

# **Financial Results & Corporate Strategy Meeting for the Six Months Ended September 30, 2022**

November 25, 2022



- I am SENDA Tetsuya, President of Japan Post Insurance. Thank you very much for attending our Financial Results & Corporate Strategy Meeting today.

## Agenda

	Theme	Presenter
1	Review of the First Half of FY23/3 and Growth Strategy P.3	Director and President, CEO, Representative Executive Officer Tetsuya Senda
2	Asset Management P.18	Senior Managing Executive Officer Atsushi Tachibana
3	Financial results and shareholder returns P.23	Managing Executive Officer Toru Onishi
	Appendix P.30	

- Today's briefing is composed of three parts.
- First, I will review the first half of FY23/3 and our growth strategies, followed by Mr. Tachibana, Senior Managing Executive Officer, on asset management, and finally, Mr. Onishi, Managing Executive Officer, on financial results and shareholder return.
- Afterward, I would like to answer any questions you may have.
- Please look at page 2.

## Highlights of Today's Briefing

■ The new Japan Post Insurance sales system was launched in April 2022. Sales have been recovering slowly, and we will achieve a steady recovery by ensuring the effectiveness of reforms, including the improvement of various issues revealed through dialogue with the front line.

■ We will proceed to implement full-scale CX/DX initiatives. Not only will this enhance customer convenience but also boost the efficiency of operations, and we will shift management resources generated through greater efficiency to priority areas.

■ We are responding to the changes presently occurring in the market environment with careful asset management. We secured stable profits, utilizing internal reserves to address capital losses and the increase in insurance payments for COVID-19. We will implement stable shareholder returns in accordance with profits.

- There are three points that I would like to convey in today's briefing.
- The first is the status of sales. Although we have launched the new Japan Post Insurance sales system, the pace of sales recovery has been slow.
- Through dialogue with the front line, we have identified each issue one by one, and by working to address various issues, we will steadily recover sales performance in the future.
- The second is about CX/DX. We will proceed to implement full-scale CX/DX initiatives. Not only will this enhance customer convenience but also boost the efficiency of operations, and we will shift management resources generated through greater efficiency to priority areas.
- The third is asset management and shareholder return. We are responding to the changes presently occurring in the market environment with careful asset management. We secured stable profits, utilizing internal reserves to address capital losses and the increase in insurance payments for COVID-19. We will continue to implement a stable shareholder return in accordance with profits.
- Then, I will present our review of the first half of FY23/3 and explain our growth strategies.
- Please look at page 4.

**1**

**Review of the First Half of FY23/3 and Growth Strategy**

## Overview of Financial Results

1-1. Review of the  
First Half of FY23/3

		(¥bn)			
		FY 22/3 2Q	FY 23/3 2Q	FY 23/3 Forecasts	(Reference) FY 22/3
Earnings (Financial Accounting)	Net Income	80.5	48.2	71.0	158.0
	Net Income per share (EPS)	¥ 181.84	¥ 121.63	¥ 180.67	¥ 375.14
Embedded Value (Economic Value)	EV	3,791.4	3,429.7		3,618.9
	Value of new business	(5.2)	(0.9)		(11.5)
Shareholder Return	Dividend per share (DPS)	¥ 45	¥ 46	¥ 92 <small>(Interim dividend ¥46 Year-end dividend ¥46)</small>	¥ 90 <small>(Interim dividend ¥45 Year-end dividend ¥45)</small>

**【Financial Results】**

- In addition to an increase in insurance claims payments for COVID-19, capital gains (losses) deteriorated mainly due to impairment losses.
- While the losses above were neutralized by the contingency reserves and price fluctuation reserves, net income for current period decreased by ¥ 32.2bn ((40.0) %) year on year because of decline in policies in force, etc.
- Regarding financial results forecasts for the fiscal year ending March 31, 2023, the achievement in current period is 68.0%.

**【Embedded Value】**

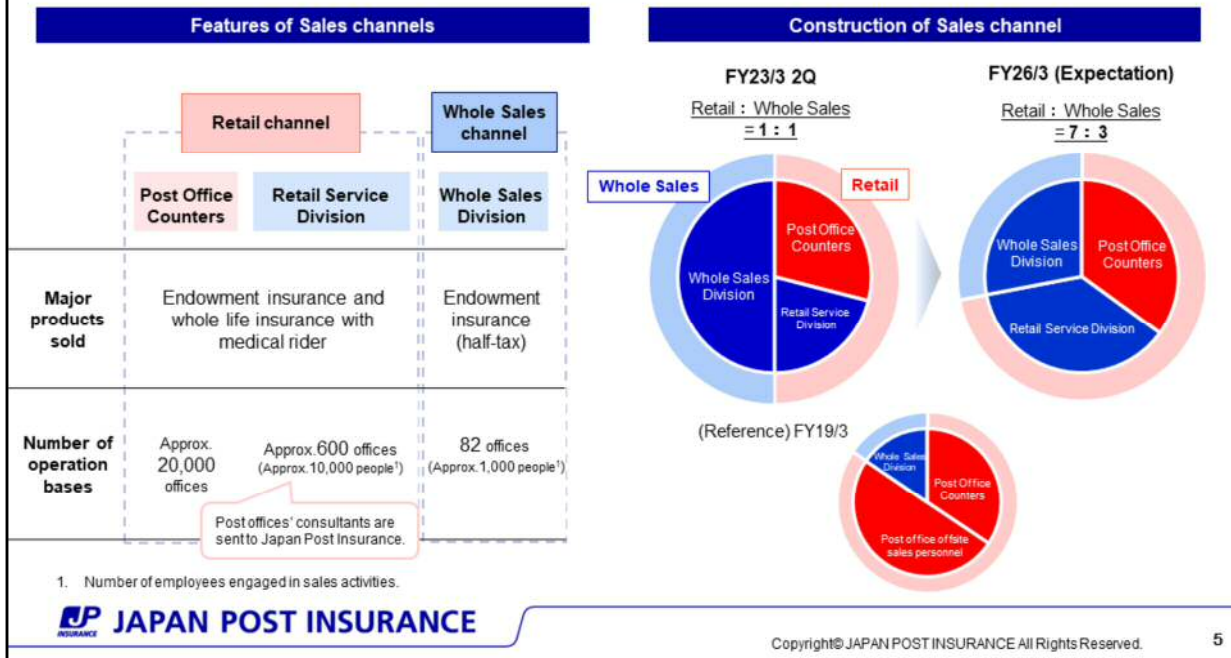
- EV decreased by ¥ 189.2bn ((5.2) %) from the end of the previous fiscal year, mainly due to a decrease in unrealized gains of foreign bonds resulting from an increase in foreign interest rates.

**【Shareholder Return】**

- An annual dividend for the fiscal year ending March 31, 2023 is scheduled to be ¥ 92 per share.
- The Company plans to provide cash dividends twice a year as the interim dividends and the year-end dividends in this fiscal year.

- I would like to explain the summary of financial results.
- Our performance has been affected by the COVID-19 pandemic, as well as rising foreign interest rates and other movements in financial markets. We have neutralized this impact through the contingency reserves and price fluctuation reserves. As a result, net income was ¥48.2 billion, or 68% of the full-year forecast, and progressed well.
- EV decreased by 5.2% from the end of the previous fiscal year to ¥ 3,429.7 billion mainly due to a decrease in unrealized gains of foreign bonds resulting from an increase in foreign interest rates, etc.
- Please look at page 5.

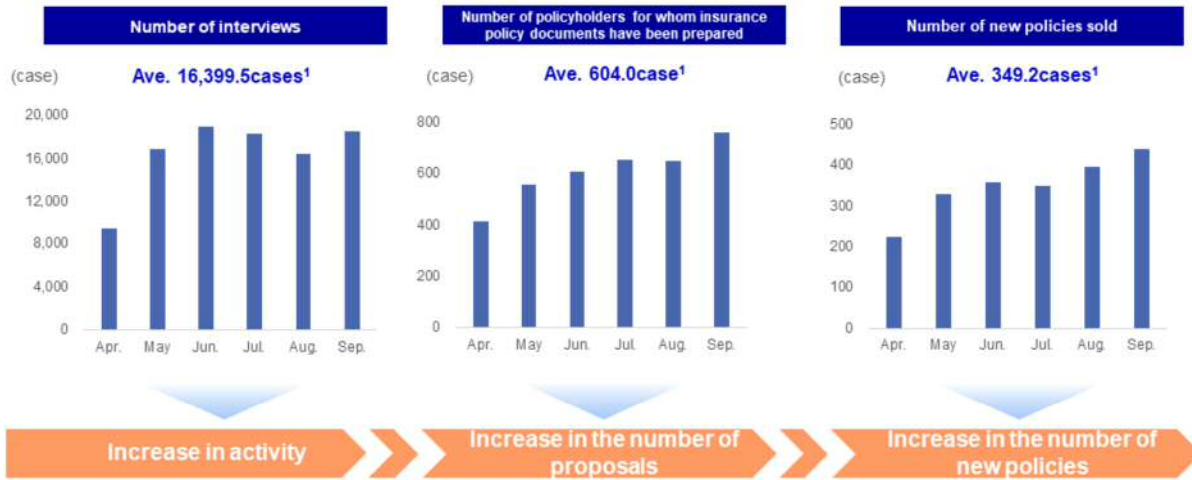
- Sales channels managed directly by Japan Post Insurance expanded with the shift to the new Japan Post Insurance sales system from April 2022. Through meticulous training and guidance, we aim to develop personnel with a high level of expertise and knowhow.



- I will now explain the launch of the new Japan Post Insurance sales system.
- We shifted to the “new Japan Post Insurance sales system” in April this year, expanding the sales channels managed directly by Japan Post Insurance.
- We will develop personnel with a high level of expertise and knowhow through meticulous training and guidance to consultants who visit customers’ homes. In addition, by providing comprehensive financial services across the Group at post office counters, we aim to boost our sales capabilities through all sales channels while raising the contribution of the retail division to 70% by the final year of the Medium-Term Management Plan.
- Please look at page 6.

- Consultants take responsibility for providing attentive service to each customer through a customer assignment system.
- The number of interviews has increased steadily since April 2022, but this has not led to a corresponding increase in the number of proposals, and growth has been slow in the number of new policies.
- We aim to grow the market by firmly establishing the new Japan Post Insurance sales system to facilitate more active proposals.

Status of activities of the retail division (Retail Service Division)

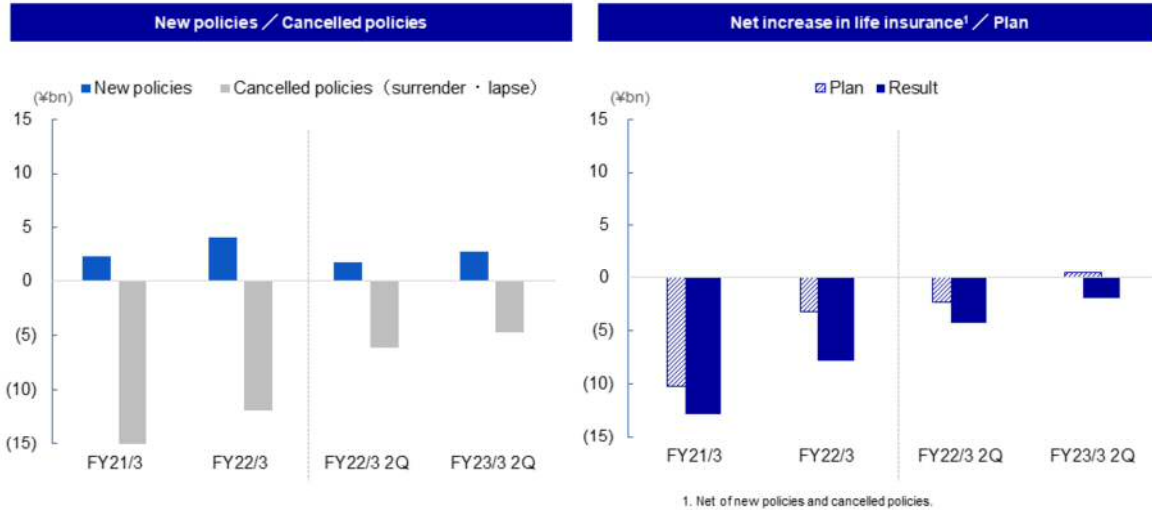


- This page shows the status of activities of Retail Service Division, to which the consultants belong.
- The number of interviews with customers has grown strongly since April, when we introduced a customer assignment system.
- However, this has not led to a corresponding increase in the number of proposals, and growth has been slow in the number of new policies.
- We aim to grow the market by firmly establishing the new Japan Post Insurance sales system as soon as possible, ascertaining potential customer needs, and actively presenting coverage proposals.
- Please look at page 7.



- Growth has been slow in the number of new policies, but policy cancellations have been kept within a limited range.
- We have established a target for the net increase in policies this fiscal year, aiming for a recovery in the volume of policies and continued improvement in policies in force. We have not yet achieved our plan, but the difference is gradually shrinking.

Monthly Premiums



- I will explain the status of policies.
- Growth has been slow in the number of new policies, but policy cancellations have been kept more than planned.
- We have established a sales target for the net increase in policies this fiscal year. As of September 30, we have not yet achieved our plan, but the difference is gradually shrinking.
- We will continue to enhance our sales capabilities and strive for a recovery in new policies and the continuation of existing policies.
- Please look at page 8.



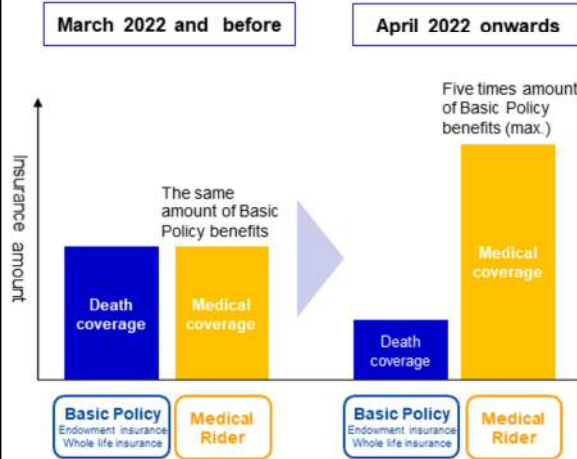
## Sales of New Medical Riders

1-1. Review of the First Half of FY23/3

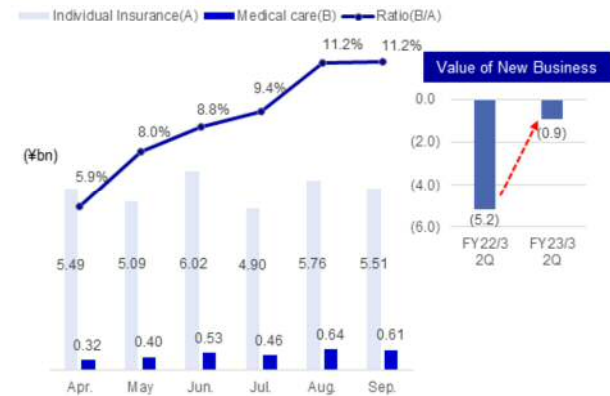
- A new medical rider "Motto Sonohi-kara Plus" provided generous medical coverage and small death coverage.
- After the launch of the new medical rider in April 2022, the medical care portion of annualized premiums from new policies is increasing, contributing to the value of new business.



### Enhanced medical coverage through New Medical Riders



### Annualized Premiums from New Policies (Individual Insurance)



JAPAN POST INSURANCE

Copyright©JAPAN POST INSURANCE All Rights Reserved.

8

- We launched new medical rider "Motto Sonohi-kara Plus" in April this year.
- Our launch of generous medical coverage with small death coverage has been hailed by customers as a good product, and sales have grown rapidly.
- The medical care portion of annualized premiums from new policies is increasing and is expected to contribute to the value of new business.
- Please look at page 9.

## Status of Insurance payment for COVID-19

1-1. Review of the First Half of FY23/3

- We implemented measures such as immediate bank transfer to ensure the prompt payment of insurance claims.
- The payment of insurance claims associated with COVID-19 has increased significantly, but the impact on net income has been neutralized by the contingency reserves and price fluctuation reserves.
- Payments of hospitalization benefits associated with COVID-19 are expected to decrease in the future due to the revision of eligibility for payments for deemed hospitalization

### Initiatives to ensure the prompt payment of insurance claims

Implemented immediate bank transfers	• Where a customer has made a claim at a post office, etc., we ensure that payments arrive in the customer's account the next working day
Launched a dedicated webpage	• Expanded the range of claims that can be made through the webpage in order to include policies in which an insured person is not a policyholder
Set up a temporary call center	• Established a contact point specializing in COVID-19 claims-related inquiries
Set up dedicated lines to handle COVID-19 claims	• Established dedicated lines specializing in COVID-19-related insurance claims at each Service Center

### Revision of eligibility for the payment of insurance benefits associated with COVID-19

- We have revised eligibility for the payment of hospitalization benefits for deemed hospitalization from September 26.
- As a result, eligible payments of hospitalization benefits for deemed hospitalization will decrease.

#### <Eligibility criteria for deemed hospitalization>

- (1) Persons aged 65 or above
- (2) Persons requiring hospitalization
- (3) Persons at risk of severe symptoms, requiring the administering of COVID-19 medication or oxygenation due to COVID-19
- (4) Persons who are pregnant

### Status of insurance payment for COVID-19

	FY21/3	FY22/3	FY22/3 2Q	FY23/3 2Q	Increase
Death benefits	¥ 4,989.81million (1,456policies)	¥ 13,314.57million (3,807policies)	¥ 7,267.75million (2,096policies)	¥ 12,781.21million (4,002policies)	¥ 5,513.46million
Double payment	¥ 2,454.08million (1,450policies)	¥ 6,553.58million (3,800policies)	¥ 3,596.63million (2,093policies)	¥ 6,342.11million (4,000policies)	¥ 2,745.48million
Hospitalization benefits	¥ 824.57million (14,023policies)	¥ 5,469.51million (110,562policies)	¥ 1,695.50million (28,624policies)	¥ 37,968.38million (921,970policies)	¥ 36,272.88million
Payment for deemed hospitalization	¥ 311.45million (7,425policies)	¥ 3,828.37million (94,917policies)	¥ 793.05million (19,625policies)	¥ 36,946.16million (908,108policies)	¥ 36,153.11million

The impact on net income has been neutralized by the contingency reserves and price fluctuation reserves.

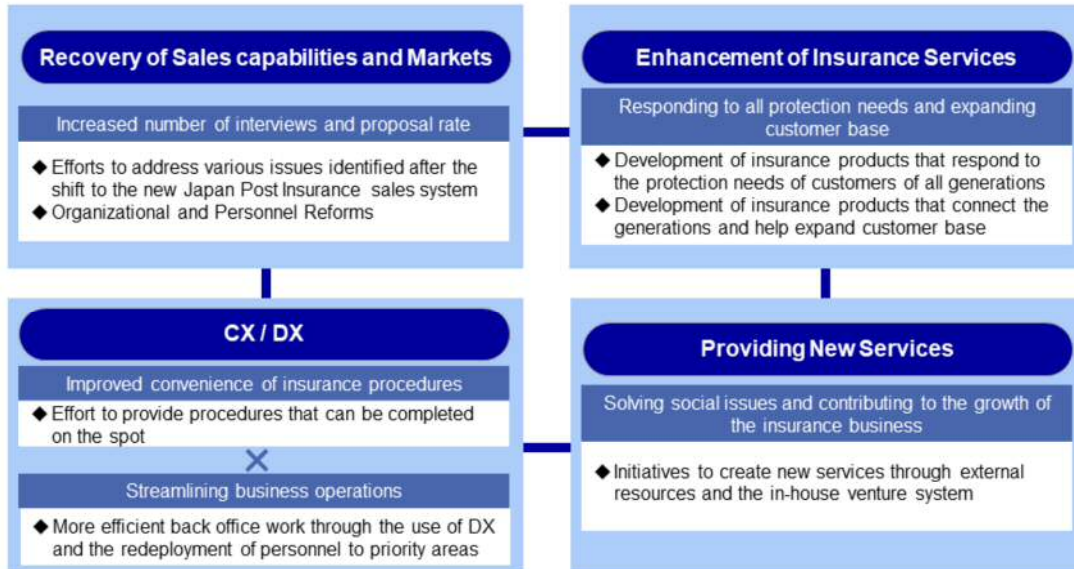
 JAPAN POST INSURANCE

Copyright© JAPAN POST INSURANCE All Rights Reserved.

9

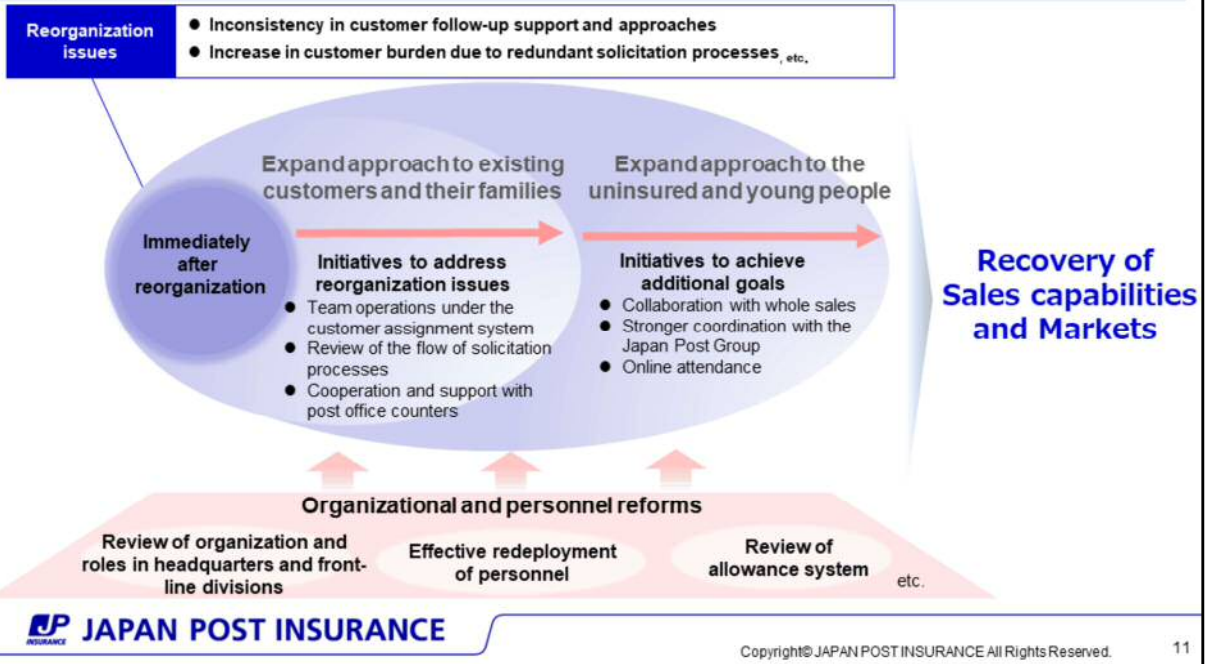
- I would like to explain the payment of insurance claims associated with COVID-19.
- Faced with the COVID-19 pandemic, as our mission as a life insurance company, we engaged in ensuring the prompt payment of claims through measures such as immediate bank transfer on the next working day after claims are received and the introduction of a dedicated webpage.
- The payment of insurance claims for COVID-19 has increased significantly this fiscal year, but we have neutralized the impact of hospitalization benefits on net income by partially reducing the excess provision of contingency reserves and price fluctuation reserves.
- Moreover, since September 26, we have revised eligibility for payments for deemed hospitalization. As a result, hospitalization benefits associated with COVID-19 will decrease in the future.
- Please look at page 10.

- As a matter of urgency, in addition to recovery of sales capabilities and markets, we will expand our customer base through the enhancement of insurance services.
- We will also engage in boosting the efficiency of operations while aiming to enhance customer convenience by promoting DX. On top of this, we will aim to create new services to grow the insurance business.



- I would now like to move on to an explanation of our growth strategy.
- In addition to our initiatives for the “recovery of sales capabilities and markets,” we will aim to meet all protection needs and expand our customer base through the “enhancement of insurance services.”
- We will also engage in boosting the efficiency of operations while aiming to enhance customer convenience by promoting DX. On top of this, we will aim to create new services to grow the insurance business.
- Please look at page 11.

- We identified various issues through dialogue with the front line during the process of shifting to the new Japan Post Insurance sales system. We have designated these as reorganization issues.
- In addition to addressing these issues, we will engage in organizational and personnel reforms to bring about growth in sales capabilities and markets.



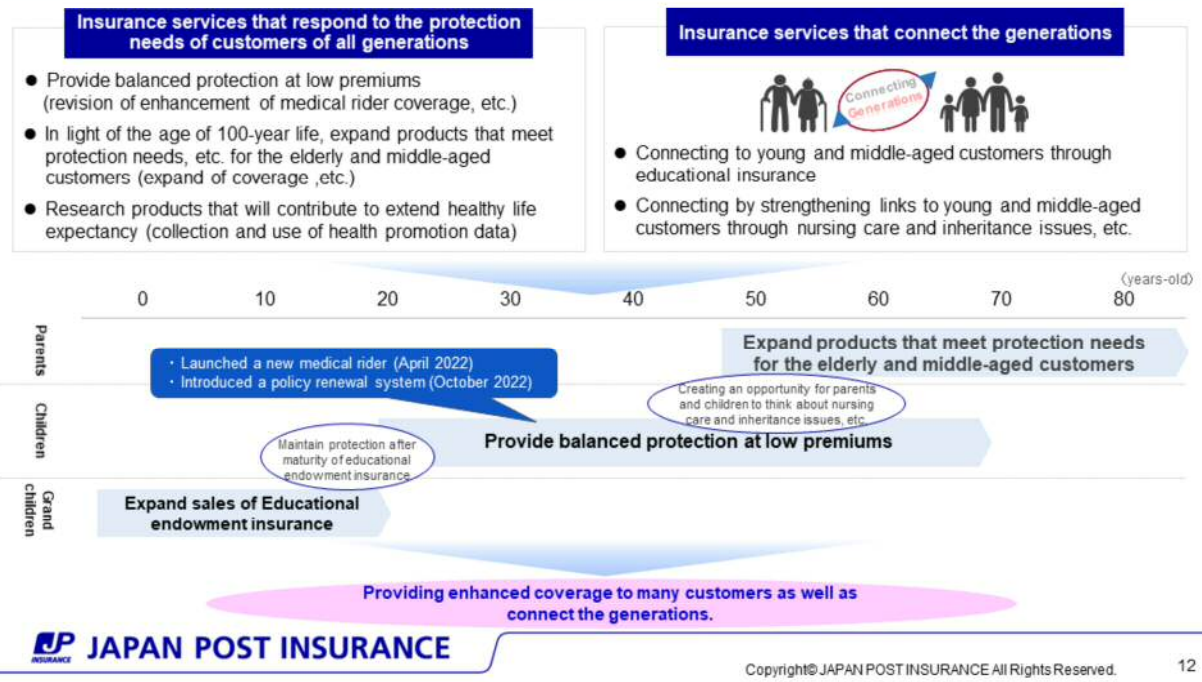
- First, I will explain our initiatives to address issues after the shift to the new sales system for "recovery of sales capabilities and markets".
- At Japan Post Insurance, we identified various issues through dialogue with the front line during the process of shifting to the new Japan Post Insurance sales system. We have designated these as reorganization issues.
- By addressing major issues such as the standardization of service levels through team operations under the customer assignment system and the creation of time for sales activities through a review of the flow of solicitation processes, we will expand sales activities targeting customers whom we have hitherto been unable to adequately follow-up or approach.
- In addition, we will engage in organizational and personnel reforms to bring about the recovery of sales capabilities and markets.
- Please look at page 12.



## Enhancement of Insurance Services ((1) Direction of development)

1-2. Growth Strategy

- 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 continue to develop insurance services that connect the generations and help expand our customer base.



- Next, I would like to explain the efforts to "enhance insurance services".
- As we indicated in the Medium-Term Management Plan, we hope to provide products and services worthy of Japan Post Insurance that will meet the needs of customers of all generations and connect the generations.
- We will continue to develop insurance services to provide enhanced coverage to many customers.
- Please look at page 13.

## Enhancement of Insurance Services ((2) October 2022 Product Revisions)

1-2. Growth Strategy

- In October 2022, We introduced a policy renewal system to respond to the continuing protection needs of customers whose policies have reached maturity.
- We also implemented (1) revision of Ordinary term insurance and (2) expand offerings of special endowment insurance, quintuple-type whole life insurance, etc.
- We will continue to develop Insurance products and provide them to customers promptly.

### The protection needs of customers of all generations

Continued coverage after policy maturity

Coverage unlimited by cause of death

Long-term coverage at low premiums

### October 2022 Product Revisions

#### ✓ Introduced a policy renewal system



- ◆ Notification is not required to renew policies, enabling customers to maintain their coverage regardless of their state of health
- ◆ Can be updated to medical coverage based on the current medical environment

#### ✓ Revision of Ordinary term insurance

- ◆ Pay full amount of death benefits from the policy date, regardless of the cause of death (illness, accident, damage)
- ◆ Further respond to the protection needs of young and middle-aged customers

#### ✓ Expand offerings of special endowment insurance, quintuple-type whole life insurance, etc.

- ◆ Extend insured periods or premium payment periods
- ◆ Respond to the needs of customers who want long-term protection while lightening the burden of monthly insurance premiums

 JAPAN POST INSURANCE

Copyright© JAPAN POST INSURANCE All Rights Reserved.

13

- In October 2022, we implemented a policy renewal system to meet the need for continuing coverage after policy maturity, as well as partial amendments to the content of products such as ordinary term insurance, special endowment insurance, and quintuple-type whole life insurance.
- We are planning to revise our products again in April next year, and we intend to continue to develop new products and provide them promptly to our customers
- Please look at page 14.

- To ensure sustainable growth, we will shift to a business model that positions customer experience value (CX) as our top priority while promoting DX steadily.
- At the same time, we are striving to boost the efficiency of operations. We will efficiently utilize human capital by halving back office work during the term of the Medium-Term Management Plan, finishing in FY26/3.

**Shift to business model that positions CX as our top priority while promoting DX steadily**

**Enhancement of customer support**

**Improved convenience of insurance procedures**

**Procedures can be completed on the spot**

« Specific Initiatives »

- Claims procedures
  - Expanded policyholder loan request procedures on My Page (April)
  - Web request for hospitalization claims in which an insured person is not a policyholder (October)
- Customer Center
  - Support customers using chat<sup>1</sup> on My Page (April)
  - Online participation by specialists at the customer center when customers make new policy applications (July)
- Follow-up support
  - Immediate follow-up after the Insurance procedure<sup>2</sup> (Mid-June)
  - Information provision and follow-up through an effective integration of physical and digital processes



**Streamlining business operations**

**Reduce workload and shift human resource to priority areas**



1. Providing in-person chat support to enable customers to smoothly complete procedures such as My Page login and hospitalization benefits claims on My Page.  
 2. Immediately follow-up on customers who leave complaints and comments on issues through real-time customer satisfaction surveys taken straight after completing procedures, etc.

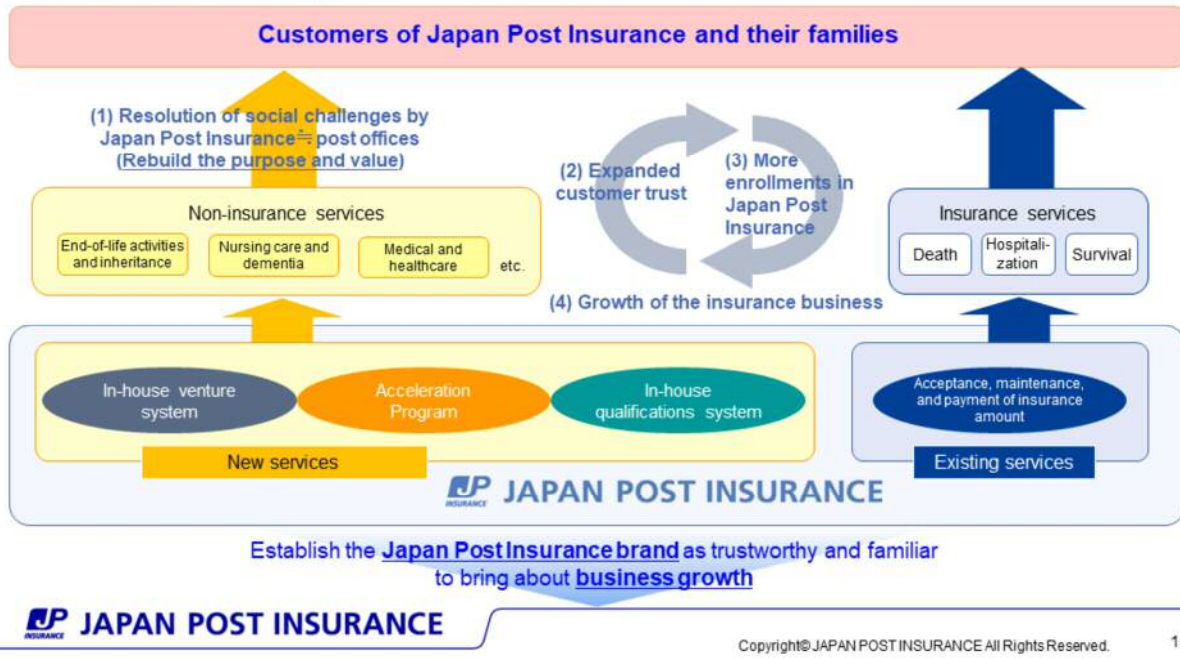
- I will now explain our CX/DX initiatives.
- We are progressively shifting to a business model that prioritizes CX while promoting DX initiatives such as the simplification of claims procedures and the commencement of online participation by specialists at the customer center when customers make new policy applications.
- At the same time, we are striving to boost the efficiency of operations. We will efficiently utilize human capital by halving back office work during the term of the Medium-Term Management Plan, finishing in FY26/3.
- We will redeploy the human capital released through more efficient operations to customer support duties, thus enhancing customer support, increasing customer satisfaction, and expanding our customer base.
- Please look at page 15.



## Providing New Services ((1) Overview)

1-2. Growth Strategy

- We will rebuild the purpose and value of post offices, including Japan Post Insurance, by providing customers with new, indispensable services to resolve social challenges such as nursing care and inheritance, and cultivate a virtuous cycle that will positively impact the life insurance business, our main focus.
- We will continue to seek internal and external insight as we consider how best to provide new services that can effectively help customers resolve challenges related to inheritance and end-of-life activities.



- We have commenced the consideration of new services that support the lives of our customers, to resolve social issues associated with inheritance and end-of-life activities in a super-aged society.
- By providing new services, we will expand customer trust and bring about business growth.
- Please look at page 16.

## Providing New Services ((2) Specific initiatives)

1-2. Growth Strategy

- In addition to promoting the in-house venture system and Acceleration Program, we will create new services through collaboration with our business partners.
- On October 27, 2022, we launched the Family Trust Service, integrating end-of-life activities and inheritance services.



 **JAPAN POST INSURANCE**

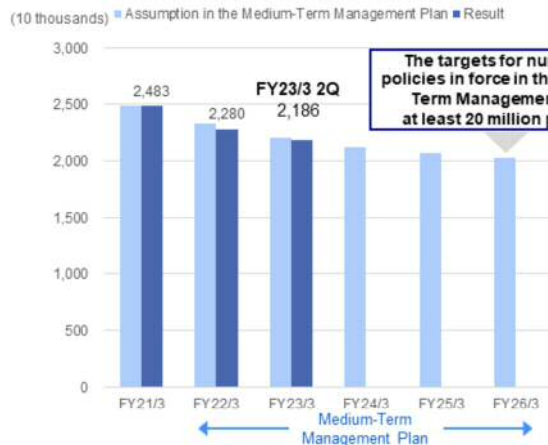
Copyright© JAPAN POST INSURANCE All Rights Reserved.

16

- We have promoted our in-house venture system and Acceleration Program when creating these new services, and we are currently verifying their viability.
- We also launched the Family Trust Service with Famitra Inc. on October 27, as part of our services for end-of-life activities and inheritance.
- Please look at page 17.

- We will halt the decline in policies in force, the main source of income for the life insurance business, and build a sustainable business foundation.

Number of Policies in Force (Individual Insurance)



Change of Policies in Force (Individual Insurance)



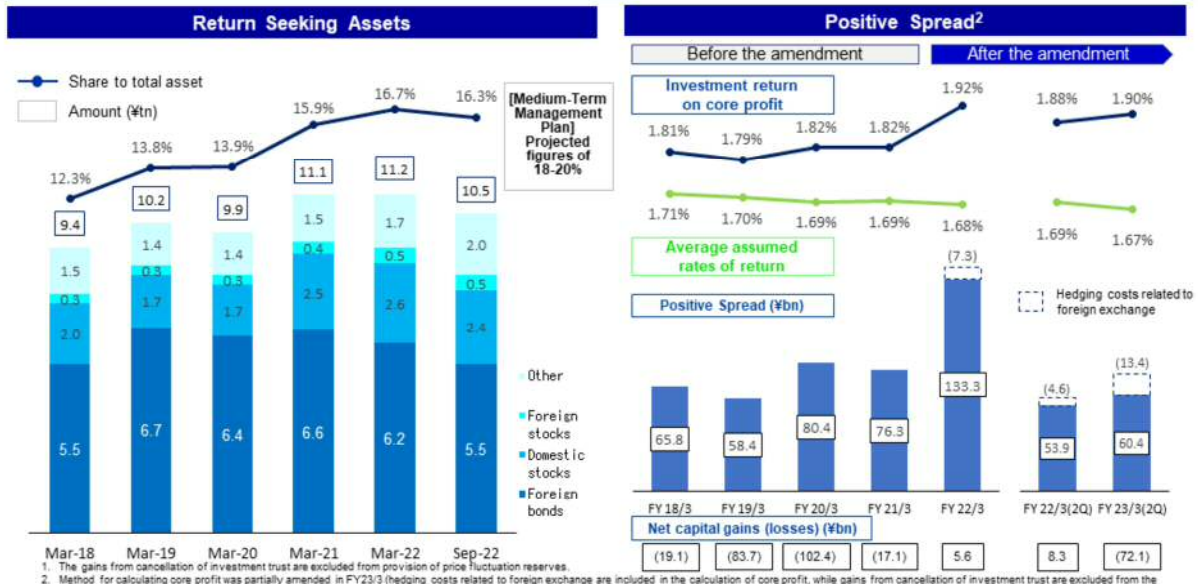
- This page shows the trend in policies in force during the period of the Medium-Term Management Plan.
- Through a companywide effort to implement the strategies I just explained, we aim to increase new policies, halt the increase in policy cancellations, and build a sustainable business foundation, targeting at least 20 million policies in force by FY26/3, the final year of the Medium-Term Management Plan.
- This concludes my explanation, and I will be followed by Mr. Tachibana, Senior Managing Executive Officer.

**2**

## **Asset Management**

- I am Tachibana, Senior Managing Executive Officer.
- From here, I will explain about asset management.
- Please look at page 19.

- Under the ERM framework, we aim to secure stable asset management earnings based on ALM management
- For the six months ended September 30, 2022, we secured a positive spread of ¥ 60.4billion, which reflects the effect of asset portfolio diversification we have been pursuing.
- Regarding capital gains or losses and hedging costs related to foreign exchange, we provide or reverse the price fluctuation reserves, and the impact on net income has been neutralized<sup>1</sup>.



1. The gains from cancellation of investment trust are excluded from provision of price fluctuation reserves.  
 2. Method for calculating core profit was partially amended in FY23/3 (hedging costs related to foreign exchange are included in the calculation of core profit, while gains from cancellation of investment trust are excluded from the calculation of core profit). This amendment started to apply in FY23/3. Core profit, positive spread, investment return on core profit, and capital gains (losses) for, or at the end of the previous fiscal year stated in this material are calculated reflecting the aforementioned amendment.

- 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 September 2022, the amount of return seeking assets such as stocks and foreign bonds was ¥ 10.5 trillion, which accounts for 16.3% of total assets.
- Although ¥ 13.4 billion in hedging costs related to foreign exchange and ¥ 72.1 billion in capital losses were incurred, the impact on net income has been neutralized by the reversal of price fluctuation reserves.
- Please look at page 20.



- We reduced some of our return seeking assets during the first half of FY23/3, based on a recognition that the global business cycle that began with the COVID-19 shock is coming to an end.
- Faced with rising hedging costs accompanying an increase in foreign interest rates, we gradually shifted from hedged foreign-currency-denominated bonds to yen-denominated interest-bearing assets.

Asset management policy for FY23/3		Present status of asset management (FY23/3 2Q)	
<b>Return seeking assets</b>		<b>Return seeking assets</b>	
Ratio to total assets	Approx. 18%	Ratio to total assets	16.3%
Foreign bonds	Hedges: flat / Open: flat	Foreign bonds	Hedges: Reduced balance based on outlook for higher interest rates and rising hedging costs Open: flat (Partially sold)
Domestic and Foreign stocks	Flat	Domestic and Foreign stocks	Sold-down in view of deteriorating business conditions
Other	Expand alternative investments	Other	Continued to accumulate the balance of alternative investments while pursuing strategic and temporal diversity
Yen-denominated interest-bearing assets	Decrease	Yen-denominated interest-bearing assets	Amid a declining balance due to numerous redemptions, reinvested a portion from hedged foreign-currency-denominated bonds to yen-denominated interest-bearing assets

< Reference > Major impact of market change

<b>Increase in foreign interest rates</b>	<ul style="list-style-type: none"> <li>• Decline in the market value of foreign-currency-denominated bonds (in-house foreign-currency-denominated bonds : ¥ 3.6tn / Duration Approx. 5years)</li> <li>• Increase in hedging costs (hedged foreign-currency-denominated bonds : ¥ 2.7tn)</li> </ul>
<b>Progress of yen depreciation</b>	<ul style="list-style-type: none"> <li>• Improvement in unrealized gains/losses on open foreign-currency denominated bonds (open foreign-currency-denominated bonds : ¥ 0.8tn)</li> <li>• Increase in Yen conversion Interest and dividends on foreign securities* (*the first half of FY23/3 : ¥63.5bn)</li> </ul>
<b>Russia/Ukraine situation</b>	<ul style="list-style-type: none"> <li>• We do not directly hold Russian or Ukrainian equities or bonds</li> <li>• While we have a few indirect holdings through outsourcing (funds), the direct impact is limited</li> </ul>

- The figure on the right shows the present status of asset management.
- We have incrementally reduced our balance of hedged foreign-currency-denominated bonds and shifted to yen-denominated interest-bearing assets, in view of rising foreign interest rates and hedging costs.
- Please look at page 21.

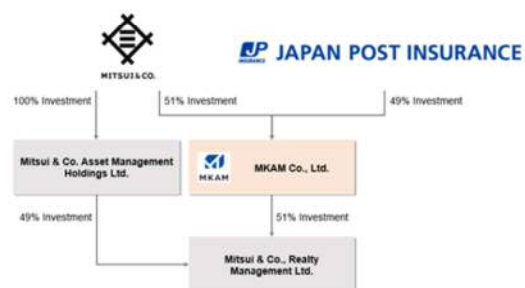
- In terms of alternative investment, we will continue the policy of accumulating balances gradually according to risk appetite policy and investment opportunities.
- We expanded the scope of investment targets, focused on real estate funds, through our business and capital alliance with Mitsui & Co.

Alternative Investments

- Accumulate balances while diversifying strategies and regions in the four fields of private equity, real estate funds, infrastructure equity, and hedge funds.
- Expect to double balances (compared to March 31, 2021) during the period of the current Medium-Term Management Plan (FY22/3 to FY26/3) under the policy of accumulating balances gradually according to risk appetite policy and investment opportunities.
- Also promote ESG investment, including investment to renewable energy facilities and impact investments.

Business and capital alliance with Mitsui & Co.

- In October 2022, we invested in an intermediary holding company (MKAM Co., Ltd.) of Mitsui & Co., Realty Management (MBRM), which was established for the purpose of collaboration between Japan Post Insurance and Mitsui & Co.
- MBRM will launch a flagship fund, in which Japan Post Insurance will invest as a limited partner. We will endeavor to expand the scope of our investments and generate new investment opportunities, aiming for a scale of several hundred billion yen under management in the future.



- For alternative investments, our policy continues to accumulate investment balances sequentially in response to investment opportunities and with the scope of our risk buffer.
- We also formed a business and capital alliance with Mitsui & Co. in June this year. In October, we invested in a new company established with the aim of cooperation between the two companies.
- We will use this business and capital alliance as an opportunity to cooperate actively with Mitsui & Co. on other partnership strategies as well, endeavoring to create new investment opportunities.
- Please look at page 22.

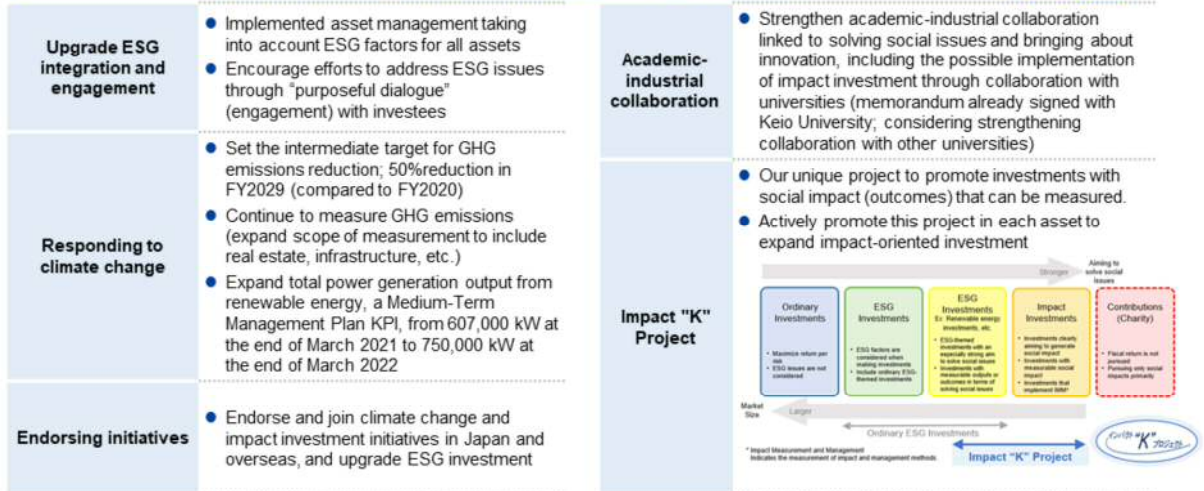


## Promotion of ESG Investment

2. Asset Management

- In addition to engaging in ESG integration and enhanced engagement, we will promote efforts to address climate change, such as initiatives to achieve the GHG emissions reduction targets for our investment portfolio (net zero by 2050), as well as membership in investment-related initiatives.
- We launched the "Impact 'K' Project" that is the investment framework unique to Japan Post Insurance, to expand investments and financing that not only secure economic returns but also create an impact in solving social issues.

We will promote ESG investments and financing that create a feeling of warmth unique to Japan Post Insurance, under the priority themes of "well-being improvement," "regional and social development," and "contribution to environmental conservation."



JAPAN POST INSURANCE

Copyright© JAPAN POST INSURANCE All Rights Reserved.

22

- We are making ESG investment under the priority themes of "well-being improvement," "regional and social development," and "contribution to environmental conservation."
- In addition to engaging in ESG integration and enhanced engagement, we will continue to promote efforts to address climate change, such as initiatives to achieve the GHG emissions reduction targets for our investment portfolio (net zero by 2050), as well as gather and disseminate information through the membership in ESG investment-related initiatives.
- We are also actively engaged in investments and financing aimed at creating an impact in solving social issues.
- This concludes my explanation.
- Please look at page 23.

**3**

## **Financial results and shareholder returns**

- I am Onishi, Managing Executive Officer.
- I will now explain our business performance and shareholder return.
- Please look at page 24.

## The Forecasts for Full-year Financial Results for the Year Ending March 31, 2023

3. Financial results and shareholder returns

- Net income for the current period was ¥ 48.2 billion. Regarding financial results forecasts for the fiscal year ending March 31, 2023, the achievement in current period is 68.0%.

### Full-year Financial Results Forecast

	Year ending Mar-23 (Forecast)	6months ended Sep-22	Achievement
Ordinary income	6,220.0	3,202.4	51.5 %
Ordinary profit	160.0	34.5	21.6 %
Net income <sup>1</sup>	71.0	48.2	68.0 %

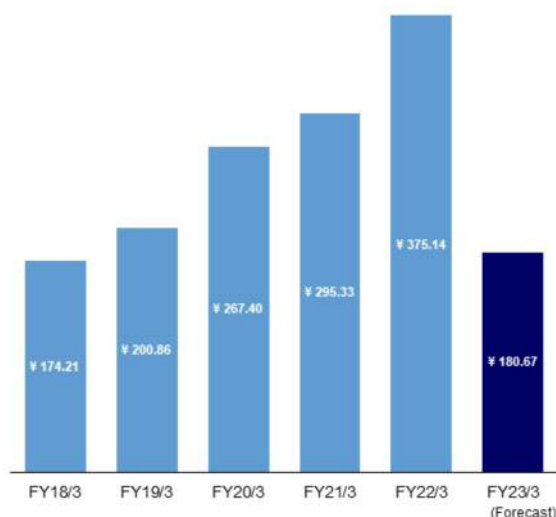
Net income per share	¥ 180.67	¥ 121.63
----------------------	----------	----------

### Full-year Financial Results Forecast (non-consolidated)

	Year ending Mar-23 (Forecast)	6months ended Sep-22	Achievement
Core profit	Approx. 220.0	104.6	47.6 %

1. Net income attributable to Japan Post Insurance

### Earnings Per Share



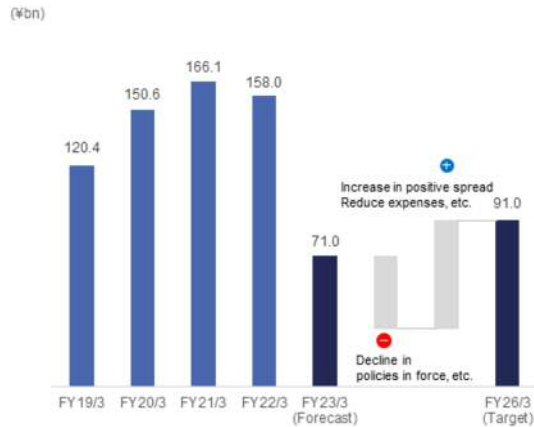
- In the six months ended September 30, 2022, we achieved net income equivalent to 68% of the full-year forecast, due to a greater-than-planned positive spread and lower-than-planned expenses.
- Ordinary profit was only 21.6% of the full-year forecast due to an increase in capital losses associated with changes in the market environment. However, the impact on net income was offset through a reversal of the price fluctuations reserves.
- Our financial results forecast remains unchanged. Going forward, we will promptly make announcements when revisions to the forecast become necessary.
- Please look at page 25.

## Net income / Core profit

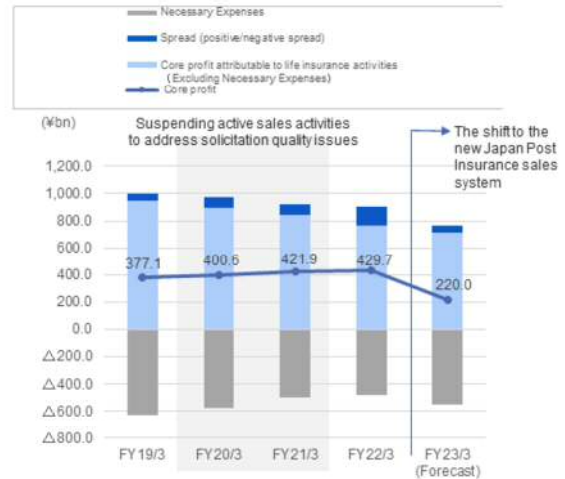
3. Financial results and shareholder returns

- We expect net income in FY23/3 to be ¥71.0 billion, due to our intake of more than 10,000 employees including consultants from Japan Post Co., as well as an increase in expenditures associated with the stabilization of business operations.
- Although the preceding increase in expenditures associated with the establishment of the new system, we expect to be able to achieve the profit target for net income of ¥91.0 billion under the Medium-Term Management Plan, by engaging in management improvements such as firmly establishing a sales promotion with appropriate solicitation quality.

### Changes in Net Income



### Changes in Core Profit

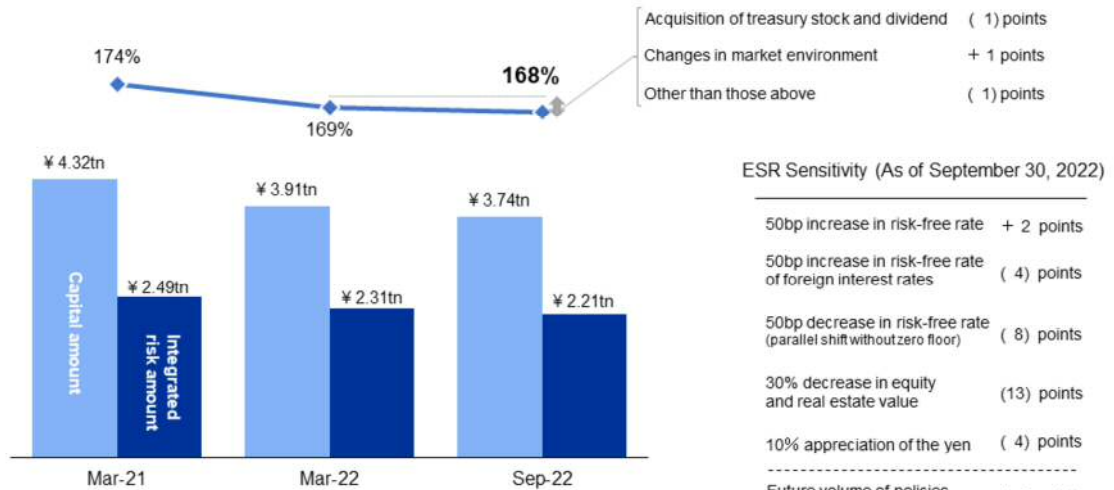


- I will now explain the trend in net income.
- The net income forecast for FY23/3 is ¥71.0 billion, due to factors such as an anticipated rise in operating expenses associated with the shift to the new Japan Post Insurance sales system.
- Despite upfront expenditure to establish the new system, we aim to achieve the net income target of ¥91.0 billion for the final year of the Medium-Term Management Plan by engaging in management improvements such as the establishment of sales promotion with appropriate solicitation quality.
- Please look at page 26.

## ESR (Economic Solvency Ratio)

3. Financial results and shareholder returns

- The ESR was 168% as of September 30, 2022, with a small change from March 31, 2022.
- The rising interest rates in Japan and overseas mainly caused the decrease both in capital amount and the risk amount.



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

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

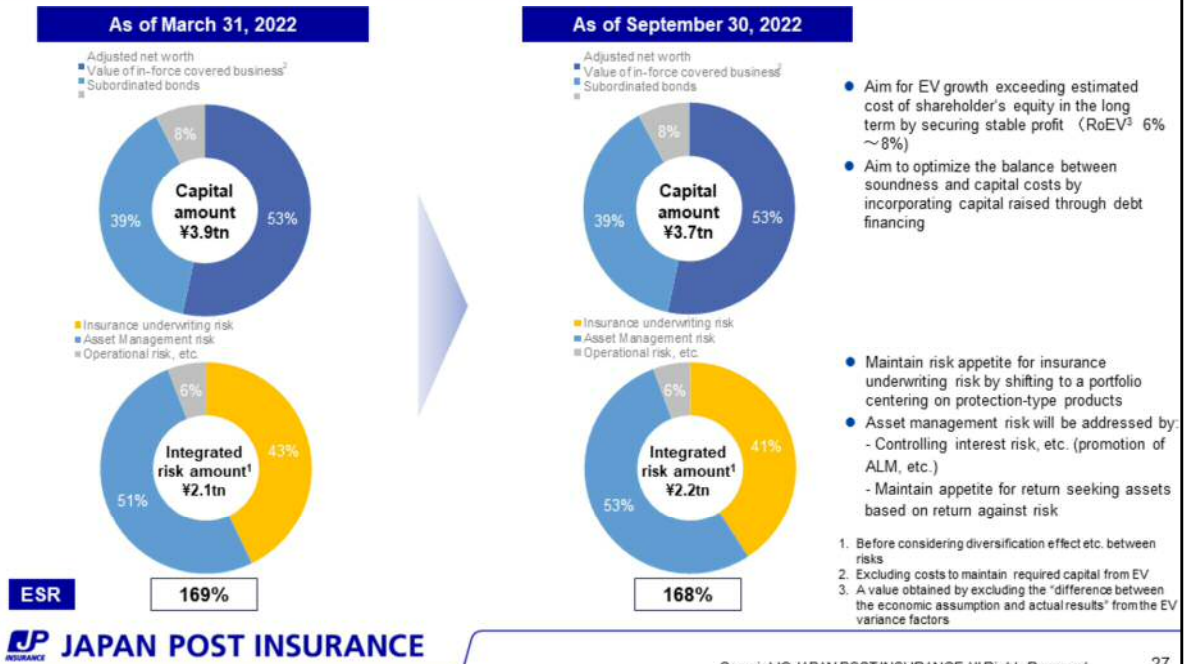
**JAPAN POST INSURANCE**

Copyright© JAPAN POST INSURANCE All Rights Reserved.

26

- This graph shows the transition of ESR.
- The ESR was 168% as of September 30, 2022 with a small change from March 31, 2022.
- The rising interest rates in Japan and overseas mainly caused the decrease both in capital amount and the risk amount.
- Please see page 27.

■ We will address both capital and risks to stabilize ESR in the medium to long term.



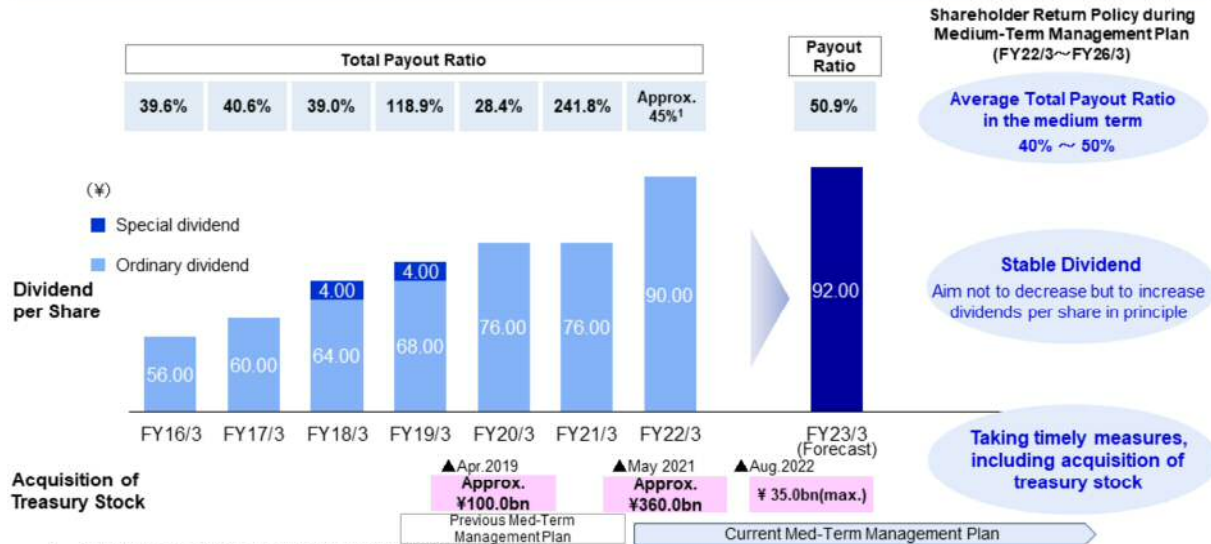
- I will explain about ERM and Capital Policy.
- Anticipating the introduction of the new solvency regulations in 2025, we aim for medium- to long-term ESR stability.
- Increasing the capital amount through the steady implementation of the Medium-Term Management Plan, as well as taking various risk control measures, we will address both capital and risk.
- Please look at page 28.



## Shareholder Return

3. Financial results and shareholder returns

- Recognizing the shareholder return as an important policy of management, we designed our shareholder return policy during Medium-Term Management Plan.
- Aim an average total payout ratio from 40% to 50% in the medium term.
- Aim not to decrease but to increase dividends in principle, while considering earning prospects and financial soundness.
- By taking timely measures, including acquisition of treasury stock, to return profits to shareholders flexibly.



1. Assuming the implementation of the acquisition of ¥35.0bn (maximum) treasury stock.
2. In implementation of the acquisition of treasury stock, the Company will continue to ensure that the ratio of voting rights of JAPAN POST HOLDINGS Co., Ltd. will be maintained at 50% or less. Therefore, depending on the status of the ratio of voting rights, the amount of treasury stock to be acquired may be significantly less than ¥35.0bn.

**JAPAN POST INSURANCE**

Copyright© JAPAN POST INSURANCE All Rights Reserved.

28

- Lastly, I will explain our Shareholder Return.
- No change has been made to our previously-announced shareholder return policy, and we plan to pay dividends of ¥92 per share, as initially forecast.
- In August this year, we decided to acquire up to ¥35.0 billion of treasury stock as shareholder return for FY22/3, and we anticipate a total payout ratio for FY22/3 of approximately 45%.
- The scheme of this treasury stock acquisition is explained on the next page.
- Please look at page 29.



## Acquisition of treasury stock

3. Financial results and shareholder returns

- In August 2022, we decided to acquire up to ¥35.0 billion of treasury stock to return FY22/3 profits to shareholders.
- Meanwhile, previous sales of Japan Post Insurance's shares by Japan Post Holdings, based on the Postal Service Privatization Act, have reduced the ratio of its voting rights in Japan Post Insurance to approximately 49.9% (as of August 10, 2022).
- We anticipate acquiring a similar number of shares from Japan Post Holdings and general shareholders, to maintain the voting rights ratio at this level after the acquisition of treasury stock.

### Scheme for the Acquisition of Treasury Stock (decided on August 10, 2022)



### the Status of the Acquisition of Treasury Stock



- |   |                 |   |
|---|-----------------|---|
| 1 | August 10, 2022 | Determination of matters related to the acquisition of treasury stock   |
| 2 | August 10, 2022 | Decision to purchase through the Off-auction Own Share Repurchase Trading system (ToSTNeT-3) (shares acquired on August 12, 2022)   |
| 3 | August 12, 2022 | Decision to commence the acquisition of treasury stock through trading on the auction market (began acquisition on August 15, 2022) |

1. In implementation of the acquisition of treasury stock, the Company will continue to ensure that the ratio of voting rights of JAPAN POST HOLDINGS Co., Ltd. will be maintained at 50% or less. Therefore, depending on the status of the ratio of voting rights, the amount of treasury stock to be acquired may be significantly less than ¥35.0bn.
2. As of September 30, 2022, the ratio of voting rights of JAPAN POST HOLDINGS Co., Ltd. is 49.05%.

JAPAN POST INSURANCE

Copyright© JAPAN POST INSURANCE All Rights Reserved.

29

- Under the treasury stock acquisition scheme, roughly equal numbers of shares are acquired from general shareholders and Japan Post Holdings, thereby maintaining the ratio of voting rights of Japan Post Holdings at 50% or less.
- For the acquisition of treasury stock decided in August this year, we have already completed the off-auction purchase of shares from Japan Post Holdings, and we are in the process of purchasing shares from general shareholders through trading on the auction market.
- We will continue to recognize that shareholder return is an important policy of management and will maintain sound management while distributing stable profits to shareholders.
- This concludes my explanation. Thank you.

# Appendix

## Promoting ESG Management

- We strengthened our system to promote ESG management by setting up the Sustainability Committee as an advisory committee for the Executive Committee, and the Sustainability Promotion Office in April 2021.
- The Sustainability Committee had discussions and enhanced the system to promote sustainability, for example, formulating a plan for which officers are responsible, and creating a project management function that supervises the entire plan in a cross-sectional way. We are also striving to instill the idea of sustainability into the Company through various training and education.
- Japan Post Insurance was selected for inclusion in the FTSE4Good Index Series<sup>1</sup> and the FTSE Blossom Japan Index Series<sup>2</sup> in June 2022.
- Aim at our sustainable growth and achieving SDGs by working on prioritized challenges (materiality).

### Social Challenges (Materiality) to Address with Priority and Goals

1. Provide insurance products and services through our network of post offices, etc.
2. Contribute to regional and social development and environmental conservation
3. Extend healthy life expectancy and improve well-being through health promotion, etc.
4. Establish an environment where each and every employee can actively demonstrate his/her full potential to empower himself/herself
5. Corporate governance supporting the meaning of our business and social mission



1. Created by the global index provider FTSE Russell and designed to measure the performance of companies that are outstanding in environmental, social, and governance (ESG) fields.
2. Includes Japanese companies selected as outstanding in environmental, social, and governance (ESG) fields. This index has been adopted as an ESG index by the Japanese Government Pension Investment Fund (GPIF).

### Major Initiatives in FY22/3

- ① Disclose climate change initiatives in accordance with the TCFD proposal
- ② Launch joint research to verify the health effects of "Radio-Taiso" exercise
- ③ Continue special handling associated with the impact of COVID-19 such as extension of the grace period for payment of premiums and omission of part of necessary documents
- ④ Implement asset management taking into account ESG factors for all assets
- ⑤ Formulate action plans for promotion to expand roles for female employees and mentoring for newly appointed female managers

### Selected for inclusion in two leading stock price indices for ESG investment (June 2022)



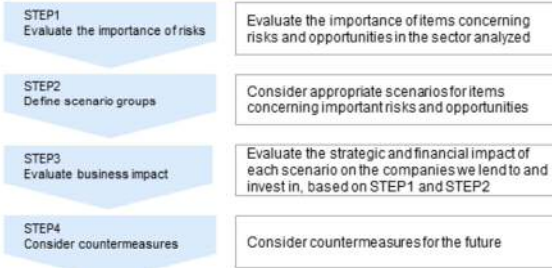
## Response to the TCFD Proposal - Environmental

- We expressed our support for the TCFD proposal in April 2019, and disclose information on our response to climate change and other issues in accordance with the four key elements of the TCFD proposal, namely "Governance," "Strategy," "Risk Management," and "Metrics and Targets."
- From FY2021, we disclosed the results of scenario analysis of "Strategy," while for "Metrics and Targets," we established a GHG reduction target based on the results of measurements of the carbon footprint of our investment portfolio.

### Scenario Analysis

- To analyze the impact of climate change on our asset management, we analyze the GHG emission volumes of our investment portfolio, and the impact of climate change on the three most important sectors in terms of investment exposure (electric power, energy, and steel). In this way, we are able to ascertain the size of the impact on our asset management, and the main factors involved.

#### The scenario analysis process



- We also implement NGFS (Network for Greening the Financial System) climate scenario analysis and analysis of the impact of climate change on our life insurance business.

Note : Please refer to the Japan Post Insurance website for more details on disclosure.  
<https://www.jp-ife.japanpost.jp/english/aboutus/sustainability/environment/tcf.html>



### Metrics and Targets

#### Metrics and targets as a business company

- We have established a reduction target for greenhouse gas emissions (CO<sub>2</sub> emissions) with the aim of achieving carbon neutrality by 2050.

**FY2030 : 46% reduction compared to FY2019<sup>1</sup>**  
**By 2050: Achieve carbon neutrality**

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.

#### Metrics and targets as an institutional investor

- We began calculating greenhouse gas (GHG) emission volume indicators (GHG emission volume, carbon footprint<sup>1</sup>, carbon intensity<sup>2</sup>, and weighted average carbon intensity) for our investment portfolio on March 31, 2021, to manage the climate change risk of our portfolio.
- We have established the following reduction targets for the GHG emission volume of our investment portfolio<sup>3</sup>.

**FY2029 : 50% reduction compared to FY2020<sup>4</sup>**  
**By 2050 : Achieve net zero**

1. Carbon Footprint is the amount of GHG emissions per million yen of portfolio balance.  
 2. Carbon Intensity indicates the carbon efficiency of the investee company.  
 3. The target assets are domestic stocks, foreign stocks, domestic credit (including loans to business companies, etc.), and foreign credit, for both in-house and trust investments. Unlisted stocks, project finance, REITs, asset-backed securities, etc. have been excluded.  
 4. The basis for the targets may change in the future due to factors such as assets subject to measurement.

## Popularization and Promotion of “Radio-Taiso” – Social

■ Assist promoting health and forming a diverse society as a contribution to local communities and society by popularization and promotion of “Radio-Taiso” exercise.

- With the aim to “extend healthy life expectancy and improve well-being through health promotion, etc.,” one of our social challenges (materiality), we are engaged in popularizing “Radio-Taiso” through initiatives such the Festival of 10 Million People’s “Radio-Taiso”, touring “Radio-Taiso” events, and a “Radio-Taiso” contest.
- We broadcast “Radio-Taiso” videos on the “Radio-Taiso” channel of Japan Post Insurance on YouTube, aiming to resolve the social issue posed by fewer opportunities to exercise during the COVID-19 pandemic.
- We also provide information on “Radio-Taiso” through Twitter.
- In October 2021, we launched joint research to verify the health effects of “Radio-Taiso.” This research is progressing as planned.



Festival of 10 Million People’s “Radio-Taiso” and *Minna no Taiso* (“Exercise for Everyone”) (An annual event where participants from across Japan do “Radio-Taiso” together, one of the biggest such events in Japan. Held yearly since 1962)



Touring “Radio-Taiso” events: welcoming the free participation of a wide range of people across all age groups and genders



*Sakutto* (“Quick”) “Radio-Taiso”, a four-video series explaining the correct way to do “Radio-Taiso”





## Promotion of Diversity and Work Style Reform - Social

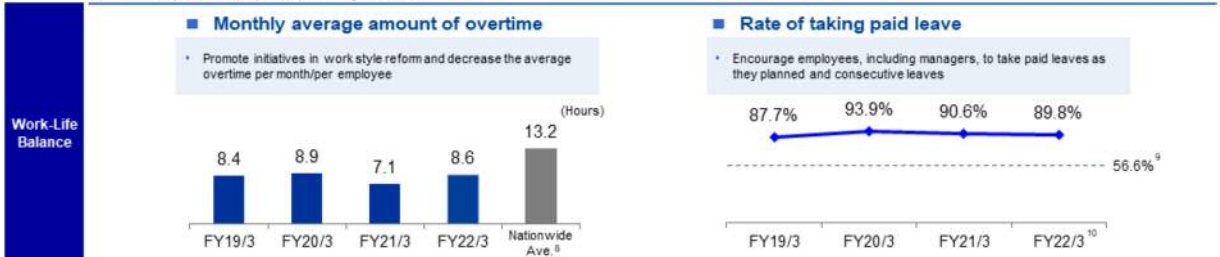
- Promote diversity management, mainly in the areas of “promoting expanding roles for female employees,” “providing support for balancing work and childcare/nursing care,” “promoting employment of persons with disabilities,” and “work-life balance.”



1. Increase in the number of employees under the new Japan Post Insurance sales system (Approx. + 13,000 staff)  
 2. Nationwide Ave.  
 3. Ratio of female managers for companies with 5,000 employees or more (2021 Basic Survey of Gender Equality in Employment Management, MHLW)

4. Nationwide Female Ave.  
 5. Nationwide Male Ave.  
 6. Rate of Taking Childcare Leave (2021 Basic Survey of Gender Equality in Employment Management, MHLW)

7. Private company Ave. (2021 Status of Employment of Persons with disabilities MHLW)



8. Overtime work hours (excluding part-time work) (Monthly Labor Survey, 2021, MHLW)

9. Nationwide Ave. (2021 General Survey on Working Conditions, MHLW)

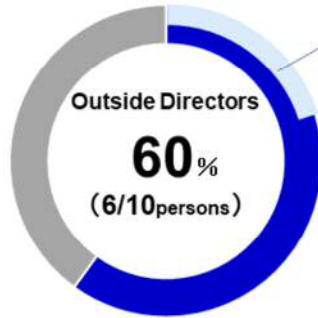
10. Partial change in calculation method from FY22/3 (excluding from the denominator, employees who took zero days of paid leave during the period due to childcare leave, leave of absence, etc.)

## Board of Directors and Committee Meetings - 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 and Committee Meetings in FY2021

#### Board of Directors



Female  
2 persons

【Meetings held in FY2021】 13 meetings

【Principal Matters resolved by the Board of Directors in FY2021】

- Medium-Term Management Plan(FY2021- FY2025)
- Management Plan for the fiscal year ending March 31, 2023
- Disclosure based on revision of the Corporate Governance Code
- Revisions of FY2021 Consolidated Financial Results Forecast

#### Nomination Committee



【Meetings held in FY2021】  
5 meetings

#### Audit Committee



【Meetings held in FY2021】  
16 meetings

#### Compensation Committee



【Meetings held in FY2021】  
7 meetings

#### Outside Directors Composition

Female	<b>SUZUKI Masako</b>	Executive Advisor of Pasona Group Inc.
	<b>SAITO Tamotsu</b>	Senior Counselor of IHI Corporation
	<b>HARADA Kazuyuki</b>	Representative Director, Chairman of the Board of Keikyu
	<b>YAMAZAKI Hisashi</b>	Attorney-at-law Former President, Sapporo High Court
Female	<b>TONOSU Kaori</b>	Outside Director of Internet Initiative Japan Inc.
	<b>TOMII Satoshi</b>	Chairman of DBJ Investment Advisory Co., Ltd.



## Compensation System for Executive Officers - Governance

- By introducing Trust-Based Performance-Linked Stock Compensation System, 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.





### Summary of Compensation System for Executive Officers

- Basic Compensation (Fixed) : A basic compensation (fixed monetary compensation) commensurate with their duties
- Stock compensation (Performance-linked) : Points calculated by the following formula are awarded annually, and shares corresponding to the accumulated points are distributed.  
 [Point calculation formula]  $(① + ②) \times ③$   
 ①Basic points based on job responsibilities ②individual evaluation points ③company performance-linked coefficient
- Ratio of actual value of basic compensation (fixed) and performance-linked stock compensation for former executive officers  
 Basic Compensation<sup>1</sup> (Fixed) : performance-linked stock compensation<sup>2</sup> = 85 : 15  
 1. Basic compensation (fixed) is calculated based on the actual payment in FY 2021.  
 2. Performance-linked stock compensation is calculated by multiplying the points granted based on the performance in FY 2021 by the stock price on the date of point grant for those in office and by the stock price on the date of retirement for those retiring.

### Targets and Results of Indicators Related to the Relevant Performance-linked Compensation in FY2021

Indicator	Target	Result
Income target for the fiscal year: Net income per share (consolidated)	¥ 280.05	¥ 375.14
Degree of achievement in matters related to sales/solicitation quality: Annualized premiums from policies in force	¥ 3.70 trillion	¥ 3.53 trillion
Degree of achievement in establishment of administrative and IT system framework, etc.	Addressing urgent issues (continued initiatives to support our customers in an emergency), strengthening an appropriate solicitation quality control scheme, improving customer experience value, promotion of ESG management, asset management, ERM, corporate culture reform, personnel system reform, measures for preventing crime and money laundering, etc.	Progress of measures generally in line with the plan

## Skill Matrix for Directors - Governance

	 SENDA Tetsuya Director and President, CEO Representative Executive Officer	 ICHIKURA Noboru Director and Deputy President Representative Executive Officer	 NARA Tomoaki Director Audit Committee Member (standing)	 MASUDA Hiroya Director	 SUZUKI Masako Outside Director	 SAITO Tamotsu Outside Director	 HARADA Kazuyuki Outside Director	 YAMAZAKI Hisashi Outside Director	 TONOSU Kaori Outside Director	 TOMII Satoshi Outside Director
Corporate management <sup>1</sup>	●	●	●	●	●	●	●	●	●	●
Financial affairs /Accounting	●	●	●			●				●
Legal/Risk management /Compliance	●	●	●	●	●	●	●	●	●	●
Human resources/Human resources development	●		●	●	●	●	●	●	●	
Sales/Marketing	●	●			●		●			
ICT/DX	●		●		●	●			●	
Community/Society	●	●	●	●	●	●	●	●	●	●
Finance/Insurance	●	●	●	●					●	●
Asset management	●	●	●							●

Note1: As of June 15, 2022

Note2: The table above lists the skills representing the areas in which the Company expects Directors to demonstrate their competencies and shows the skills and experience that Outside Directors possess and available skills and experience, as well as expected skills of Inside Directors, based on differences in the Nomination Criteria for Candidates for Directors. The areas in which the Company expects Directors to demonstrate their competencies in realizing the Sustainable Development Goals (SDGs) are included in the skills of "Corporate management," "Human resources/Human resources development," "Community/Society," and "Asset management."

1. The skill of corporate management includes areas such as organizational management necessary for management oversight.



**JAPAN POST INSURANCE**

Copyright© JAPAN POST INSURANCE All Rights Reserved.

37

## Medium-Term Management Plan KPI

- Although we have established the new Japan Post Insurance sales system and launched the new medical rider, the growth has been slow in the number of new policies, and the declining trend in the number of policies in force continues.
- Regarding financial results forecasts for the fiscal year ending March 31, 2023, the achievement in current period is 68.0%. Full-year financial results forecast and dividend forecasts remain unchanged.
- We will continue to promote the basic policies of the medium-term management plan, "Reconstruction" and "Sustainable Growth," and measures in each area that will serve as the foundation for these policies.

	FY26/3 Target	FY23/3 2Q Results and Evaluation	FY23/3 Outlook
<b>Numbers of policies in force (Individual Insurance)</b>	20 million or more policies	21.86 million policies (Change from FY22/3 : (4.1) %)	Growth has been slow in the number of new policies, and the declining trend in the number of policies in force will continue
<b>Net income</b>	¥ 91.0bn (FY2023 ¥ 78.0bn)	¥ 48.2bn (Progress against the Forecast : 68%)	No change from the forecast (¥ 71.0bn)
<b>Dividend-per-share (DPS)</b>	In principle aim not to decrease but to increase dividend per share for the period of the Medium-term Management Plan	Interim dividends ¥ 46 (Change from FY22/3 : + ¥ 1)	No change in dividend forecast for FY23/3 (Change from FY22/3 : + ¥ 2)
<b>EV growth (RoEV)<sup>1</sup></b>	Aim for 6% to 8% growth	2.5% (FY23/3 1Q : 1.5%) <small>(1Q and 2Q results are based on provisional calculations that have not been verified by a third party)</small>	The value of new business continues to be negative and is expected to fall below the forecast
<b>Customer satisfaction<sup>2</sup> NPS<sup>®3</sup></b>	Customer satisfaction Aim for 90% or more NPS <sup>®</sup> Aim for One of the highest in the industry	— (Customer satisfaction in FY2021 : 78%)	Continue to promote CX improvement initiatives

1. Calculated by excluding economic variance factors.

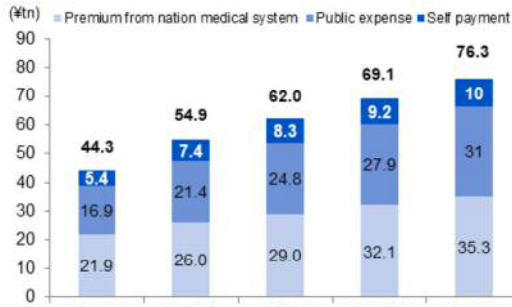
2. The total percentage of customers who responded as "satisfied" and "somewhat satisfied" with a 5-level rating of customer satisfaction.

3. NPS<sup>®</sup> is an abbreviation for "Net Promoter Score" and a registered trademark of Bain & Company, Inc., Fred Reichheld, and Satmetrix Systems, Inc.

## 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.

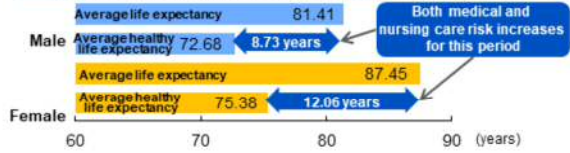
### Increase in National Medical Expenditure(NME)



	FY20/3	FY26/3	FY31/3	FY36/3	FY41/3
GDP	559.6	645.6	694.8	741.2	790.6
NME	7.9%	8.5%	8.9%	9.3%	9.7%

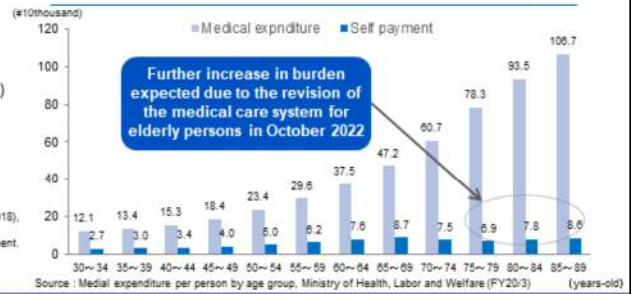
Sources: Cabinet Secretariat, Cabinet Office, Ministry of Finance, Ministry of Health, Labor and Welfare (May 21, 2018), Ministry of Health, Labor and Welfare (November 9, 2021).  
 Note: Figures at FY20/3 are actual results. Figures at FY26/3 onwards are estimated amount at official announcement.

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



Source: Ministry of Health, Labor and Welfare, 16<sup>th</sup> meeting of Health Japan 21 (the 2<sup>nd</sup> term), material No. 3-1

### Medial expenditure per person by age group and self payment (annual amount) (estimated based on actual result in FY20/3)

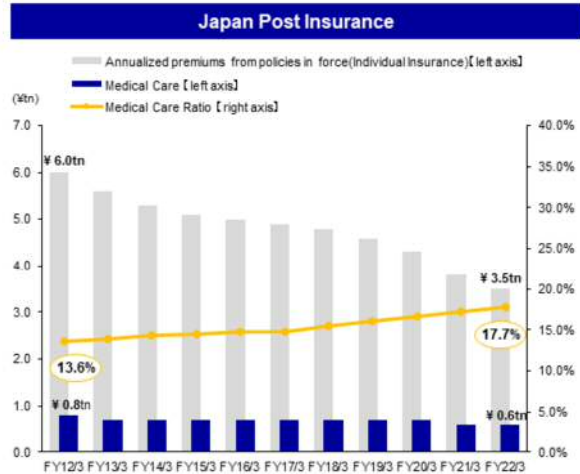
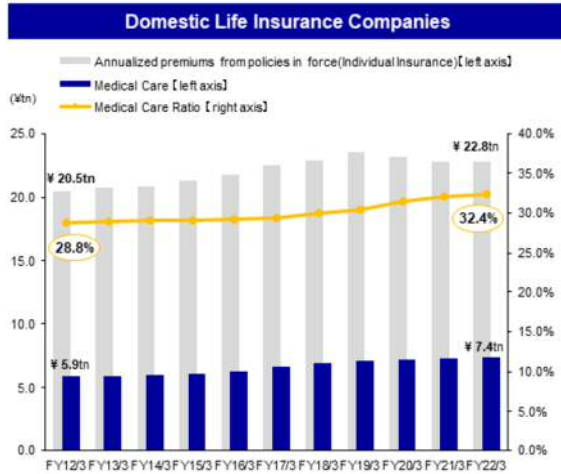


Source: Medial expenditure per person by age group, Ministry of Health, Labor and Welfare (FY20/3)

## 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)

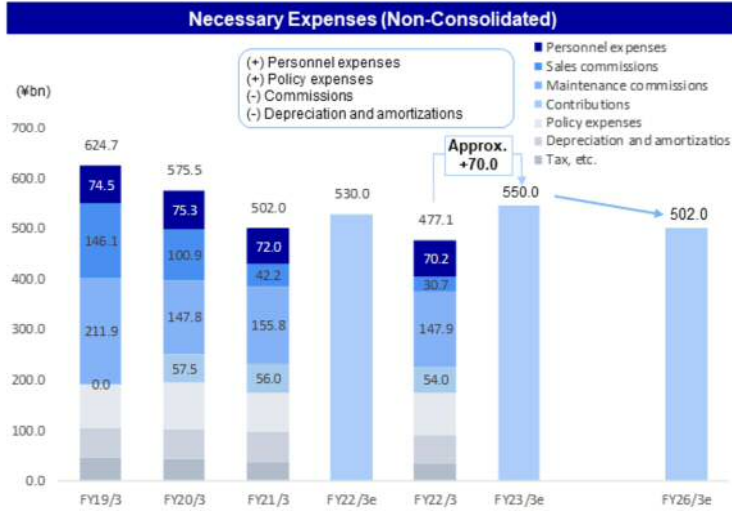


Source: The Life Insurance Association of Japan: Summary of Life Insurance Business in Japan  
 Note: "Domestic Life Insurance Companies" includes postal life insurance policies.



## Changes in Cost Structure

- Necessary expenses will increase in FY23/3 due to the acceptance of consultants from Japan Post Co. and stabilization of business operations.
- We will pursue initiatives to streamline operations, reduce expenses, and invest in priority areas as outlined in the Medium-Term Management Plan, and aim for more efficient business operations.



Note: From FY19/3 to FY22/3 are actual results and FY23/3 onwards are expectations.

New Japan Post Insurance Sales System (from Apr. 2022)

### Boosting efficiency of operations

- Efficiency improvements through DX promotion
- Shift to customer support area, etc.

### Reduction in expenses and Investment in priority areas

- Productivity improvements in system development and maintenance
- Reduce policy expenses
- Develop system infrastructure for DX promotion
  - Strategic IT investment during the Medium-term Management Plan : Approximately ¥100.0billion over 5 years

**[FY26/3]**  
**Necessary Expenses**  
**¥502.0billion**

## 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 now holds 49.90%<sup>2</sup> of voting rights in the Company after acquisition of treasury stock from May 2021 onwards, etc.<sup>1</sup>
- As a result, additional regulatory restrictions relating to new businesses under the Postal Service Privatization Act have been relaxed and the Company can further provide insurance services to meet our customers' needs.
- Although Japan Post Holdings holds 49.90% of voting rights in the Company after acquisition of treasury stock, Japan Post Holdings remains a parent company of the Company.

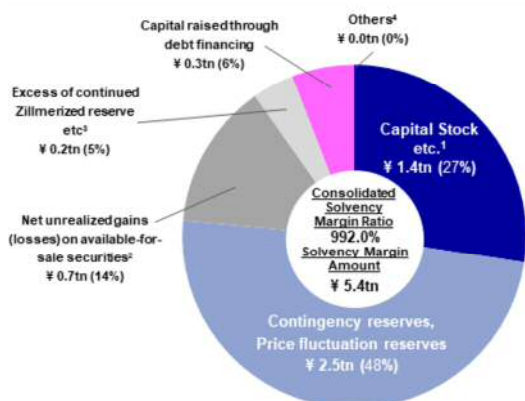
JP Vision 2025 (Excerpt <sup>※</sup> )	Item	Additional Restrictions under the Postal Service Privatization Act
<p>Improvement of the management flexibility through early disposal of shares in the two financial subsidiaries</p> <ul style="list-style-type: none"> <li>■ We will aim to dispose of our equity 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.</li> <li>■ After that, we will proceed with deliberations on the disposal of our equity interests in the two financial subsidiaries. [ Shareholdings in two financial subsidiaries ]</li> </ul> <p style="text-align: center;"><b>Japan Post Holdings</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p><b>Japan Post Bank</b></p> <p>Approx. 89% <b>50% or less</b></p> <p>Current share <b>During JP Vision 2025</b></p> </div> <div style="text-align: center;"> <p><b>Japan Post Insurance</b></p> <p>Approx. 64.5% <b>50% or less</b></p> <p>Current share <b>During JP Vision 2025</b></p> </div> </div> <p>※ Announced on May 14, 2021</p> <p><b>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</b> 49.90%<sup>2</sup></p> <p><b>Achieve the Postal Service Privatization and relaxation of Additional Restrictions</b></p>	<p><b>New business</b></p> <p><b>Limit on coverage amount</b></p> <p><b>Subsidiary</b></p>	<p>【Until Japan Post Holdings disposes of 50% or more of all the shares of the Company】</p> <ul style="list-style-type: none"> <li>■ Approval by specified ministers<sup>3</sup> (a hearing at the Postal Service Privatization Committee is required)</li> <li>【After Japan Post Holdings disposes of a 50% or more of all the shares of the Company until the designated date<sup>4</sup>】</li> <li>■ Notification to competent ministers (obligation to consider competitors, notification to Postal Service Privatization Committee is required)</li> <li>【After designated date<sup>4</sup>】</li> <li>■ No regulations under Postal Service Privatization Act (regulations under Insurance Business Act will continue)</li> </ul> <p>【Until the designated date<sup>4</sup>】</p> <ul style="list-style-type: none"> <li>■ Prescribed in a cabinet order (a hearing at the Postal Service Privatization Committee is required to revise)</li> <li>- Limit on coverage amount: in principle, ¥ 10mn (total of ¥ 20mn after 4 years have elapsed since start of coverage (age 20-55))</li> <li>【After designated date<sup>4</sup>】</li> <li>■ No regulations based on Postal Service Privatization Act</li> </ul> <p>【Until the designated date<sup>4</sup>】</p> <ul style="list-style-type: none"> <li>■ Prohibited from acquiring or holding as a subsidiary or merging with any insurance company</li> <li>- no specific statutory rules applicable to our minority investments, which is acquiring voting rights below 50%</li> <li>【After designated date<sup>4</sup>】</li> <li>■ No regulations based on Postal Service Privatization Act</li> </ul>

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 through the ToSTNeT-3, Japan Post Holdings has disposed of shares in the Company through a trust for share disposal.
2. The Company has resolved matters related to the acquisition of its treasury stock at a meeting of the Board of Directors held on August 10, 2022. The latest ratio of voting rights, after purchases through ToSTNeT-3 and on the auction market, is 49.05% (as of September 30, 2022).
3. Specified ministers: Prime Minister (Commissioner of the Financial Services Agency) and Minister of Internal Affairs and Communications.
4. Designated date: The earlier of (i) the disposal of Japan Post Holdings' entire equity interest in the Company and (ii) 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.

## 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.
- In August 2022, the Company's S&P Insurer Financial Strength Rating was raised from "A" to "A+".

### Breakdown of Consolidated Solvency (as of September 30, 2022)



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 and unrecognized prior service cost the total amount, among others, of general reserve for possible loan losses, sum of unrecognized actuarial differences.

### Bond Information

As of Sep 30, 2022

	Issue date	Principal amount
First series of subordinated unsecured bonds with interest deferral option and early redemption option	January 29, 2019	¥100 billion
Second series of subordinated unsecured bonds with interest deferral option and early redemption option	January 28, 2021	¥200 billion

### Credit Ratings<sup>1</sup>

As of Sep 30, 2022

	S&P	R&I	JCR
Japan Post Insurance	A+ (Stable)	AA- (Stable)	AA (Stable)
(Reference) Japanese government	A+ (Stable)	AA+ (Stable)	AAA (Stable)

1. JPFs ratings fall under insurance financing (rating on insurance benefit solvency).



**JAPAN POST INSURANCE**

Copyright© JAPAN POST INSURANCE All Rights Reserved.

43

<Disclaimer>

These materials were prepared for the sole purpose of providing corporate information, etc., on the Company and its consolidated subsidiaries, and do not constitute a solicitation for investments in the stocks and other securities issued by the companies of the Japan Post Group, regardless of whether in Japan or overseas.

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.

**UNOFFICIAL TRANSLATION**

Although Japan Post Insurance pays close attention to provide English translation of the information disclosed in Japanese, the Japanese original prevails over its English translation in the case of any discrepancy.