

# **Financial Results & Corporate Strategy Meeting for the Year Ended March 31, 2022**

May 26, 2022



- I am SENDA Tetsuya, President of Japan Post Insurance. Thank you very much for attending our Financial Results & Corporate Strategy Meeting today.
- Today, I will provide a review of the FY22/3 and future initiatives.
- Afterward, I would like to answer any questions you may have.
- Please look at page 1.

## Summary of Financial Results

		(¥bn)		
		FY 21/3	FY 22/3	FY 23/3 Forecasts
Earnings (Financial Accounting)	Net Income	166.1	158.0	71.0
	Net Income per share (EPS)	¥ 295.33	¥ 375.14	¥ 177.70
Embedded Value (Economic Value)	EV	4,026.2	3,618.9	
	Value of new business	(12.7)	(11.5)	
ESR	ESR	174% <sup>1</sup>	169%	
Shareholder Return	Dividend per share (DPS)	¥ 76	¥ 90 <small>Interim dividend ¥ 45 Year-end dividend ¥ 45</small>	¥ 92 <small>Interim dividend ¥ 45 Year-end dividend ¥ 47</small>

### 【Financial Highlights】

- Operating expenses decreased and there was an increase in positive spread, despite a decrease in the number of policies in force due to the lower-than-expected number of new policies.
- As a result of the above, earnings were at the same level as the previous fiscal year. Net income decreased 4.8% year on year.

### 【Embedded Value】

- EV decreased by 10.1% from the end of the previous fiscal year to ¥ 3,618.9billion, mainly due to the decreases in net assets resulting from the acquisition of treasury stock worth ¥ 358.8billion in May 2021 and decrease in unrealized gains of foreign bonds along with the increase in foreign interest rates.
- Certain amount of operating expenses for new policy acquisition is required regardless of the amount of new policies sold. As a result, the value of new business was ¥ (11.5) billion.

### 【ESR】

- Anticipating the introduction of the new solvency regulations in 2025, we changed the ESR measurement model.
- The acquisition of treasury stock reduced capital amount and lowered the ESR by 5 points to 169%.

### 【Shareholder Return】

- The dividend per share for the fiscal year ended March 31, 2022, is ¥90 as we planned.
- An annual dividend for the fiscal year ending March 31, 2023 is scheduled to be ¥92 per share.

1. The figure after changing measurement model

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- I would like to explain the summary of financial results.
- In FY22/3, operating expenses decreased and there was an increase in positive spread, despite a decrease in the number of policies in force due to the lower-than-expected number of new policies. As a result, net income was ¥ 158.0billion.
- EV decreased by 10.1% from the end of the previous fiscal year to ¥ 3,618.9billion, mainly due to a decrease in net assets resulting from the acquisition of treasury stock in May 2021 and a decrease in unrealized gains of foreign bonds resulting from higher foreign interest rates.
- We have not been able to acquire as many new policies as turning the value of new business positive. As a result, the value of new business was ¥ (11.5) billion.
- ESR as of March 31, 2022 decreased to 169% as the capital amount, the numerator of ESR, decreased due to the acquisition of treasury stock in May 2021.
- Please note that we have sequentially reviewed ESR by more reasonable measurement method in preparation for the introduction of the new solvency regulations scheduled for 2025.
- The dividend per share is ¥90, as we planned.
- We will explain later our financial result forecast for FY23/3.
- Please look at page 2.

## Review of FY22/3

- Although various initiatives in the Medium-Term Management Plan progress steadily, the recovery of new policy sales has remained slow and it was a significant decrease from the period before the solicitation quality issues have surfaced.
- Initiatives to reinforce business foundations, such as preparations for the establishment of the new Japan Post Insurance sales system and launch of the new medical rider, have progressed well.

Initiatives in FY22/3		Primary Targets	
		Targets (FY26/3)	Actual results (FY22/3)
Continue efforts to regain trust	<ul style="list-style-type: none"> <li>Continued the initiatives to regain trust, and steadily provided follow-up support through the policy coverage confirmation activities</li> <li>Follow-up support did not lead to new policy proposals. The increase in new policy sales was moderate compared to the period before the solicitation quality issues surfaced</li> </ul>	20 million or more policies	22.8 million
	Reinforce business foundations		<ul style="list-style-type: none"> <li>Reduced the ratio of Japan Post Holdings' voting rights in Japan Post Insurance to below 50% and realized the relaxation of the additional regulatory restrictions on new businesses</li> <li>Prepared for the April 2022 launch of the new medical rider <i>Motto Sonohi-kara Plus</i></li> <li>Secured asset management earnings exceeding the plan thanks to favorable market environment</li> <li>Prepared for the establishment of the new Japan Post Insurance sales system as planned</li> </ul>
Dividend per share (DPS)		In principle aim not to decrease but to increase dividend per share	¥90.0
EV growth (RoEV)		Aim for 6% to 8% growth	4.0 %

- I would like to explain our initiatives in FY22/3.
- In FY22/3, we have continued the initiatives to regain our customers' trust, and steadily provided follow-up support through the policy coverage confirmation activities.
- However, the follow up support have not led to new policy proposals, and the recovery of new policy sales has remained slow, which was about 10% of the level before the solicitation quality issues surfaced and was below what we had expected.
- Meanwhile, we steadily carried out the establishment for the new Japan Post Insurance sales system, and we launched the system on schedule in April 2022.
- Furthermore, as a result of the acquisition of treasury stock in May 2021, the ratio of Japan Post Holdings' voting rights fell below 50%, which relaxed additional restrictions related to the new business under the Postal Service Privatization Act from an approval system to a notification system.
- As a result, we launched a new medical rider in April 2022, *Motto Sonohi-kara Plus*, a new product to meet the protection needs of a wide range of generations.
- From an asset management standpoint, we secured investment income exceeding our plan due to favorable market environment.
- We will continue to steadily proceed with our initiatives set out in the Medium-Term Management Plan to reconstruct ourselves as a company that is truly trusted by customers and shift to a business model that gives top priority to customer experience value. That will demonstrate the "quality unique to Japan Post Insurance."
- Please look at page 3.

## Management Issues

### Management issues

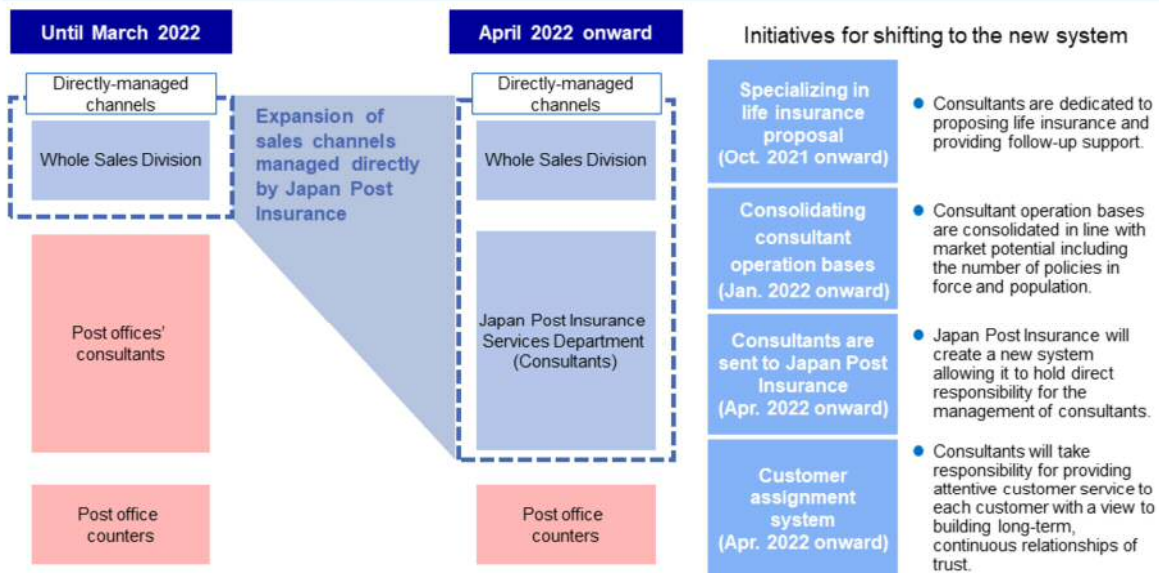
<b>1. Sales·Product Strategy</b>	<ul style="list-style-type: none"><li>● Establishment of the new Japan Post Insurance sales system and implementation and settlement of the activities based on “Vision of Japan Post Insurance Sales Activities”</li><li>● Sales of new medical riders and future product strategy</li></ul>
<b>2. CX·DX</b>	<ul style="list-style-type: none"><li>● Promoting DX to shift to a business model that prioritizes CX</li></ul>
<b>3. Cost·Asset Management</b>	<ul style="list-style-type: none"><li>● Change in cost structure, reduction of necessary expenses and securement of positive spread</li></ul>
<b>4. Profit·Shareholder Return</b>	<ul style="list-style-type: none"><li>● Achievement of net income target and shareholder return</li></ul>

- From now on, I would like to explain the management issues.
- FY23/3 is the beginning year of our new Japan Post Insurance sales system, and it is a very important year for us as the first step toward our transformation.
- From next page and thereafter, I will explain sales and product strategy under the new Japan Post Insurance sales system at first, then CX·DX, cost, asset management, and finally profit and shareholder return.
- Please look at page 4.

# New Japan Post Insurance Sales System

1. Sales · Product Strategy

- Upon the shift to the new Japan Post Insurance sales system from April 2022, sales channels managed directly by Japan Post Insurance will expand.
- Realize improvement in expertise through meticulous training and guidance to consultants and provision of comprehensive consulting services by Japan Post Group as a whole.



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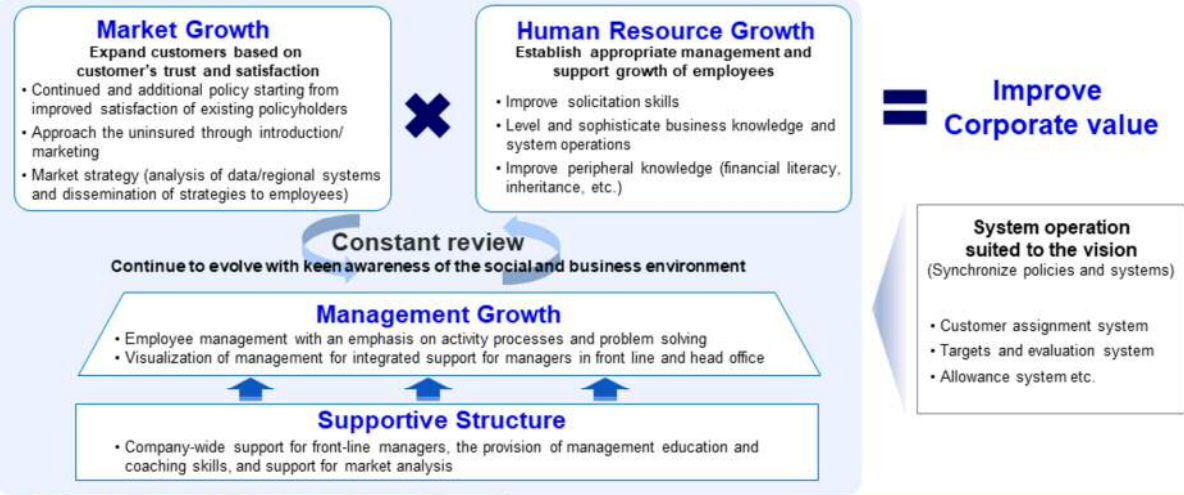
- I would like to explain the new Japan Post Insurance Sales System.
- Since April 2022, consultants are sent to Japan Post Insurance from Japan Post Co. and work as employees of Japan Post Insurance. This expands sales channels managed directly by Japan Post Insurance.
- This will allow us to improve expertise of them through meticulous training and guidance. At the same time, we provide comprehensive consulting services across group by providing a wide range of financial products at post office counters.
- We will make this new system established in an early period, and aim to realize the “Vision of Japan Post Insurance Sales Activities,” which we will explain at the next page.
- Please look at page 5.

# Vision of Japan Post Insurance Sales Activities

1. Sales - Product Strategy

- Establish "Vision of Japan Post Insurance Sales Activities" as our future vision to bring about the reconstruction of Japan Post Insurance.
- All employees will share in this vision and aim to improve corporate value through "market growth," "human resources growth," and the "management growth" to support these endeavors.

<b>Social mission</b>	We will protect customers' lives by providing life insurance product.
<b>Management Philosophy</b>	Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being.
<b>Vision</b>	Improve corporate value through "market growth," "human resource growth" and "management growth" that support them



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- We have established the "Vision of Japan Post Insurance Sales Activities" as our future vision for reconstruction.
- Aims in this vision are below.
  - Expand customers based on customer's trust and satisfaction
  - Establish appropriate management and support growth of employees through the systems and operations closely linked to the front line
  - Continue to evolve with keen awareness of the social and business environment
- We will share this vision with in the whole company, and, based on relationships with customers, we will improve corporate value by encouraging the growth of the market and human resources, and the growth of management, which will be a basis.
- Please look at page 6.

- In April 2022, we start activities to promote customer assignment system and new medical riders under the new Japan Post Insurance sales system.
- We implement initiatives based on “Vision of Japan Post Insurance Sales activities” to aim at the stabilization of activities.

Initiatives to start up in FY23/3

Activities to promote “customer assignment system” and “new medical riders”

### Initiatives based on “Vision of Japan Post Insurance Sales Activities” to aim at the stabilization of activities

Employee management with an emphasis on activity processes and problem solving

- Identify issues faced by employees and implement measures to resolve them through visualization of each employee’s activities.

Improvement of solicitation skills etc.

- Share examples of initiatives for activities such as notice of customer assignment system and promotion of new medical riders and implement web training etc.
- In response to requests from front-line, review sales tool for new medical riders and revise solicitation flow.

Company-wide support for front-line

- Disseminate “Vision of Japan Post Insurance Sales Activities” and identify issues through dialogue with front-line by management and others.
- Resolve problems of front-line by support of headquarters employees who station at the Japan Post Insurance Services Department and create an environment for front-line managers to focus on management.

- From April 2022, under the new Japan Post Insurance sales system, we started activities to promote customer assignment system and new medical riders.
- In order to stabilize these activities as soon as possible, we implement initiatives based on the “Vision of Japan Post Insurance Sales Activities” such as employee management with an emphasis on activity processes and problem solving, improvement of solicitation skills and company-wide support for front-line.
- By company-wide support for the growth of human resource and management, we create an environment for front-line to focus on their sales activities and expand customers.
- Please look at page 7.

# Sales of New Medical Riders

- The additional restrictions related to the new business under the Postal Service Privatization Act were relaxed, and the restrictions were shifted to a notification system. This has made it even easier for us to offer products that meet customer needs. We launched a new medical rider, *Motto Sonohi-kara Plus*, on April 1, 2022 to meet the protection needs of customers of all generations by providing generous medical coverage at low premiums.
- Since sales began, many customers have purchased insurance with a rider benefit amount equal to or higher than the basic insurance amount. We aim to increase the value of new business by promoting a shift to protection-type products.

## Main features of the product

- **Lump-sum payment of 20 times** the daily hospitalization benefits from the first day of hospitalization
- Standard insurance amount for rider benefits can be set up to **five times the basic policy benefits**
- **Up to five lump-sum hospitalization benefit** payments per hospitalization
- **The same amount of surgery benefit** is paid for both outpatient and hospital surgeries

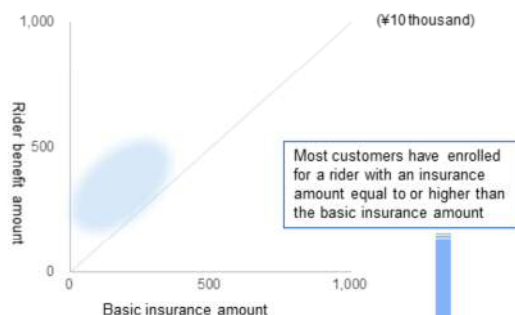
Will provide enhanced medical coverage at low premiums

<Enrollment example <sup>1&gt;</sup>	Basic: ¥5mn Rider: ¥5mn	Basic: ¥1mn Rider: ¥5mn
Premiums per month	<b>Total ¥11,050</b> Breakdown Basic: ¥7,050 Rider: ¥4,000	<b>Total ¥5,410</b> Breakdown Basic: ¥1,410 Rider: ¥4,000

Increasing the premium ratio of the rider portion as a source of value of new business

Enhance the value of new business

## Post-sale enrollment trends



1. Basic policy: Double-type whole life insurance; medical rider: non-participating general medical care rider (R04) (no cash value insurance product)  
 Example of premiums for a man enrolling with the following profile—Insurance period: whole life; insurance premium payment method (route): account transfer; enrollment age: 30 years old  
 Age of the completion of premium payment for the basic policy: 65 years old  
 Age of the completion of premium payment for the non-participating general medical care rider (R04) (no cash value insurance product): 95 years old

- Now I would like to explain the new medical riders.
- Last year, the additional restrictions related to the new business under the Postal Service Privatization Act were relaxed, and the restrictions were shifted to a notification system. This has made it even easier for us to offer products that meet customer needs.
- The new medical riders launched in April 2022 are designed to provide customers of all generations with enhanced medical coverage at lower premiums than before.
- In our recent sales, many customers have purchased insurance with rider benefits equal to or higher than the basic policy amount. We are confident that we are meeting the protection needs of customers.
- We will continue our shift toward protection type products, thereby increasing the value of new business.
- Please look at page 8.



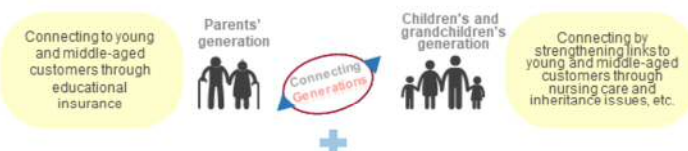
## Direction of Future Insurance Services

1. Sales・Product 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 provide insurance products that connect the generations and support the lives of our customers.

### Future product development directions

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



### Services that support the lives of our customers

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

### Status of initiatives

- April 2021  
Commenced handling of ordinary term insurance and special endowment insurance with extended insured period
- October 2021  
Commenced handling of ordinary endowment insurance with extended insured period
- October 2021  
Launched joint research to verify the health effects of radio exercise
- April 2022  
Launched a new medical rider, *Motto Sonohi-kara Plus*
- October 2021  
Began to consider providing services related to end-of-life activities and inheritance (training, etc. for consultants)
- March 2022  
Launched the Acceleration Program together with Aflac Life Insurance Japan
- April 2022  
Established the in-house venture system

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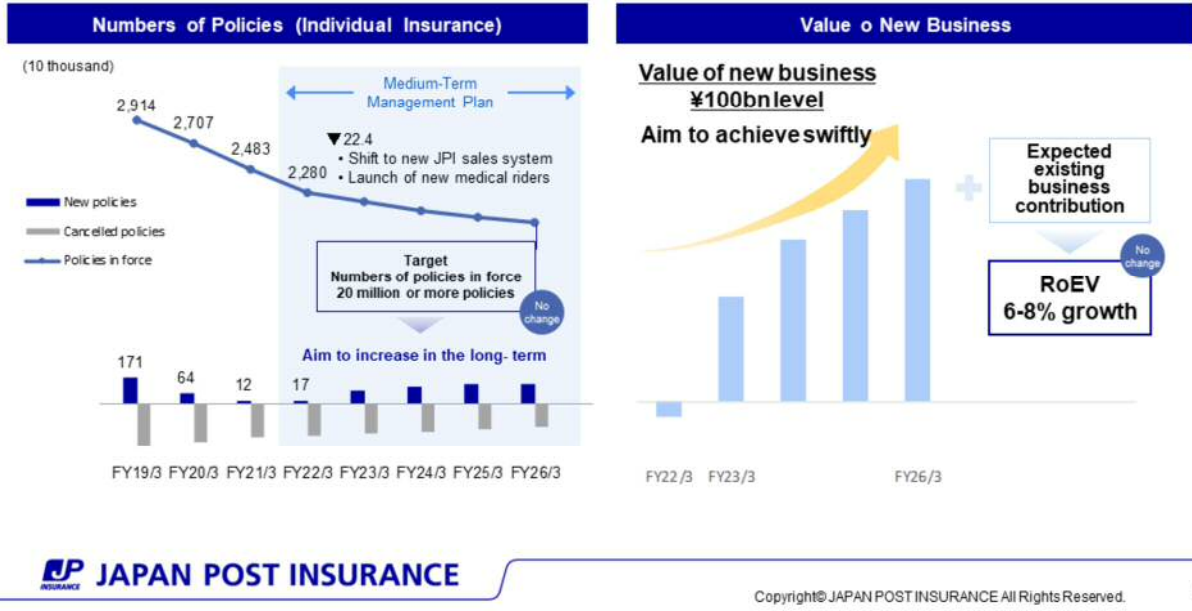
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- I would like to explain the future direction of our insurance services.
- Under our Medium-Term Management Plan, we commit to developing insurance services that respond to the wide range of protection needs of customers of all generations in an age of 100-year life.
- In FY 22/3, in April 2021, to better meet the protection needs of young and working-age customers, we started selling ordinary term insurance and special endowment insurance with longer policy periods. In October 2021, we started offering standard endowment insurance with longer policy periods to meet the needs of corporate customers who tend to extend the retirement age.
- We have also conducted joint research with the medical institution and the university to verify the health effects of radio exercise.
- We will continue to provide low premiums and well-balanced coverage for young and working-age customers, expand products to meet the protection needs of elderly and middle-aged customers, and research products to support health promotion.
- I will explain later our efforts to provide services aligned to our customers' daily lives.
- Please look at page 9.

# Effects of the sales and product strategies

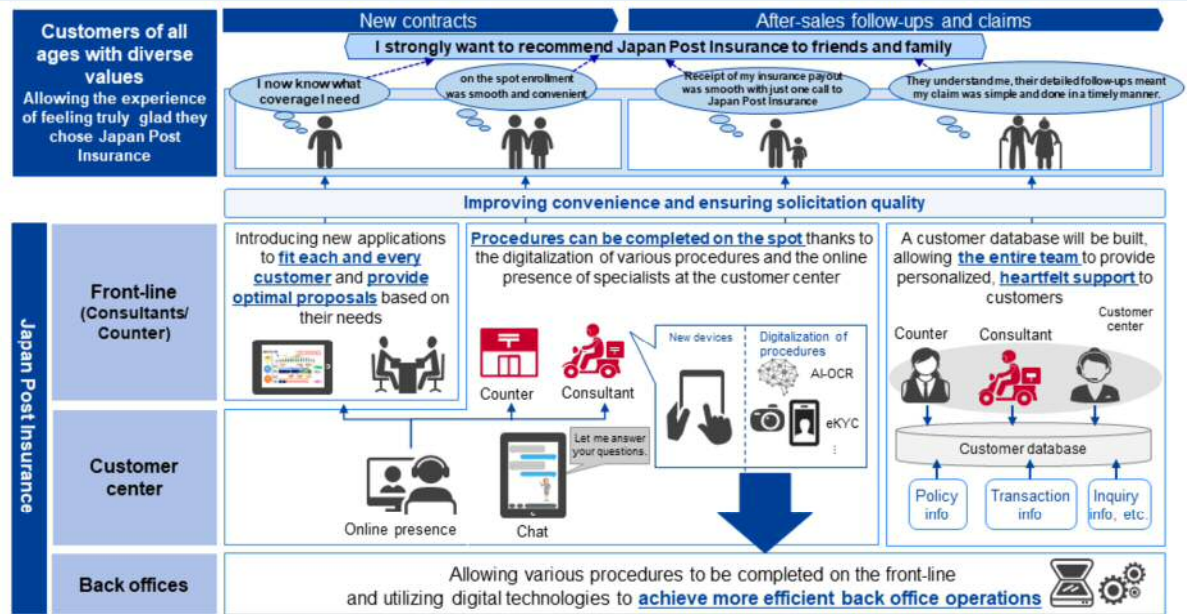
## 1. Sales - Product Strategy

- Curb the decline in policies in force, the main source of revenue in the life insurance business, and build a sustainable business foundation.
- Aim to increase the value of new business by progressing with a recovery in new policy sales and a shift to protection-type products.







- I would like to explain the effects of the sales and product strategies.
- In the left chart, the downward trend of policies in force continued as a result of nearly two years in which we have not conducted ordinary sales activities.
- In the life insurance business, which is a stock business, policies in force are the main source of income. Therefore, we need to curb the decline in policies in force and build a sustainable business foundation by achieving more than 20 million policies in force as stated in the Medium-Term Management Plan.
- Regarding the value of new business in the right chart, by recovering new policies and shifting to protection-type products, we will aim to quickly bring the value of new business to the level of ¥100.0 billion and achieve the RoEV target of 6 to 8% growth set in the Medium-Term Management Plan.
- Please look at page 10.

- Transit to business model that positions customer experience value (CX) as our top priority while promoting DX steadily.
- We will implement a fundamental review of insurance services and improve customer convenience and solicitation quality to ensure customers feel truly glad they chose Japan Post Insurance.



- Regarding for CX/DX initiatives, I would like to explain our vision during the period of the Medium-Term Management Plan.
- Toward our sustainable growth, we will fundamentally review our insurance services and make a major shift to a business model that prioritizes CX.
- Specifically, we will gradually commence efforts to build a customer database that allows the entire team: the consultants, staff of customer center and post office counter employees, to provide support for customers based on the same customer information.
- Furthermore, we will develop a system to enable families living in remote areas to attend contract process online, and expand the functions of the customer center to complete various procedures on the spot. In this way, we will aim to ensure the solicitation quality and improve customer convenience.
- By promoting DX and combining the Japan Post Group's strengths in "face-to-face" and new digital technologies, we will provide services that customers can use with peace of mind, and services that exceed their expectations, whereby improving customer satisfaction.
- Please look at page 11.

■ Steadily implementing various initiatives to improve customer convenience while promoting DX.

<p><b>Becomes a "DX Certified Business Operator"</b></p>	<p>➤ In March 2022, we received certification as a DX certified operator under the DX Certification Program<sup>1</sup> of the Ministry of Economy, Trade and Industry.</p>	
<p><b>Procedures on My Page</b></p>	<p>➤ To improve the convenience of insurance procedures, we have added the functions below and others to the web service for policyholders (My Page):</p> <ul style="list-style-type: none"> <li>• May 2021: Policyholder loan requests<sup>2</sup></li> <li>• October 2021: Claims for hospitalization and surgery benefits<sup>2</sup>; electronic issuance of premium payment certificates</li> </ul>	
<p><b>Enhancement of follow-up support (trial implementation)</b></p>	<p>➤ The customer center will begin a sequential trial run of the following operations.</p> <ol style="list-style-type: none"> <li>① Email congratulatory videos to My Page members whose policies have reached maturity and providing support for consultations on various procedures, next life plans, etc.</li> <li>② Support customers via for hospitalization and surgery benefit claims made from My Page</li> <li>③ Follow-up for customers with low NPS scores, etc.</li> </ol>	
<p><b>Procedures by smartphone ,etc. (trial implementation)</b></p>	<p>➤ Trial implementation of handling consents and declaration from insured by their own smartphones and other devices from some regions in stages.</p>	

1. A program to certify business operators that make excellent efforts in accordance with government guidelines for the operation and management of information processing systems, which were formulated based on the Partial Revision of Act on Facilitation of Information Processing, which went into effect on May 15, 2020.  
 2. This function is available only for claims that meet prescribed requirements.

- I would like to explain our current CX/DX initiatives.
- Our efforts to implement various initiatives to improve customer convenience were recognized in March 2022 when we were certified as a “DX-certified operator” under the DX Certification Program established by the Ministry of Economy, Trade and Industry.
- In FY22/3, we promoted initiatives to further improve customer convenience, including expanding web service features for policyholders (My Page.)
- We have also started trial implementations at customer center and will start a trial implementation that allows customers to use their own smartphones and other devices at some regions in order to enhance follow up support that emphasize on connection with customers.
- As we move forward with these initiatives, we will measure the results of our efforts in a timely manner, accelerating the PDCA cycle to enable service improvements.
- Please look at page 12.

- Aim to provide services that are close to the daily lives of customers, set up “Future Design Office” that is in charge of planning and promotion.
- For continuous creation of new services, launch In-house venture system to solicit ideas for new services from within the company, while starting Acceleration Program with the aim of providing new services by combining the services/technologies of startups with the management resources of both Japan Post Insurance and Aflac Life Insurance Japan.

## In-house venture system



### 「Kampo TSUNAGU Challenge !」 (KaNAe !)

- Every employees are the leaders
- Connect customers, generations and regions
- Fulfill your wishes by your own challenges!

Summary	Solicit ideas for new services from within the company. Proposals deemed by management to be feasible will be implemented with the applicant as the project leader. Planned to start the project in FY2023.
Type of service	General services for customers' daily lives

## Japan Post Insurance-Aflac Acceleration Program



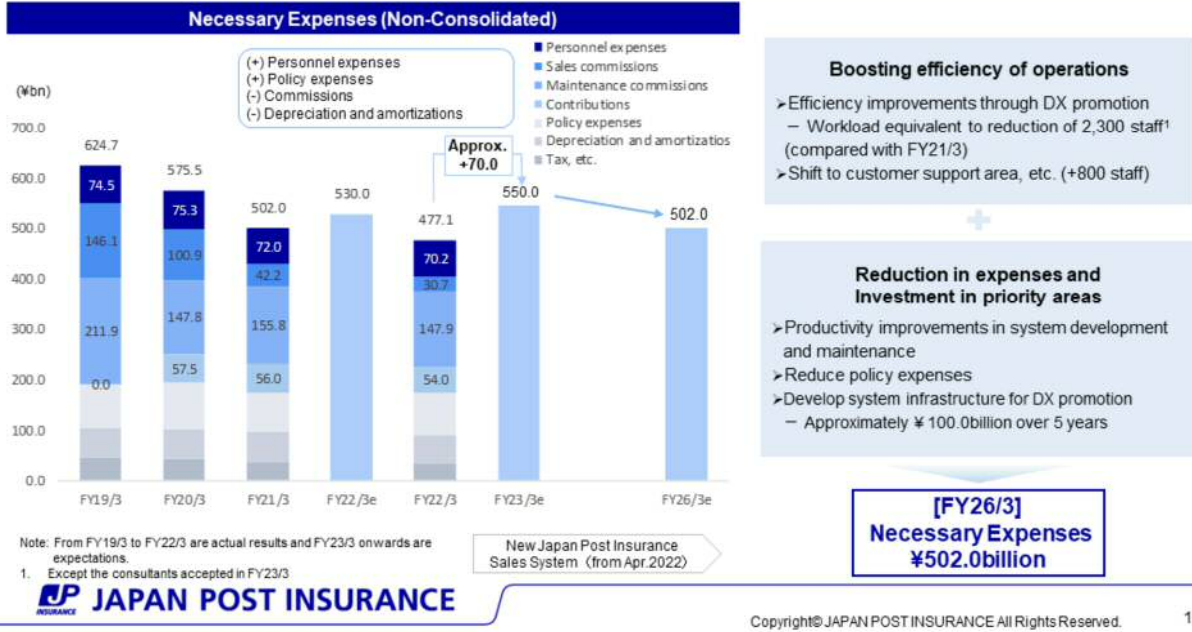
Summary	Through collaboration between the services/technologies of startups and the management resources of Japan Post Insurance and Aflac, we aim to enhance both the growth of the startups and the value that Japan Post Insurance and Aflac provide to customers. Started applying for startups in March. Discussion on specific collaboration proposals will begin from August.
Type of service	<p>&lt;Life events&gt;                      Childbirth/childcare/education;                      Employment/marriage/housing; Second life;                      Nursing care/end-of-life activities/inheritance</p> <p>&lt;Health&gt;                      Disease prevention/health promotion (radio exercise);                      Early detection; Control of progression; Support during treatment/end of life.</p> <p>*Particularly, cancer/dementia</p>

- In April 2022, we newly established Future Design Office to strengthen our planning and review system for providing insurance services.
- They are pursuing our in-house venture system in which ideas are widely solicited from within the company; and the Japan Post Insurance-Aflac Acceleration Program, in which start-ups are recruited jointly with Aflac Life Insurance Japan.
- Through these efforts, we aim to create new services for customers.
- Please look at page 13.

## Changes in Cost Structure

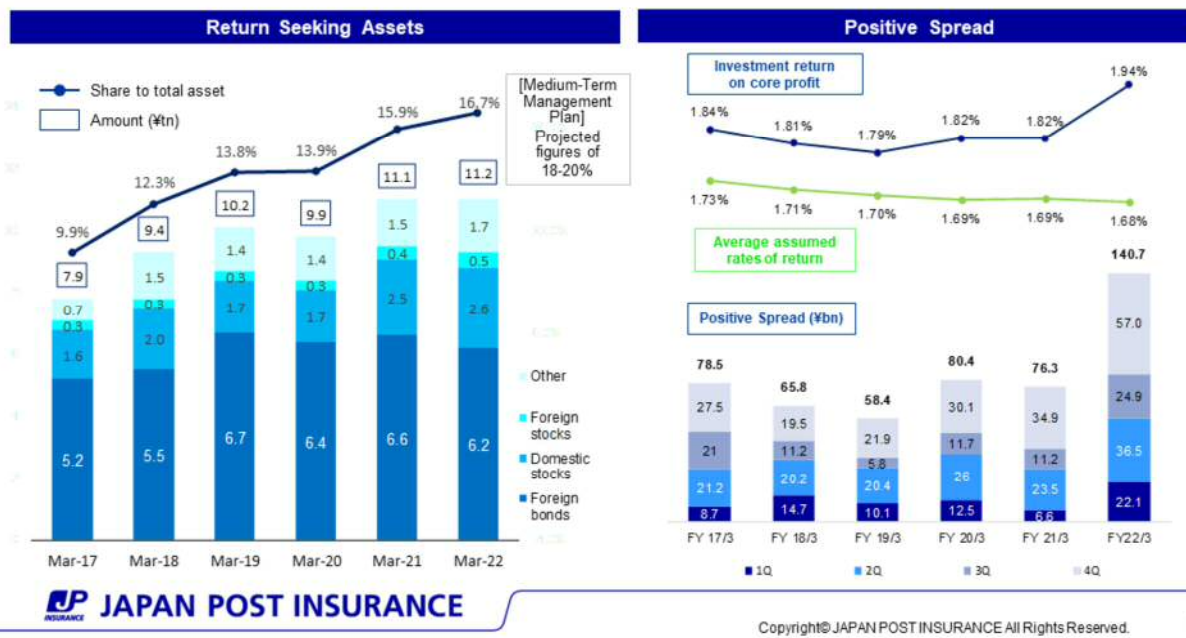
### 3. Cost\* Asset Management

- 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 areas to be strengthened as outlined in the Medium-Term Management Plan, and aim for more efficient business operations.



- This slide shows trends of necessary expenses.
- In FY 22/3, necessary expenses were ¥477.1 billion, lower than the ¥530.0 billion assumption presented in the Medium-Term Management Plan.
- However, we could not take this result optimistically, since new policy sales were low level, which resulted in lower commissions and sales activity expenses.
- In FY23/3, following the launch of the new Japan Post Insurance sales system, necessary expenses are expected to increase by about ¥70.0 billion from FY22/3 due to the acceptance of consultants from Japan Post Co., and the stabilization of business operations.
- We will continue to pursue initiatives to streamline operations, reduce expenses, and invest in areas to be strengthened as outlined in the Medium-Term Management Plan, and aim to improve the efficiency of our business operations by controlling necessary expenses to approximately ¥502.0 billion in FY26/3.
- Please look at page 14.

- Under the ERM framework, we aim to secure stable asset management earnings based on ALM management.
- For FY22/3, we secured a positive spread of ¥ 140.7billion, which reflects the effect of asset portfolio diversification we have been pursuing.



- I would like to explain 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 such as stocks and foreign bonds within the scope of our risk buffer based on ALM.
- With regard to investment in return seeking assets, we expect to raise the ratio of such assets to total assets to 18 to 20% during the period of the Medium-Term Management Plan. As of March 31, 2022, the ratio of return seeking assets accounts for 16.7% of total assets.
- As a result, we achieved 1.94% investment return on core profit and secured a ¥ 140.7billion positive spread.
- We will continue to achieve greater depth and sophistication in terms of both portfolio building and each investment field such as alternative investment.
- Please look at 15.

- In FY23/3, we will carefully take risks by closely monitoring the market environment, including monetary policy trends and geopolitical risks in each country.
- In terms of alternative investment, we will continue the policy of accumulating balances gradually according to risk appetite policy and investment opportunities.

### Asset management policy for FY23/3

#### Return seeking assets

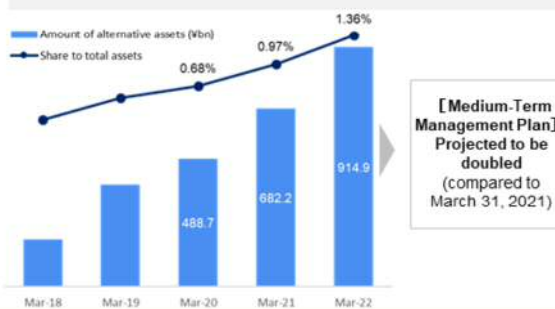
Ratio to total assets	Approx. 18%
Foreign bonds	Open: flat / Hedges: flat
Domestic stocks	Flat
Foreign stocks	Flat
Other	Expand alternative investments
Yen-denominated interest-bearing assets	Decrease

#### < Reference > Major impact of market change

Russia/Ukraine situation	<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>
Increase in foreign interest rates	<ul style="list-style-type: none"> <li>• Decline in the market value of foreign-currency-denominated bonds (in-house foreign-currency-denominated bonds : ¥ 3.9tn / Duration Approx. 5years)</li> <li>• Increase in hedging costs (hedged foreign-currency-denominated bonds : ¥ 3.1tn)</li> </ul>
Progress of yen depreciation	<ul style="list-style-type: none"> <li>• Improvement in unrealized gains/losses on open foreign-currency-denominated bonds (open foreign-currency-denominated bonds : ¥ 0.7tn)</li> <li>• Increase in Yen conversion interest and dividends on foreign securities* (*FY22/3: ¥127.2bn)</li> </ul>

### 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.

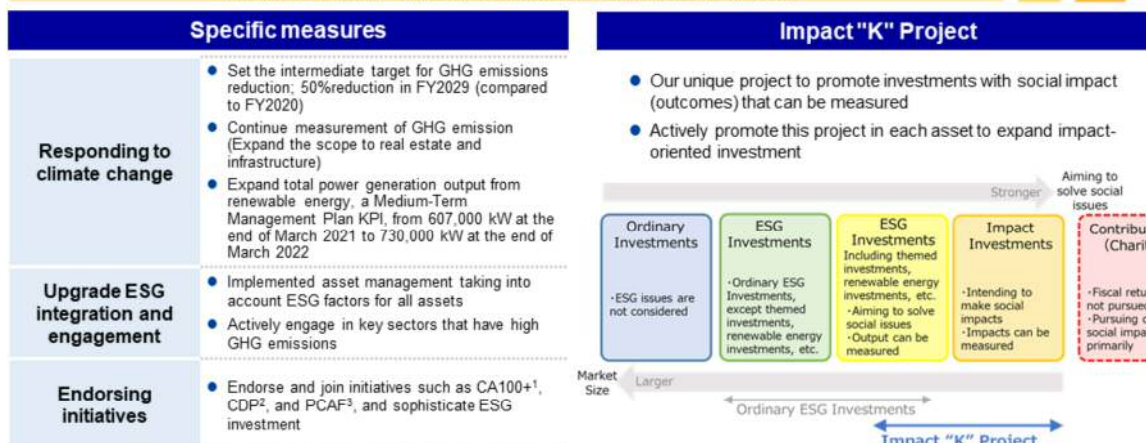


- For asset management in FY23/3, we expect to continue to expand investment in return seeking assets and raise the ratio of these assets to total assets to about 18%.
- Particularly for alternative investments, our policy is to accumulate investment balances sequentially in response to investment opportunities and with the scope of our risk buffer, while diversifying our strategies and regions.
- Regarding the situation in Russia and Ukraine, we do not directly hold Russian or Ukrainian stocks or bonds, and while we have some indirect holdings through outsourcing (funds), the direct impact is quite minor as these are held as part of our global diversified investments in each asset.
- We will continue to closely monitor the market environment and respond appropriately, as we anticipate the impact of a wide range of market changes, including the situation in Russia and Ukraine, rise of foreign interest rates or progress of yen depreciation.
- Please look at page 16.



- 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 have set a GHG emissions reduction target for our investment portfolio (net zero by 2050). We are also promoting membership in investment-related initiatives, ESG integration and enhanced engagement.

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."



1. International investor initiative that aims to address climate change through collaborative engagement with companies (Climate Action 100+)
2. International initiative for promoting disclosure of environmental information and addressing environmental issues from the standpoint of institutional investors (Carbon Disclosure Project)
3. International initiative to measure and disclose indirect GHG emissions caused by through investments and financing by financial institutions (Partnership Carbon Accounting Financials)

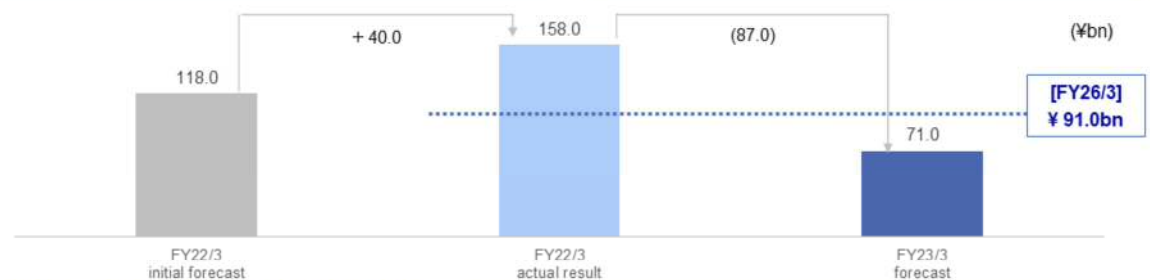
- I would like to explain the promotion of ESG investments.
- We are making ESG investments and financing under the priority themes of "well-being improvement," "regional and social development," and "contribution to environmental conservation."
- In detail, responding to climate changes, we have expanded total power generation output from renewable energy from 607,000 kW at the end of March 2021 to 730,000 kW at the end of March 2022. We are also promoting membership in investment-related initiatives, ESG integration and enhanced engagement.
- At the same time, we are promoting the "Impact 'K' Project." This initiative facilitates investments in projects whose social impact is quantitatively measurable, including those aimed at solving environmental or social issues, alongside the conventional risk/return ratio. We will promote ESG investments and financing that create a feeling of warmth unique to Japan Post Insurance.
- Please look at page 17.

## Changes in Net Income

- Net income in FY22/3 increased by ¥40.0 billion from the initial forecast to ¥158.0 billion due to a decrease in operating expenses resulting from largely contained activity expenses, in addition to an improvement in investment-related gains and losses, mainly from increased dividends on domestic stocks.
- We expect net income in FY23/3 to ¥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 targets for net income in the Medium-Term Management Plan, which is the level of ¥90.0 billion, by firmly establishing a sales promotion with appropriate solicitation quality.

### Changes in Net Income

[Major differences between initial forecasts for FY22/3 and actual results for FY22/3]	[Major differences between actual results for FY22/3 and forecasts for FY23/3]
1. Ordinary profit : • Decrease in operating expenses : • Decrease in policies in force : • Increase in positive spread : • Increase in excess provision for contingency reserves : 2. Increase in income taxes and policyholder dividends, etc. due to the above reasons :	1. Ordinary profit : • Increase in operating expenses : • Decrease in policies in force : • Decrease in positive spread : (including increase of hedging costs, etc.) • Decrease in excess provision for contingency reserves : 2. Offset the impact of capital gains or losses, etc. by the price fluctuation reserves : 3. Decrease in income taxes and policyholder dividends, etc. due to the above reasons :
Approx. + ¥70.0bn Approx. + ¥55.0bn Approx. ¥ (25.0)bn Approx. + ¥60.0bn Approx. ¥ (20.0)bn Approx. ¥ (30.0)bn	Approx. ¥ (195.0)bn Approx. ¥ (70.0)bn Approx. ¥ (60.0)bn Approx. ¥ (80.0)bn Approx. + ¥15.0bn Approx. + ¥65.0bn Approx. + ¥45.0bn



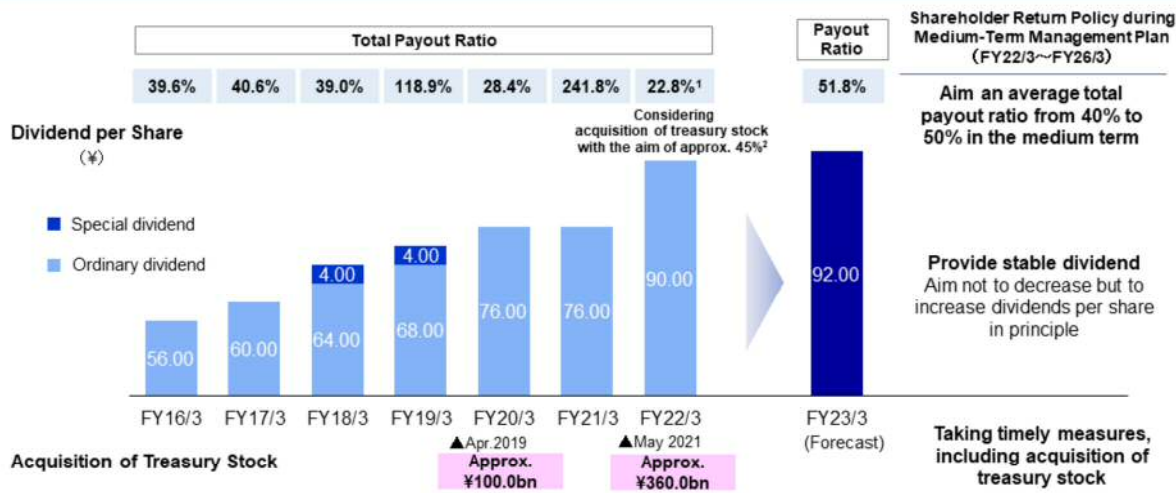
- I would like to explain the level of profit.
- Until last fiscal year, sales activity expenses were largely contained. This resulted in a decrease in operating expenses, which in turn led to an increase in short-term profits.
- In addition, net income in FY22/3 increased by ¥40.0 billion from the initial forecast (¥118.0 billion) to ¥158.0 billion. This was due to an improvement in investment-related gains and losses, mainly from increased dividends on domestic stocks.
- We recognize that this high profit level was influenced by one-time factors.
- In the current fiscal year, we expect net income to decrease by about half from the previous fiscal year to ¥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.
- Under the Medium-Term Management Plan, we are targeting net income for the level of ¥90.0 billion in FY26/3. Therefore, going forward, we will need to recover the profit level.
- The profit level for the current fiscal year will decline temporarily due to the preceding increase in expenditures associated with the establishment of the new system. However, we expect to be able to achieve the profit targets of the Medium-Term Management Plan by firmly establishing a sales promotion with appropriate solicitation quality.
- Please look at page 18.

## Shareholder Return

### 4. Profit・Shareholder Return

- 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. Figure does not take into account consideration for acquisition of treasury stock.

2. The Company is considering the acquisition of treasury stock from the second quarter of the fiscal year ending March 31, 2023 onward, with the aim of achieving a total payout ratio of approximately 45%. This would be implemented through off-floor purchases on the Tokyo Stock Exchange Trading Network system for acquisition of treasury stock (ToSTNeT-3) and on the auction market of the Tokyo Stock Exchange. In consideration 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 initially estimated.

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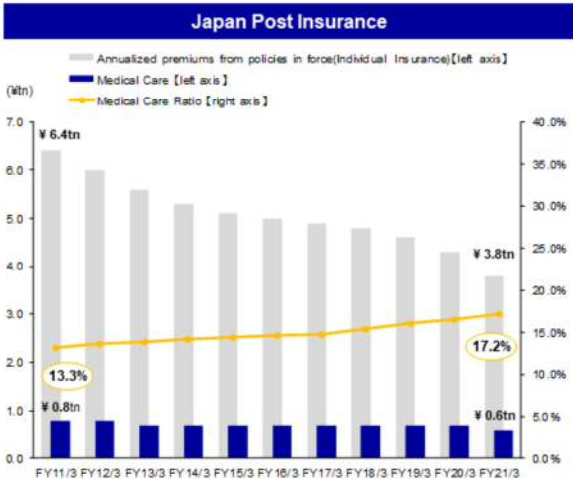
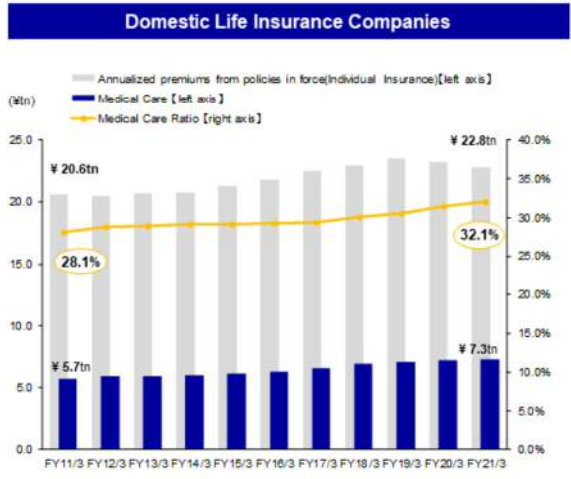
- Lastly, I will explain our Shareholder Return.
- Our shareholder return policy for the period of the Medium-Term Management Plan has been to aim not to decrease but to increase dividends in principle. In May 2022, we have decided to add another target to this policy. By taking timely measures, including acquisition of treasury stock, to return profits to shareholders flexibly, we will aim for the medium-term average total payout ratio between 40% and 50%.
- Based on these policies, the dividend per share for FY22/3 is ¥90. In addition, the Company is considering the acquisition of treasury stock from the second quarter of the FY23/3 onward, with the aim of achieving a total payout ratio of approximately 45%.
- In consideration of the acquisition of treasury stock, the Company will continue to ensure that the ratio of voting rights of JAPAN POST HOLDINGS Co., Ltd. in the Company will be maintained at 50% or less.
- An annual dividend for FY23/3 is scheduled to be ¥92 per share.
- We will continue to recognize that the 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

# 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



## Investments [Asset Portfolio]

### Asset Portfolio

(¥bn)

	Mar-21		Mar-22		Change
	Amount	Share	Amount	Share	
<b>Bonds</b>	48,088.2	68.5 %	46,563.5	69.3 %	(1,524.6)
Japanese government bonds	37,345.6	53.2 %	37,408.9	55.7 %	63.3
Japanese local government bonds	5,583.9	8.0 %	4,462.0	6.6 %	(1,121.2)
Japanese corporate bonds	5,158.5	7.4 %	4,691.8	7.0 %	(466.6)
<b>Return seeking assets<sup>1</sup></b>	11,181.2	15.9 %	11,228.3	16.7 %	47.1
Domestic stocks <sup>2</sup>	2,514.2	3.6 %	2,614.5	3.9 %	100.2
Foreign stocks <sup>2</sup>	489.5	0.7 %	586.1	0.9 %	96.6
Foreign bonds <sup>2</sup>	6,605.7	9.4 %	6,279.9	9.3 %	(325.8)
Other <sup>3</sup>	1,570.6	2.2 %	1,747.7	2.6 %	177.0
<b>Loans</b>	4,964.0	7.1 %	4,251.9	6.3 %	(712.1)
<b>Others</b>	5,939.4	8.6 %	5,130.9	7.6 %	(808.5)
Cash and deposits, call loans	1,465.0	2.1 %	1,310.7	2.0 %	(154.2)
Receivables under resale agreements	-	-	2,120.1	3.2 %	2,120.1
Receivables under securities borrowing transactions	2,585.0	3.7 %	-	-	(2,585.0)
<b>Total assets</b>	<b>70,172.9</b>	<b>100.0 %</b>	<b>67,174.7</b>	<b>100.0 %</b>	<b>(2,998.1)</b>

### Spread and Investment Yield

(¥bn)

	Year ended Mar-21	Year ended Mar-22
Positive spread	76.3	140.7
Average assumed rates of return <sup>1</sup>	1.69 %	1.68 %
Investment return on core profit <sup>2</sup>	1.82 %	1.94 %

Net capital gains (losses)	(17.1)	(1.7)
Cost for hedging currency fluctuations	(19.9)	(7.3)

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.

### Duration

(years)

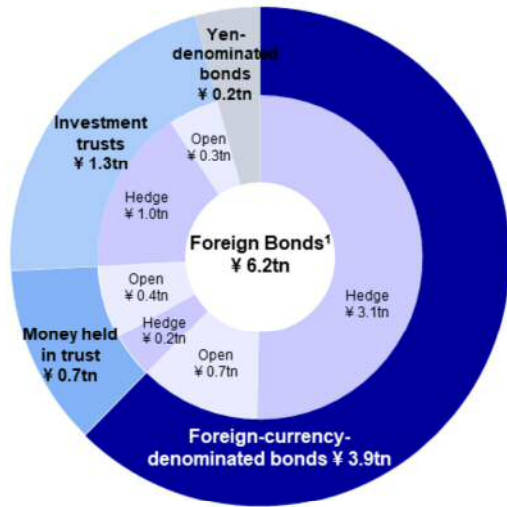
	Mar-21	Mar-22
Assets	10.4	10.5
Liabilities	13.4	12.7
Difference	3.0	2.2

Note: The duration for accounting purposes of insurance liabilities related to individual insurance and individual annuities and yen-denominated interest-bearing assets

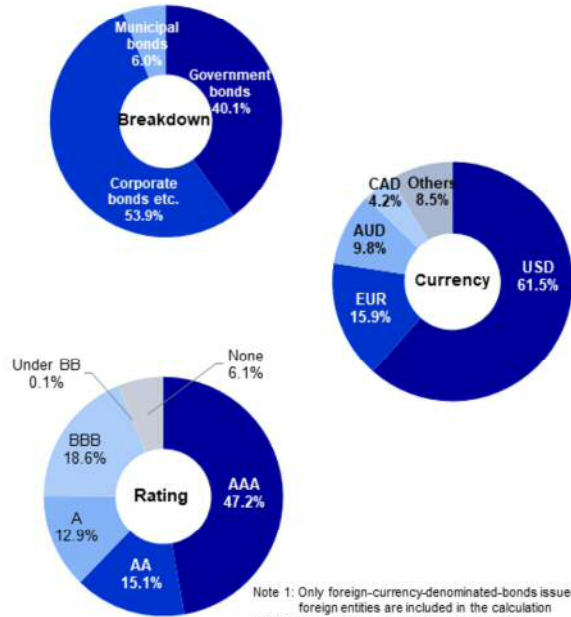
- Return seeking assets include domestic and foreign stocks, foreign-currency-denominated bonds, investment trusts, etc. held for investment purposes among the assets recorded under "money held in trust" and "securities" on the balance sheet.
- "Domestic stocks," "Foreign stocks" and "Foreign bonds" include individual stocks and bonds, as well as investment trusts that invest only in the specified assets.
- "Bank loans", "multi-asset", "real estate fund", "private equity" and "infrastructure equity" etc.

# Exposure to Foreign Bonds (as of March 31, 2022)

## Breakdown of Foreign Bonds



## Foreign-currency-denominated Bonds



1. Foreign bonds included in return seeking assets

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.

## Status of Insurance payment for COVID-19

- We are continuing emergency handling for COVID-19.
- The payment of insurance claims for COVID-19 has quite minor impact on insurance payments as a whole.

### Emergency handling for insurance payment

- Due to the situation of medical institutions caused by the impact of COVID-19, the following cases are handled as payment targets for hospitalization benefit
  - When a diagnosis of COVID-19 (found to be positive by PCR testing, etc.) is conducted, and medical treatment at an accommodation facility offered by prefectural governments or at home.
  - In the case that the patient could not be hospitalized despite the need for inpatient treatment for diseases or injury other than COVID-19, or he/she is forced to exit earlier than originally planned
- In the event of death due to COVID-19, insurance benefits will be doubled as "Double payment of insurance benefits" are applied in addition to the death benefit
- Omission of part of necessary documents at the time of claim, etc.

### Status of insurance payment for COVID-19

	FY20/3	FY21/3	FY22/3	Total
Death benefits <sup>1</sup>	-	¥4,989.81million (1,456policies)	¥13,314.57million (3,807policies)	¥18,304.38million (5,263policies)
Hospitalization benefits	¥0.74million (15policies)	¥824.57million (14,023policies)	¥5,469.51million (110,562policies)	¥6,294.82million (124,600policies)

### [Reference] Status of insurance payment as a whole

	FY20/3	FY21/3	FY22/3
Insurance benefits <sup>2</sup>	Approximately ¥5.3trillion	Approximately ¥5.1trillion	Approximately ¥4.9trillion

1. Include double payment
2. Sum of "Insurance claims", "Annuity payments" and "Benefits." Insurance claims include cancellation refunds, etc. at the Organization for Postal Savings, Postal Life Insurance and Post Office Network.



## New and Postal Life Insurance Category in the Statement of Income (Non-consolidated)

(¥bn)

	FY18/3		FY19/3		FY20/3		FY21/3		FY22/3	
	New	Postal Life	New	Postal Life	New	Postal Life	New	Postal Life	New	Postal Life
Ordinary income <sup>1</sup>	3,938.8	5,489.2	3,814.7	4,374.4	3,582.6	3,658.6	3,591.8	3,194.6	3,462.1	2,992.1
Insurance premiums and others	3,481.2	755.2	3,369.5	590.3	2,786.3	459.1	2,333.7	364.1	2,132.1	286.8
Investment income <sup>1</sup>	454.6	830.3	440.1	764.3	441.2	696.5	448.4	673.6	460.6	688.6
Other ordinary income	3.0	3,903.7	4.9	3,019.8	354.9	2,503.0	809.7	2,156.8	869.3	2,016.6
Ordinary expenses <sup>1</sup>	3,767.1	5,352.2	3,663.5	4,260.4	3,388.2	3,566.1	3,329.3	3,112.2	3,215.3	2,883.2
Insurance claims and others	1,765.6	5,124.3	2,837.9	4,030.9	2,842.0	3,349.3	2,925.4	2,940.6	2,831.7	2,717.5
Provision for policy reserves and others	1,474.7	-	272.5	-	29.9	-	0.0	-	0.0	-
Investment expenses <sup>1</sup>	78.5	27.9	99.1	46.8	85.7	38.2	59.5	11.7	56.5	13.3
Operating expenses	372.8	159.9	376.2	142.1	336.3	135.8	275.4	126.6	263.0	121.5
Other ordinary expenses	75.2	39.8	77.7	40.4	94.2	42.7	68.9	33.2	64.0	30.7
Ordinary profit	171.7	137.0	151.1	113.9	194.3	92.4	262.5	82.4	246.7	108.9
Extraordinary gains and losses <sup>2</sup>	(27.2)	(17.0)	13.8	3.6	9.3	29.8	(23.6)	(23.1)	(22.3)	(40.0)
Provision for reserve for policyholder dividends	21.6	96.1	19.6	92.1	15.4	93.7	18.7	46.7	18.2	54.8
Income before income taxes	122.9	23.8	145.3	25.5	188.2	28.5	220.2	12.6	206.1	14.0
Total income taxes	35.4	6.9	41.1	8.7	54.9	10.7	61.1	6.0	57.3	4.9
Net income	87.4	16.8	104.1	16.7	133.3	17.8	159.0	6.5	148.7	9.1

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., FY22/3, ¥0.1 billion was added to "Gains on foreign exchanges," under "Investment income," and to "Losses on foreign exchanges," under "Investment 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)

		FY18/3	FY19/3	FY20/3	FY21/3	FY22/3
<b>Total assets</b>	¥mn	76,832,508	73,904,576	71,667,398	70,173,857	67,174,848
Postal Life Insurance category		46,684,937	41,354,076	39,225,493	37,815,270	35,929,138
New category		30,147,570	32,550,500	32,441,904	32,358,586	31,245,710
<b>Number of policies in force</b>	(000)	30,405	29,143	27,070	24,837	22,802
Postal Life Insurance category (Insurance)		12,484	11,048	9,907	8,944	8,061
New category (individual insurance)		17,921	18,095	17,163	15,893	14,740
<b>Numbers of new policies</b>	(000)	1,739	1,711	644	124	173
<b>Numbers of cancelled policies<sup>1</sup></b>	(000)	2,894	2,965	2,714	2,256	2,196
Postal Life Insurance category		1,930	1,430	1,141	959	880
New category		963	1,534	1,572	1,296	1,316
<b>Contingency reserve (reversal) provision</b>	¥mn	(139,678)	(151,592)	(165,388)	(186,023)	79,651
Postal Life Insurance category		(173,722)	(173,590)	(170,814)	(191,014)	73,581
New category		34,043	21,997	5,425	4,991	6,069
<b>Price fluctuations reserve (reversal) provision</b>	¥mn	128,031	(19,251)	(39,152)	46,477	67,789
Postal Life Insurance category		17,090	(3,686)	(29,845)	23,121	40,045
New category		110,940	(15,564)	(9,306)	23,355	27,743
<b>Additional policy reserve (reversal) provision</b>	¥mn	(30,648)	(50,292)	(49,750)	27,652	(239,366)
Postal Life Insurance category		(47,674)	(46,698)	(46,396)	30,553	(236,996)
New category		17,025	(3,594)	(3,354)	(2,901)	(2,369)

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. "Numbers of cancelled policies" shows the sum of death, maturity, surrender and lapse.

## Key Financial Indicators

(¥bn)

	FY18/3	FY19/3	FY20/3	FY21/3	FY22/3
Insurance premiums and others	4,236.4	3,959.9	3,245.5	2,697.9	2,418.9
Operating expenses etc <sup>1</sup>	647.6	636.8	609.4	503.5	479.0
Ordinary profit	309.2	264.8	286.6	345.7	356.1
Provision for reserve for policyholder dividends	117.7	111.8	109.2	65.4	73.1
Net income	104.4	120.4	150.6	166.1	158.0
Net assets	2,003.1	2,135.1	1,928.3	2,841.4	2,421.0
Total assets	76,831.2	73,905.0	71,664.7	70,172.9	67,174.7
Return on equity	5.4 %	5.8 %	7.4 %	7.0 %	6.0 %
RoEV <sup>2</sup>	9.9 %	8.6 %	(2.8) %	5.0 %	4.0 %
Dividends to shareholders	40.8	43.2	42.7	42.7	35.9
Share repurchase	-	99.9 <sup>3</sup>	-	358.8 <sup>4</sup>	-
Total payout ratio	39.0 %	118.9 %	28.4 %	241.8 %	22.8 % <sup>5</sup>
EV	3,743.3	3,925.7	3,324.2	4,026.2	3,618.9
Value of New Business	226.7	223.8	60.6	(12.7)	(11.5)
Core profit (Non-consolidated)	386.1	377.1	400.6	421.9	437.1
Core profit attributable to life insurance activities	320.3	318.7	320.1	345.6	296.4
Spread (positive/negative spread)	65.8	58.4	80.4	76.3	140.7

1. Sum of Operating expenses and Other ordinary expenses
2. Calculated by excluding economic variance factors.
3. Share repurchase in April 2019
4. Share repurchase in May 2021
5. Figure does not take into account consideration for acquisition of treasury stock

## Expenses

### Expenses

(¥bn)

	Year ended Mar-21	Year ended Mar-22	Change
Operating expenses	403.0	385.9	(17.1)
Commissions <sup>1</sup>	198.1	178.6	(19.4)
Sales Commissions	42.2	30.7	(11.5)
Maintenance Commissions	155.8	147.9	(7.9)
Contributions <sup>2</sup>	56.0	54.0	(2.0)
Others	148.8	153.2	4.4
Other ordinary expenses	100.4	93.0	(7.4)
Depreciation and amortization	59.3	54.5	(4.8)
Operating expenses etc	503.5	479.0	(24.5)

1. Commissions paid to Japan Post Co.

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

## Commissions

### Sales Commissions

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

### Maintenance Commissions

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

#### Comparison of FY21/3 and FY22/3

##### Commission for new policies acquired in the fiscal year (Y on Y +¥ 0.3bn)

- We were engaged in ordinary sales activities throughout FY22/3. This resulted in an increase in commissions for new policies acquired in the fiscal year under review compared with FY21/3, when we refrained from proactive sales activities for part of the fiscal year.

##### Commission for new policies acquired in the period between 84 months earlier and 13 months earlier (Y on Y ¥ (9.8)bn)

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

##### Incentive commissions (Y on Y ¥ (1.9)bn)

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

Note: For FY23/3, the amount of commissions is expected to be ¥140.9bn (a decrease of ¥37.6bn year on year), of which sales commissions are expected to be ¥38.8bn (an increase of ¥5.1bn year on year), and maintenance commissions are expected to be ¥102.0bn (a decrease of ¥45.8bn year on year).

#### Comparison of FY21/3 and FY22/3

##### Basic commission (Y on Y ¥ (4.5) bn)

- Decreased in FY22/3 due to a decrease in the number of policies in force

##### Incentive commissions (Y on Y ¥ (3.4)bn)

- Decreased in FY22/3 due to a revision of incentive commissions

## Overview of Funds and Contributions

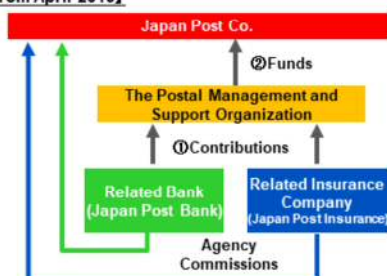
- Amendments to the Act on the Management Organization for Postal Savings and Postal Life Insurance have taken effect since December 1, 2018.
- From April 2019, we and Japan Post Bank are required to contribute to The Postal Management and Support Organization which will pay the fundamental necessary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

### System of Funds and Contributions

**[Until March 2019]**



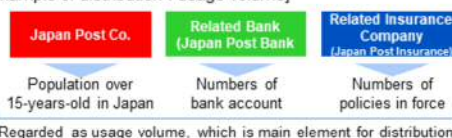
**[From April 2019]**



### 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	FY22/3	FY23/3 (Forecast)
Commissions	358.1	248.7	198.1	178.6	140.9
Contributions	–	57.5	56.0	54.0	50.1
Total	358.1	306.3	254.1	232.6	191.1

## Embedded Value

### Breakdown of EV

	(¥bn)		
	Mar-21	Mar-22	Change
EV	4,026.2	3,618.9	(407.2) ((10.1)%)
Adjusted net worth	2,376.8	2,092.7	(284.0) ((12.0)%)
Value of in-force covered business	1,649.3	1,526.1	(123.1) ((7.5)%)

### Value of New Business

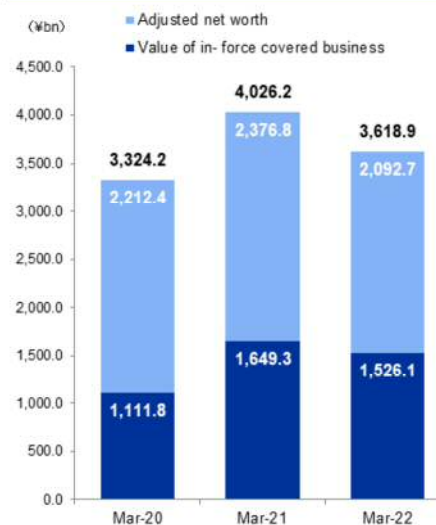
Value of new business year ended Mar-22<sup>1</sup>   ¥ **(11.5)**bn

New business margin year ended Mar-22<sup>1,2</sup>   **(3.2)** %

- Certain amount of operating expenses for new policy acquisition is required regardless of the amount of new policies sold. As a result, the value of new business of current period turned negative.

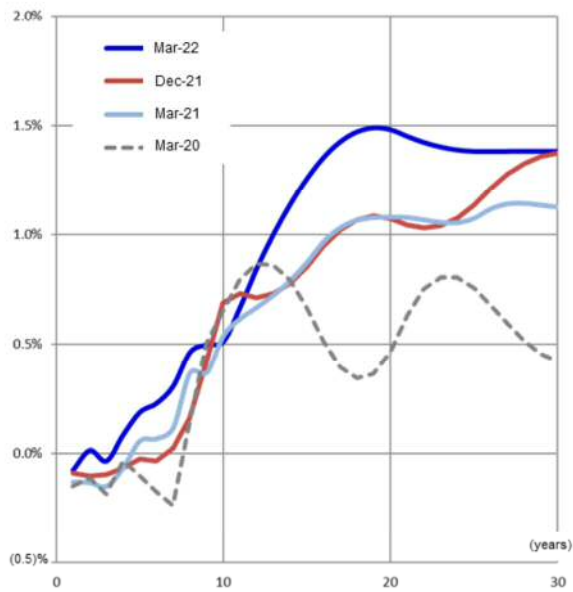
1. Using the economic assumptions as of December 31, 2021, based on the new policies written in the period from April 2021 to March 2022. The value of new business includes the increase or decrease due to conditional cancellation and conversion.
2. The value of new business divided by the present value of future premium income

### EV



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

Forward Rate (Mar-20 to Mar-22)



Forward Rate

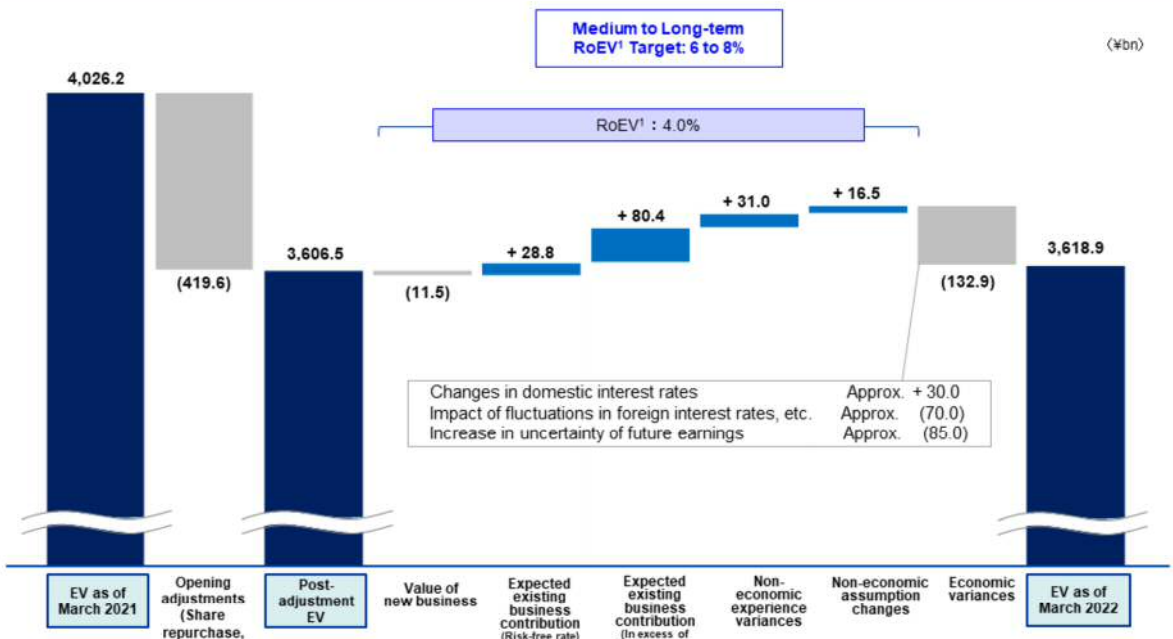
	Mar-20	Mar-21 <sup>①</sup>	Dec-21 <sup>②</sup>	Mar-22 <sup>③</sup>
10 years	0.657 %	0.539 %	0.688 %	0.513 %
20 years	0.466 %	1.080 %	1.074 %	1.480 %
30 years	0.422 %	1.126 %	1.374 %	1.382 %

Note: The economic assumptions used for the calculation of EV and the value of new business are as follows:  
 EV as of March 31, 2021 : ①  
 Value of new business for FY22/3 : ②  
 EV as of March 31, 2022 : ③

1. Interest rates used herein (assumptions for EV) are forward rates calculated based on the market yields on JGBs announced by the Ministry of Finance, Japan.



# Movement Analysis of EV



1. Calculated by excluding economic variance factors

## Sensitivity Analysis of EV

### Sensitivity to Economic Assumptions

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

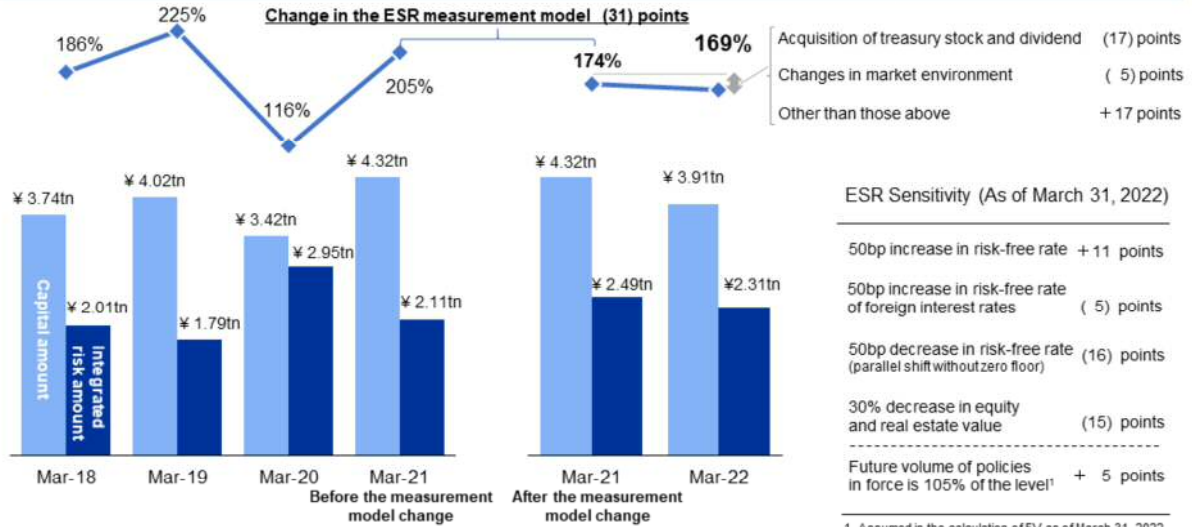
### Sensitivity to Non-economic Assumptions

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

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

## ESR (Economic Solvency Ratio)

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

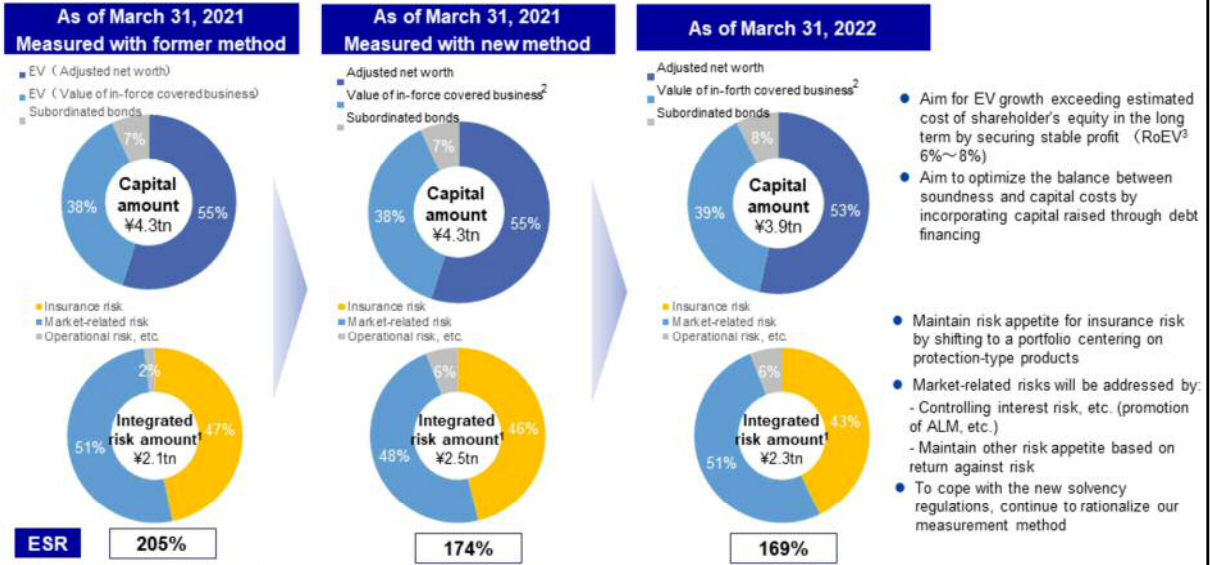


Note: The capital amount (after the measurement model change), the numerator of ESR, is the sum of (1) and (2) below.  
 (1) EV minus expenses to maintain the required capital (2) Amount of subordinated bonds issued by the Company  
 The integrated risk amount, the denominator of ESR, was calculated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

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

# ERM and Capital Policy

■ To cope with the new solvency regulations scheduled in 2025, we will address both capital and risks to stabilize ESR in the medium to long term while changing our ESR measurement method to something more reasonable.



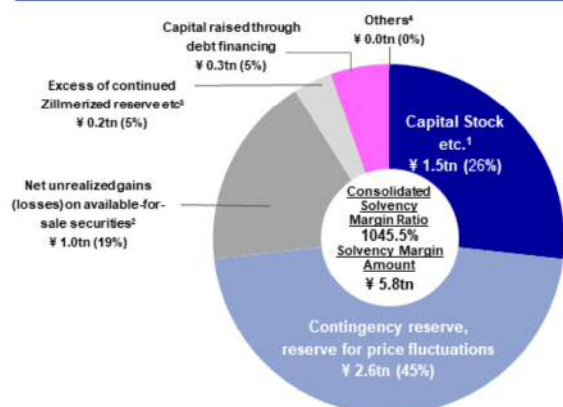
- Aim for EV growth exceeding estimated cost of shareholder's equity in the long term by securing stable profit (RoEV<sup>3</sup> 6%~8%)
- Aim to optimize the balance between soundness and capital costs by incorporating capital raised through debt financing
- Maintain risk appetite for insurance risk by shifting to a portfolio centering on protection-type products
- Market-related risks will be addressed by:
  - Controlling interest risk, etc. (promotion of ALM, etc.)
  - Maintain other risk appetite based on return against risk
- To cope with the new solvency regulations, continue to rationalize our measurement method

1. Before considering diversification effect etc. between risks  
 2. Excluding costs to maintain required capital from EV  
 3. A value obtained by excluding the "difference between the economic assumption and actual results" from the EV variance factors

## 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.

### Breakdown of Consolidated Solvency (as of March 31, 2022)



- Subtracted deduction item values from capital stock
- Net unrealized gains and losses on available-for-sale securities and land
- 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
- Combined the total amount, among others, of general reserve for possible loan losses, sum of unrecognized actuarial differences and unrecognized prior service cost

### Bond Information

As of March 31, 2022

	Issue date	Principal amount
First series of subordinated unsecured bonds with interest deferral option and early redemption option	January 29, 2019	¥100.0 bn
Second series of subordinated unsecured bonds with interest deferral option and early redemption option	January 28, 2021	¥200.0 bn

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

As of March 31, 2022

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

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

## 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.
- Through consultation with the Sustainability Committee, we have strengthened our promotion system, including the formulation of plans with executives in charge, and the establishment of a project management function (PMO) to oversee the entire plan across divisions. In addition, by conducting various sustainability-related training and small-group meetings (meetings to exchange opinions among employees), etc., we will promote understanding and awareness of sustainability throughout the company.
- 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



### Major Initiatives in FY22/3

- ① Disclose climate change initiatives in accordance with the TCFD proposal
- ② Launch of joint research to verify the health effects of radio 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

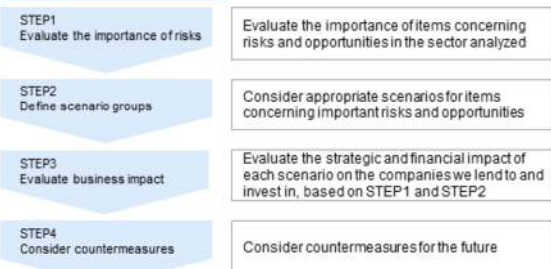
## Response to the TCFD Proposal - Environmental

- 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."
- In 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/csr/en\\_abt\\_csr\\_environment.htm#csrEnv5](https://www.jp-ife.japanpost.jp/english/aboutus/csr/en_abt_csr_environment.htm#csrEnv5)



**JAPAN POST INSURANCE**

### 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 have calculated greenhouse gas (GHG) emission volume indicators (GHG emission volume, carbon footprint, carbon intensity, and weighted average carbon intensity) for four assets<sup>1</sup> in our investment portfolio as of March 31, 2021, to manage the climate change risk of our portfolio.
- We have established the following targets based on the greenhouse gas emission volume of our investment portfolio as of March 31, 2021<sup>2</sup>.

**FY2029 : 50% reduction compared to FY2020  
By 2050 : Achieve net zero**

1. 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.

2. The basis for the targets may change in the future due to factors such as assets subject to measurement.

## ESG Initiatives – Social

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

### Popularize radio 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 exercise through initiatives such as the Festival of 10 Million People's Radio Exercise, touring radio exercise events, and a radio exercise contest.
- We broadcast radio exercise videos on the radio exercise 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 exercise through Twitter.



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



Sakutto ("Quick") Radio Exercise, a four-video series explaining the correct way to do radio exercise

### Support and Sponsorship of Wheelchair Tennis and Boccia

- We support wheelchair tennis through our sponsorship of the Japan Wheelchair Tennis Association (JWTA) as a top partner since 2018
- In 2022, we were appointed a gold top partner of the Japan Boccia Association
- Through our support for wheelchair tennis and boccia, we contribute to achieving diversity & inclusion



The wheelchair tennis Japan Post Insurance Cup (held in December 2021)  
(photo on the top)



Boccia Tokyo Cup supported by Japan Post Insurance (held in April 2022)  
(photo on the bottom)



# ESG Initiatives – Social

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

## Expanding Roles for Female Employees

### ■ Ratio of female managers

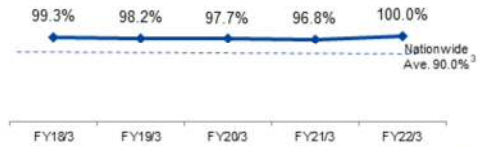
• Support expansion of roles for female employees by fostering an empowered mindset through career design seminars held for them



- Increase in the number of employees under the new Japan Post Insurance sales system (Approx. +13,000 staff)
- Ratio of female managers for companies with 5,000 employees or more (2020 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



- 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

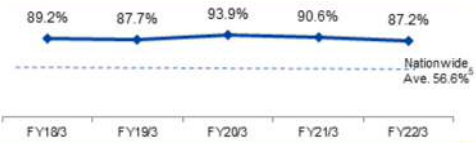
• Promote initiatives in work style reform and decrease the average overtime per month/per employee



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

### ■ Rate of taking paid leave

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

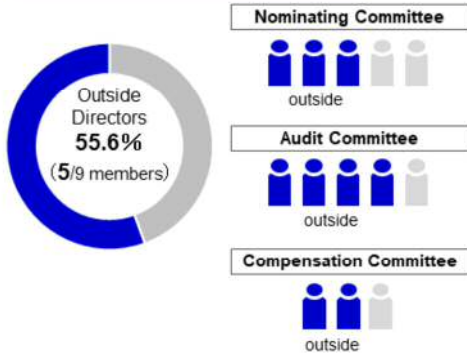


- Rate of taking paid leave (2021 General Survey on Working Conditions, MHLW)

## ESG Initiatives – Governance

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

### Board of Directors Composition



### Outside Directors Composition

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

### Trust-Based Performance-Linked Stock Compensation System

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

Note: As of March 31, 2022

## ESG Initiatives – Governance

- We have already complied with all provisions of the revised Corporate Governance Code released in June 2021, including general rules for companies listed on the Prime Market.
- The status of response is disclosed through our corporate governance reports and website, etc.

Revised items	Summary	Response
1. Enhancing Board Independence	<ul style="list-style-type: none"> <li>■ At least one-third of the directors of a company listed on the Prime Market should be independent directors. (If the company has a controlling shareholder, a majority of the directors should be independent directors.)</li> </ul>	<ul style="list-style-type: none"> <li>● We have <u>five Independent Outside Directors, who form a majority of</u> our nine Directors.</li> </ul>
	<ul style="list-style-type: none"> <li>■ Establish a nomination committee and a remuneration committee. (At a company listed on the Prime Market, independent directors should form a majority of each committee.)</li> </ul>	<ul style="list-style-type: none"> <li>● <u>As a company with a nomination committee, etc., we have established the Nomination Committee, where Independent Outside Directors form a majority.</u></li> </ul>
	<ul style="list-style-type: none"> <li>■ Disclose a matrix of skills (knowledge, experience, skills) that directors should have in light of the company's business strategy</li> </ul>	<ul style="list-style-type: none"> <li>● Skills, etc. required for our Directors have been <u>organized in a skill matrix and disclosed on our website.</u> * For more details, see the next page.</li> </ul>
	<ul style="list-style-type: none"> <li>■ Appoint independent directors with management experience at other companies</li> </ul>	<ul style="list-style-type: none"> <li>● We <u>have appointed several Outside Directors with management experience at other companies.</u></li> </ul>
2. Promoting Diversity in Core Corporate Personnel	<ul style="list-style-type: none"> <li>■ Create a policy and voluntary measurable targets in respect of promoting diversity in management positions by appointing females, non-Japanese and mid-career hires</li> </ul>	<ul style="list-style-type: none"> <li>● We have <u>organized a policy for securing diversity</u> without discriminating against females, non-Japanese or mid-career hires <u>and disclosed it on our website.</u></li> <li>● We have <u>disclosed actual results of appointment of female managers and targets of the appointment under the Medium-Term Management Plan</u> in corporate governance reports. In addition, it has been disclosed that we aim to achieve the targets systematically, by setting a rough indication on the number of appointments by fiscal year and promoting development and growth of candidates for managers. <u>Results and targets of appointment of mid-career employees (the status quo) have been also disclosed.</u></li> <li>● <u>"Human Resources Development Basic Policies" has been established</u> besides the "Management Policy" and the "Code of Conduct." <u>The implementation status of the policies has been disclosed on the website.</u></li> </ul>
	<ul style="list-style-type: none"> <li>■ Disclose policies for human resource development and internal environmental improvement to ensure diversity, as well as the status of implementation</li> </ul>	
3. Attention to Sustainability (mid- to long-term sustainability including ESG factors)	<ul style="list-style-type: none"> <li>■ Develop a basic policy for the company's sustainability and disclose its initiatives</li> </ul>	<ul style="list-style-type: none"> <li>● We <u>have disclosed the "Sustainability Policy"</u> established on the basis of the Medium-Term Management Plan and <u>initiatives in accordance with the policy (including TCFD) in our Annual Reports, etc.</u></li> </ul>
	<ul style="list-style-type: none"> <li>■ Companies listed on the Prime Market should enhance the quality and quantity of climate-related disclosure based on the TCFD recommendations or equivalent international frameworks.</li> </ul>	<ul style="list-style-type: none"> <li>● For investment in human capital and intellectual properties in light of sustainability, <u>initiatives for human capital have been disclosed in the "Human Resources Development Basic Policies."</u> <u>Initiatives for intellectual properties have been disclosed in "enhancement of customer data" and "corporate culture reform", etc. advocated in the Japan Post Group Medium-Term Management Plan "JP Vision 2025."</u></li> </ul>
	<ul style="list-style-type: none"> <li>■ Disclose and provide information on investments in human capital and intellectual properties, while being conscious of the consistency with management strategies and issues.</li> </ul>	
4. Other Major Points	<ul style="list-style-type: none"> <li>■ Companies listed on the Prime Market should promote the use of electronic voting platforms and disclosure in English.</li> </ul>	<ul style="list-style-type: none"> <li>● We <u>have introduced an electronic voting platform</u> and begun <u>disclosing</u> necessary information such as press releases <u>in English.</u></li> </ul>

## ESG Initiatives - Governance

- The table below 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.
- To contribute to resolving social challenges related to sustainability, 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,” “personnel affairs/human resources development,” “community/society,” and “asset management.”

Skills \ Name	SENDA Tetsuya	ICHIKURA Noboru	NARA Tomoaki	MASUDA Hiroya	SUZUKI Masako	SAITO Tamotsu	YAMADA Meyumi	HARADA Kazuyuki	YAMAZAKI Hisashi
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	●	●	●						

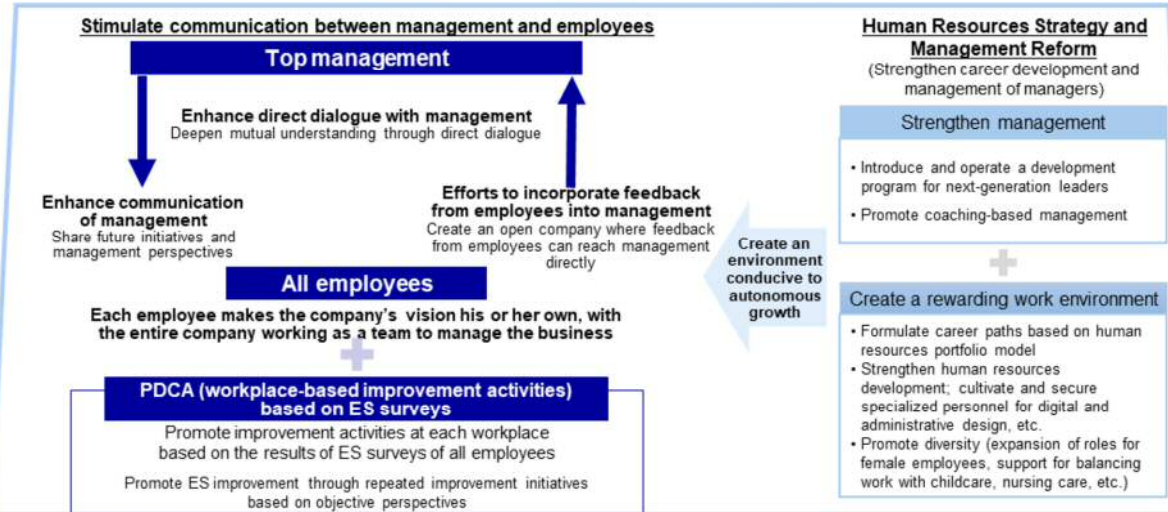
Note: As of March 31, 2022

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

# Reform of Corporate Culture and Work Style

- Promote the reform of corporate culture and work style through various efforts such as revitalization of inter-organizational communication and reform of personnel systems.
- Ensure that all employees, including consultants who joined the Company in April 2022, foster a sense of mission and unity as employees of Japan Post Insurance, and a sense of fulfillment and motivation through personal growth.

## Reconstruction and Growth



<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.

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