bank as soon as possible
Additional regulatory restrictions	Limitation on new business <ul style="list-style-type: none"> ■ Current: regulatory approval required ■ After disposal of 50% or more of Japan Post Holdings' equity interest in us: regulatory prior notification required
	Limitation on coverage amount <ul style="list-style-type: none"> ■ Prescribed in cabinet order
	Removal of restrictions <ul style="list-style-type: none"> ■ After 100% disposal of Japan Post Holdings' equity interest in the two financial companies, the restrictions on their business will be removed, while after 50% or more disposal, the Prime Minister and Minister of Internal Affairs and Communications will consider lifting the said regulations

Major Products

- Our basic strategy is to provide universal service products (endowment insurance and whole life insurance) with medical care riders.
- Provide guarantee for hospitalization and surgery in wide range of diseases and injuries by medical care rider.



Medical Care Rider Coverage

Example for Standard Benefit of ¥3 million

Hospitalization Benefit	<ul style="list-style-type: none"> ■ ¥4,500 / day ■ Up to 120 days (¥540,000) for each hospital stay
Initial Payment¹	<ul style="list-style-type: none"> ■ ¥22,500 (5 times daily benefit) for the first day in a hospital
Surgery Benefit	<ul style="list-style-type: none"> ■ Hospital surgery ¥90,000 (20 times daily benefit²) ■ Outpatient surgery ¥22,500 (5 times daily benefit²) ■ Radiology treatment ¥45,000 (10 times daily benefit²)

Coverage is limited and Kampo is not responsible for increases in the cost of medical care

1. Optional (Type I policies have initial payment on the first day, Type II policies have no initial payment on the first day)
 2. Multiple of the daily hospitalization benefit

Additional Restrictions under the Postal Service Privatization Act

- Additional regulatory restrictions relating to new businesses under the Postal Service Privatization Act will change from an approval system to a notification system upon disposal of half or more of Kampo's shares by Japan Post Holdings, although regulations imposed under the Insurance Business Act will continue to be applicable.
- The limit on the coverage amount is prescribed by a cabinet order, and any revision will require a hearing at the Postal Services Privatization Committee.

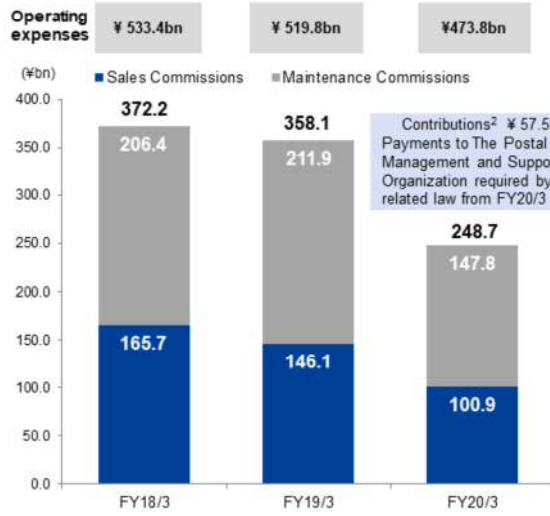
Item	Content
New business	<p>【Until Japan Post Holdings disposes of half or more of all the shares of Kampo】</p> <ul style="list-style-type: none"> ■ Approval by specified ministers¹ (a hearing at the Postal Service Privatization Committee is required) <p>【After Japan Post Holdings disposes of a half or more of all the shares of Kampo until the designated date²】</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 date²】</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	<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, ¥10 mn, total of ¥20 mn after 4 years have elapsed since start of coverage (age 20-55) <p>【After designated date²】</p> <ul style="list-style-type: none"> ■ No regulations based on Postal Service Privatization Act
Subsidiary	<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 date²】</p> <ul style="list-style-type: none"> ■ No regulations based on Postal Service Privatization Act

1. Specified ministers: Prime Minister (Commissioner of the Financial Services Agency) and Minister of Internal Affairs and Communications

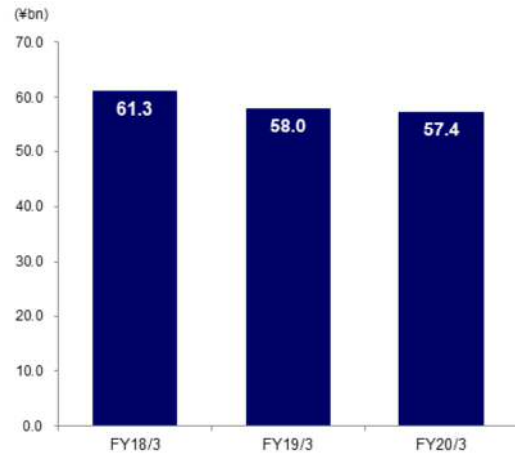
2. Designated date: The earlier of (i) the disposal of 50% or more of Japan Post Holdings' equity interest in Kampo and the determination by the Prime Minister and the Minister for Internal Affairs and Communications that the additional restriction can be lifted and (ii) the disposal of Japan Post Holdings' entire equity interest in Kampo

Expenses

Operating Expenses (Commissions¹ etc.)



Depreciation and amortization



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

Commissions

Sales Commissions

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

Comparison of FY19/3 and FY20/3

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

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

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

- While the commissions are paid in installments over seven years in principle, commissions are on a decreasing trend due to the decrease in the number of new policies from FY18/3.
1. From FY21/3, in order to focus on the continuation of policies, the payment for the first 12 months will be reduced while it will increase in the second year onward (the total amount of sales commissions will remain the same level).

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



Maintenance Commissions

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

Comparison of FY19/3 and FY20/3

Basic commission (¥171.4bn⇒¥116.1bn)

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

Incentive commission² (¥40.4bn⇒¥31.7bn)

- In FY20/3, an incentive commission had been set to focus on maintaining policies in force and to thoroughly encourage follow-up activities, but incentive commissions declined because we refrained from proactive sales proposal from mid-July 2019 and suspended business from January 2020.
2. For FY21/3, we examined the concept and effects of incentive commissions. Some of them are abolished and others are integrated into the commission for the maintenance of policies in force.

Overview of Funds and Contributions

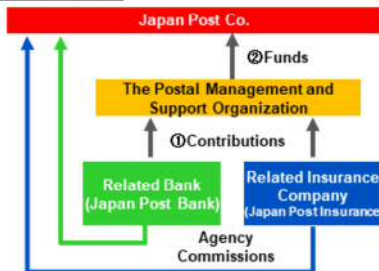
- Amendments to the Act on the Management Organization for Postal Savings and Postal Life Insurance have taken effect since December 1, 2018.
- From April 2019, we and Japan Post Bank are required to contribute to The Postal Management and Support Organization which will pay the fundamental necessary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

System of Funds and Contributions

[Until March 2019]



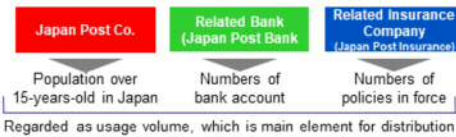
[From April 2019]



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]



Commissions and contributions

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

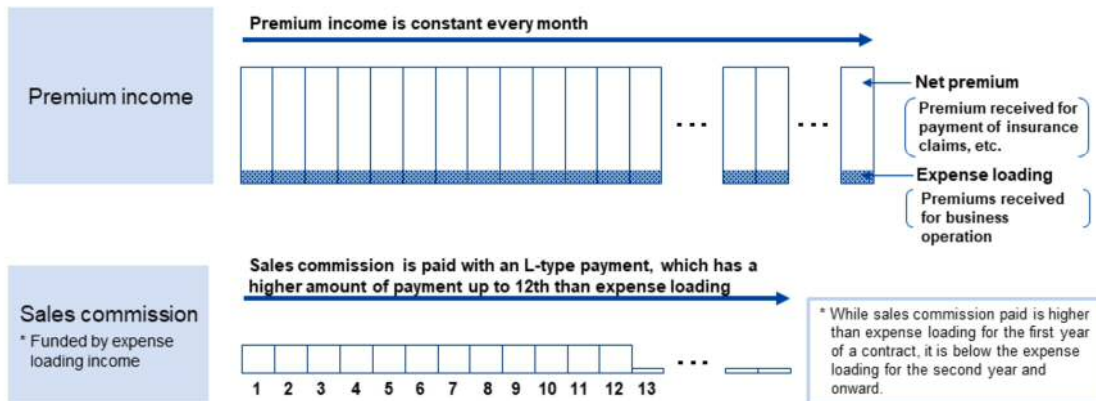
(¥bn)

	FY19/3	FY20/3	FY21/3 (forecast)
Commissions	358.1	248.7	197.2
Contributions	-	57.5	56.0
Total	358.1	306.3	253.3

Impact on Profit Due to Decline in New Policy Sales

- Of the premiums received from customers, Japan Post Insurance receives a fixed amount of expense loading every month in order to operate its business. Using this expense loading as funds, Japan Post Insurance pays sales commissions monthly to Japan Post Co. However, the payment method is an L-type payment, which has a higher amount of payment up to the 12th than expense loading, and therefore profit for the first year of Japan Post Insurance worsens as the number of new policies increase.
- 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)>



Level of Commissions

- Pay sales commissions, including incentive bonuses, out of the assumed policy acquisition expenses included in the insurance premiums.

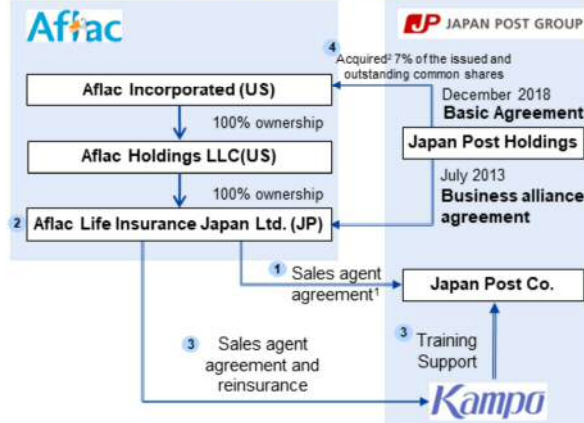
Type of Insurance	Insurance Amount	Total Insurance Premiums	Sales Commission Rates ¹
Endowment Insurance [With medical rider]	Ordinary endowment insurance ¥2 mn Insured person: 40-year-old woman Insurance period: 10-year	¥ 2.27 mn	Approx. 3 %
Whole Life Insurance [With medical rider]	Ordinary whole life insurance ¥2 mn Insured person: 40-year-old woman Payment period: 20-year	¥ 3.68 mn	Approx. 2 %
Educational Endowment Insurance [With medical rider]	Educational endowment insurance ¥2 mn Policyholder: 30-year-old man Insured person: 0 years old Payment period: 18-year	¥ 2.26 mn	Approx. 2 %

1. Sales commission rates are the ratio of sales commissions ((1) applicable sales commission rate for the type of policy and (2) incentive bonuses, which are payable if Japan Post Co. meets certain sales targets, divided by number of new policies acquired (Based on FY20/3 actual results.)) over insurance premium. The level of sales commission may vary as the incentive fee fluctuates.

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



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

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.

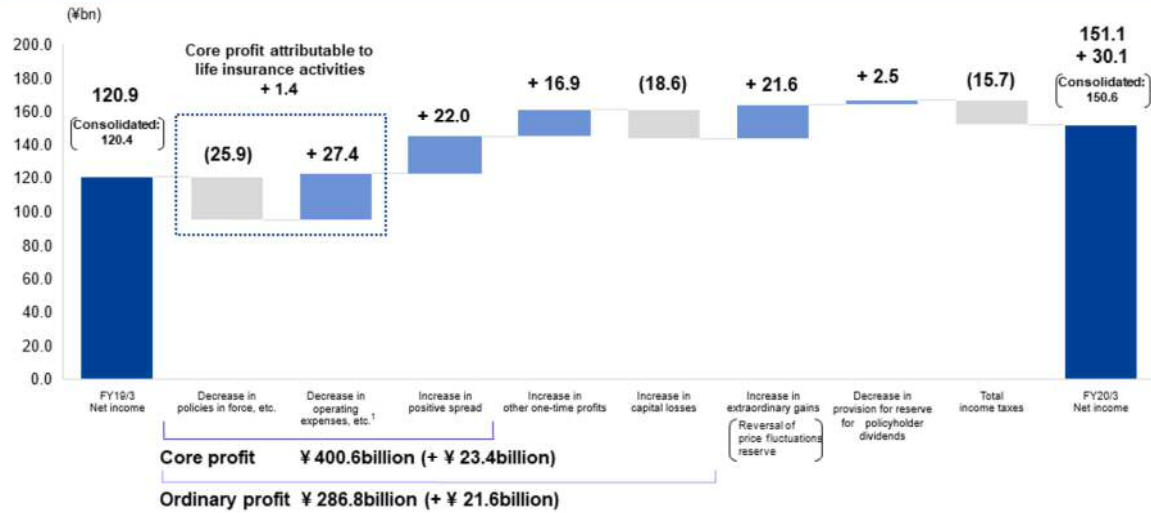
【From December 2018—】

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

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".

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.

1. Adjusted if the resulting number for the new category is negative when the Postal Life Insurance category is subtracted from Japan Post Insurance as a whole.
(E.g.: FY20/3, ¥29.5 billion was added to "Reversal of reserve for outstanding claims," under "Other ordinary income," and to "Provision for policy reserves and others," under "Ordinary expenses")

2. "Extraordinary gains and losses" includes "Price fluctuations reserve, provision" and "Price fluctuations reserve, reversal."

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

		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.

<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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