

Kampo

**Financial Results & Corporate Strategy Meeting
for the Six Months Ended September 30, 2019**

November 22, 2019



JAPAN POST INSURANCE

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Financial Highlights

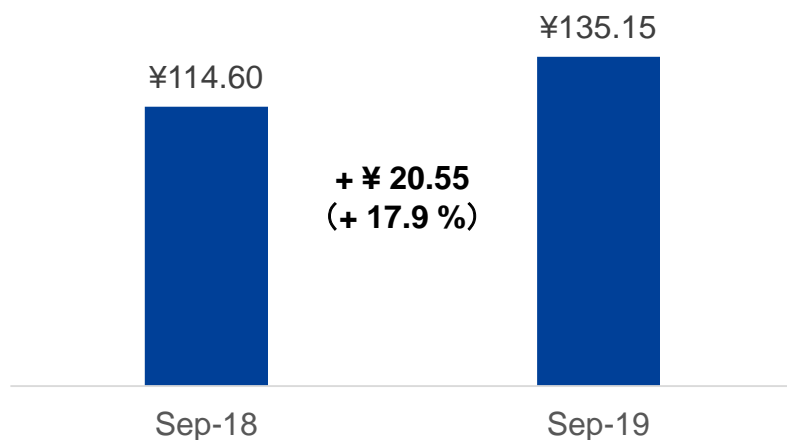
Financial Highlights

Financial Highlights

(¥bn)

	6 months ended Sep-18	6 months ended Sep-19	Year on year
Net income ¹	68.7	76.3	+ 11.0 %

Net Income per share

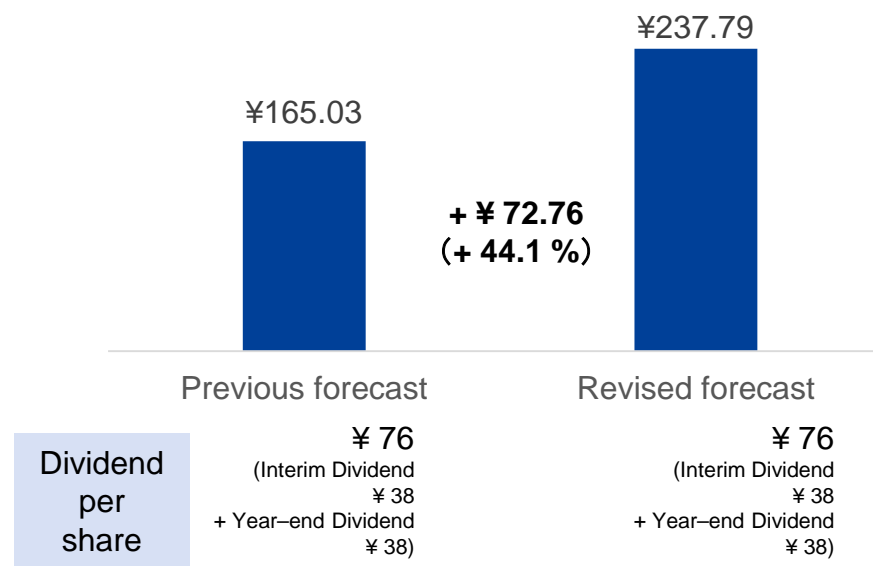


Revisions to the Forecasts

(¥bn)

	Year ending Mar-20 (Previous forecasts)	Year ending Mar-20 (Revised forecasts)
Net income ¹	93.0	134.0

Net Income per share (forecast)



Dividend per share

¥ 76
(Interim Dividend ¥ 38
+ Year-end Dividend ¥ 38)

¥ 76
(Interim Dividend ¥ 38
+ Year-end Dividend ¥ 38)

1. Net income attributable to Japan Post Insurance

2

**Interim Report on Investigation of
Rewritten Insurance Policies**

Summary of Interim Report (Disclosed at September 30,2019)

- With regard to investigation of specified rewriting cases (183 thousand cases), the company have sent notification documents to 156 thousand customers and investigate solicitation process. As of September 27, we have been able to confirm approx. 59 thousand customers' detailed contract process and intentions.
 - Identified 6,327 cases involving potential violation of laws and regulations or internal rules. We will continue additional investigations to check for any violation of laws and regulations or internal rules.
 - Approx. 26 thousand customers have requested detailed explanations on policy reinstatement. We will send the documents detailing the reinstatement procedure to customers and respond their requests promptly.
- Going forward, Japan Post Insurance will continue to take a sincere approach to listening to our customers through various opportunities. We strive to regain the trust of our customers and implement true 'Customer-first business operations' through measures such as providing recompense for customers' disadvantages and improving our business procedures based on the voice of customers.

Outline of investigation

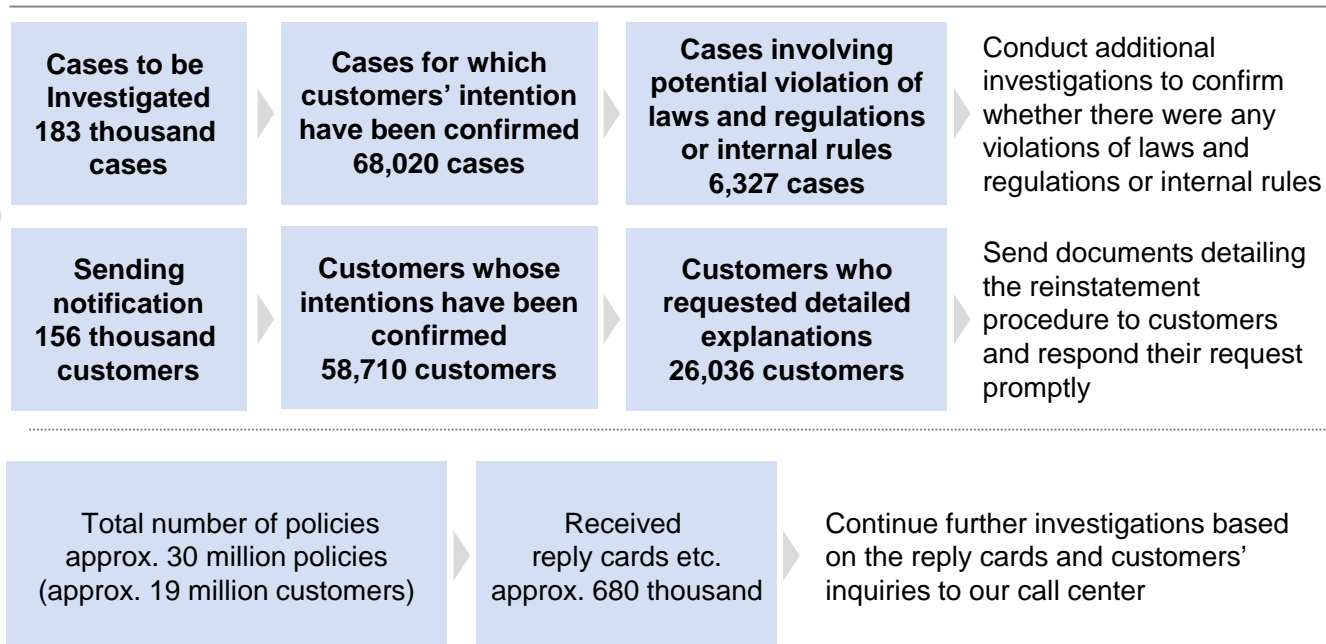
Investigation of specified rewriting cases

- Identifying rewritten insurance policies for each category (A to F) from past transaction data
- After sending notification documents(from August 5 to 29), the solicitation process will be investigated through phone calls or investigations of sales personnel. Additionally, customers' disadvantages will be recompensed

Investigation of all insurance policies

- Sending notification documents with reply cards to all policyholders asking them to reconfirm their intentions and let us know of any points we should be aware of

Status as of September 27 and further actions



Schedule of Investigation

- With regard to investigation of specified rewriting cases, we will confirm customers' intentions continuously and take the necessary procedure for reinstatement of policies. In addition, we investigate sales personnel to confirm whether there were any violation of laws and regulations or internal rules. As for investigation of all insurance policies, we will reconfirm customers' intentions and take necessary measures.
- Independent "Special investigation Committee" will produce a report which includes recommending measures aimed at avoiding recurrence and other remedial measures.
- We have been refraining from proactive sales proposal of post offices and Japan Post Insurance's branches from mid-July. We plan to restart ordinary sales activities in stages from January 2020.

		FY19							
		Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Investigation of Specified Rewriting Case	Investigation for cases where we can determine a possibility that disadvantages were caused to customers not in line with their intentions (Approx. 183 thousand cases)	Send Notification documents							
		Phone call (1)	Phone call (2)						
		Investigation including home visits by our employees							
		Sales persons conducting questionable soliciting be investigated							
		Accept requests for policy reinstatement and conduct necessary procedures							
Investigation of All Insurance Policies	Asking all policyholders (other than specified rewriting cases) to reconfirm their intentions (Approx. 30 million cases)	Send Notification documents							
		Conduct necessary investigation based on policyholder's request							
Report on policy investigation	In addition to our own report, The Special Investigative Committee report on their findings	Sep.30 Interim report The Special Investigative Committee : causes etc. Japan Post Insurance : progress of the policy investigation			by the end of December (plan) The Special Investigative Committee : measures aimed at avoiding recurrence etc. Japan Post Insurance : results of the policy investigation				

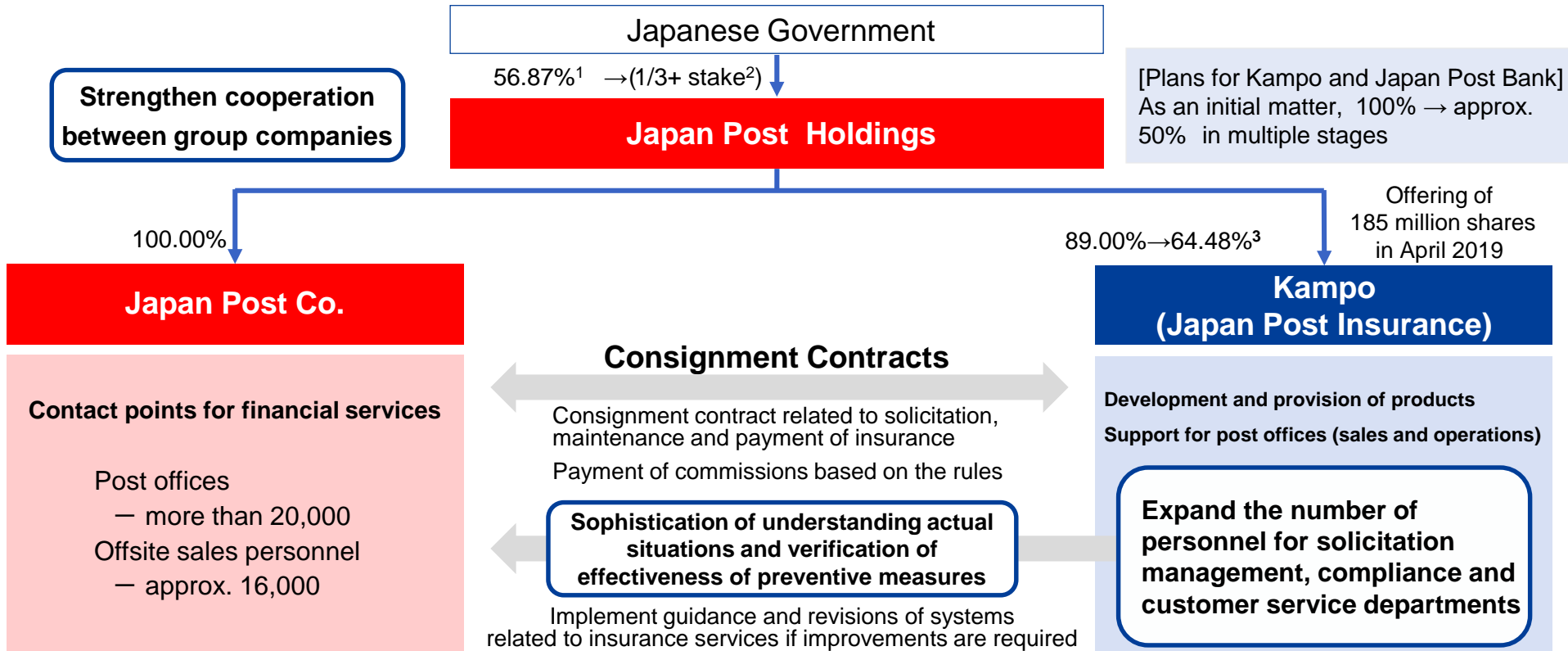
Main Improvement Measures at Japan Post Insurance

- The Special Investigative Committee continues to investigate the fundamental causes about the rewriting issues that caused disadvantages to customers not in line with their intentions. Meanwhile, we have been taking the following improvement measures at present.
- We will consider taking additional measures depending on the results of the investigation by the Special Investigative Committee.

Items	Main improvement measures
<p>Reformation of corporate culture</p>	<ul style="list-style-type: none"> ● Continuous communication of messages from the management to employees (Top message, emergency meeting) (in June and July 2019) ● Introduction of scheme to promptly transmit opinions from employees to the management, expansion of personnel exchange between the head office and frontline ● Development of an environment where each employee act under personal initiative according to the customer-first principle
<p>Revision of sales targets, evaluation methods and incentives</p>	<ul style="list-style-type: none"> ● Revise sales targets from focusing on new policy sales results to maintaining and increasing policies in force ● Exclude rewriting of insurance policies from sales results (from August 2019) ● Develop a performance assessment system that can appropriately evaluate sales promotion and solicitation quality
<p>Development of framework related to customer-first sales activities</p>	<ul style="list-style-type: none"> ● Strengthen the organization of compliance and internal audit ● Training for post office employees and management in order to thoroughly implement customer-first sales activities (to be implemented continuously)
<p>Development of a framework to prevent inappropriate rewriting policies</p>	<ul style="list-style-type: none"> ● Strengthen multi-layered pre-check system for solicitation processes (implemented from August and from September 2019) ● Introduction of the conditional cancellation system (from April 2020) and policy conversion system (from April 2021 onward)

Stable Provision of Insurance Services at Post Offices

- Japan Post Insurance is required to manage and provide guidance to agencies as an underwriter and therefore, it will expand the number of personnel for solicitation management, compliance and customer services at head office and branches in order to improve solicitation quality.
- In addition, Japan Post Holdings will newly establish a liaison committee within the group for various management issues such as internal audit, compliance, operational risk and promotion of customer satisfaction in order to strengthen cooperation between the group companies.



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

3

Reconstruction of Future Business Model

Outline of the Reconstruction of Future Business Model

- Prioritize recompense of customers' disadvantages and clarification of the causes of the rewriting issues through the investigation, and establish customer-first business operation by implementing improvement measures based on the opinions of Special Investigative Committee.
- Regain our customers' trust through thorough implementation of improvement measures, while reconstructing business model to respond to structural factors such as constraints on product development and dependence on a single channel in order to create and improve corporate value.

Clarification of the causes of the rewriting issues and recompense of customers' disadvantages

- Investigation of rewritten insurance policies for all customers
 - Recompense identified customer disadvantages early
 - Analyze causes based on investigation results and consider additional improvement measures



Establish customer-first business operation

- Reformation of corporate culture
- Revision of sales targets, evaluation methods and incentives
- Development of framework related to customer-first sales activities
- Development of a framework to prevent inappropriate rewriting policies

Conduct the investigation in an appropriate manner and take improvement measures by providing explanations to and receiving advice from the Special Investigative Committee

Reconstruction of business model

Areas to consider

Development and provision of new products

Revision of channel strategy

Report from Special Investigative Committee (excerpt) Note

- Factors related to insurance products of Japan Post Insurance

Our insurance products have not been diversified due to the approval requirements for new product launch under the Postal Privatization Act.

- Factors associated with the relationship between Japan Post Insurance and Japan Post Co.

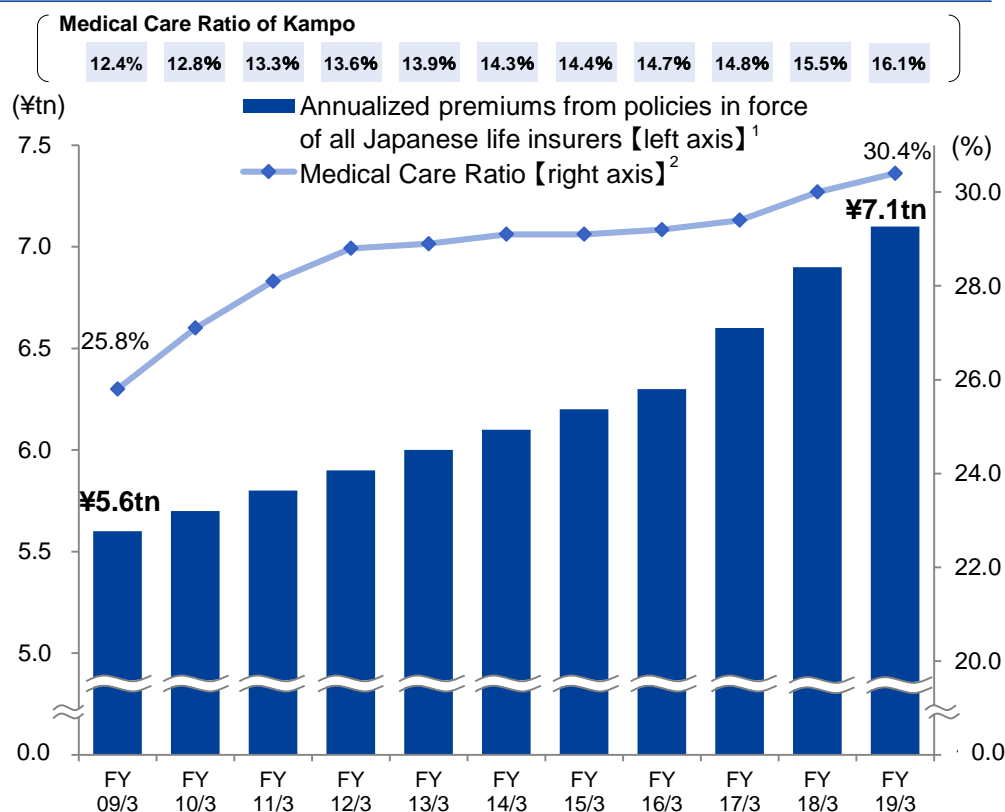
Almost all Japan Post Insurance's sales for individual customers are dependent on post office channels

Note: The contents of these materials are excerpted and summarized by Japan Post Insurance

Development of Products that Meet Customers' Needs

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

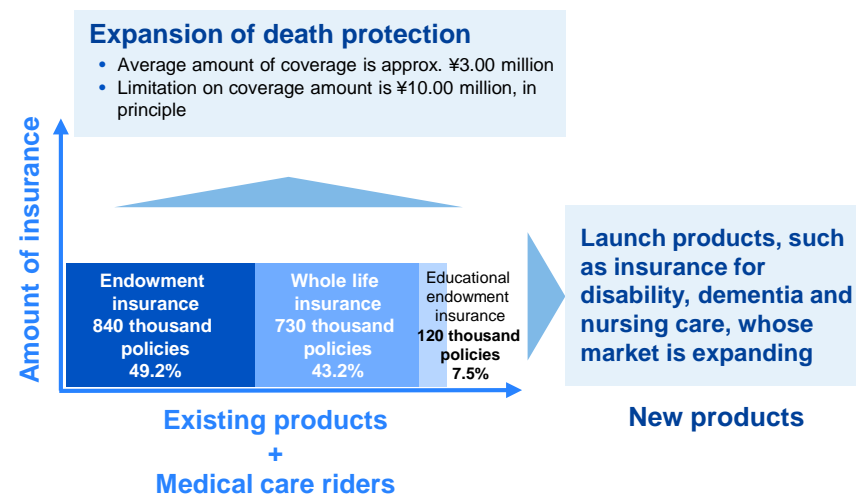
Annualized Premiums from Policies in Force (Medical Care) and Medical Care Ratio



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

Future product deployment

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



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

4

**Outline of Financial Results
for the Six Months Ended
September 30, 2019**

Overview of Financial Results for the Six Months Ended September 30, 2019 and the Forecasts for Full-year Financial Results

- Net income reached ¥ 76.3 billion (+ 11.0 % year on year) , 82.1% of the previous forecast and 56.9 % of the revised forecast
- Revised our forecasts upward for ordinary profit (¥ 190.0bn → ¥ 270.0bn) and net income (¥ 93.0bn → ¥ 134.0bn)

(¥ bn)

	6 months ended Sep-18	6 months ended Sep-19			Previous FY20/3 Forecast	Revised FY20/3 Forecasts	
	A	B	Change B/A	Achievement (Previous) B/C	Achievement (Revised) B/D	C	D
Ordinary Income	3,898.3	3,661.3	(6.1 %)	51.0 %	51.0 %	7,180.0	7,180.0
Ordinary Profit	161.6	141.5	(12.4 %)	74.5 %	52.4 %	190.0	270.0
Net Income	68.7	76.3	+ 11.0 %	82.1 %	56.9 %	93.0	134.0
Net Income per share (EPS)	¥ 114.60	¥ 135.15	+ ¥ 20.55	81.9 %	56.8 %	¥ 165.03	¥ 237.79

Overview of Financial Statements

Statement of Income

	6 months ended Sep-18	6 months ended Sep-19	Change	(¥bn)
Ordinary income	3,898.3	3,661.3	(237.0)	7,916.6
Insurance premiums and others	2,040.4	1,801.1	(239.2)	3,959.9
Investment income	618.0	574.0	(43.9)	1,204.4
Reversal of policy reserves	1,213.4	1,209.3	(4.1)	2,716.7
Ordinary expenses	3,736.7	3,519.8	(216.9)	7,651.7
Insurance claims and others	3,356.2	3,143.8	(212.3)	6,868.8
Investment expenses	65.4	67.0	1.6	146.0
Operating expenses etc ¹	315.1	308.8	(6.2)	636.8
Ordinary profit	161.6	141.5	(20.0)	264.8
Extraordinary profit and loss	(2.0)	25.8	27.8	17.5
Provision for reserve for policyholder dividends	63.4	54.5	(8.8)	111.8
Income before income taxes	96.0	112.7	16.6	170.6
Total income taxes	27.3	36.4	9.1	50.1
Net income attributable to Japan Post Insurance	68.7	76.3	7.5	120.4
Core profit (Non-consolidated)	207.1	205.7	(1.4)	377.1

Balance Sheets

	Mar-19	Sep-19	Change	(¥bn)
Total Assets	73,905.0	73,034.1	(870.8)	
Cash and deposits	917.7	1,313.2	395.5	
Money held in trust	2,787.5	2,974.1	186.6	
Securities	58,451.5	57,451.3	(1,000.1)	
Loans	6,786.0	6,052.3	(733.6)	
Fixed assets ²	261.6	258.1	(3.5)	
Deferred tax assets	1,022.0	990.0	(32.0)	
Total Liabilities	71,769.8	70,794.0	(975.8)	
Policy reserves	65,060.5	63,851.1	(1,209.3)	
Reserve for price fluctuations	897.4	871.8	(25.6)	
Net assets	2,135.1	2,240.1	104.9	
Total shareholders' equity	1,675.1	1,608.2	(66.8)	
Total accumulated other comprehensive income	460.0	631.8	171.8	

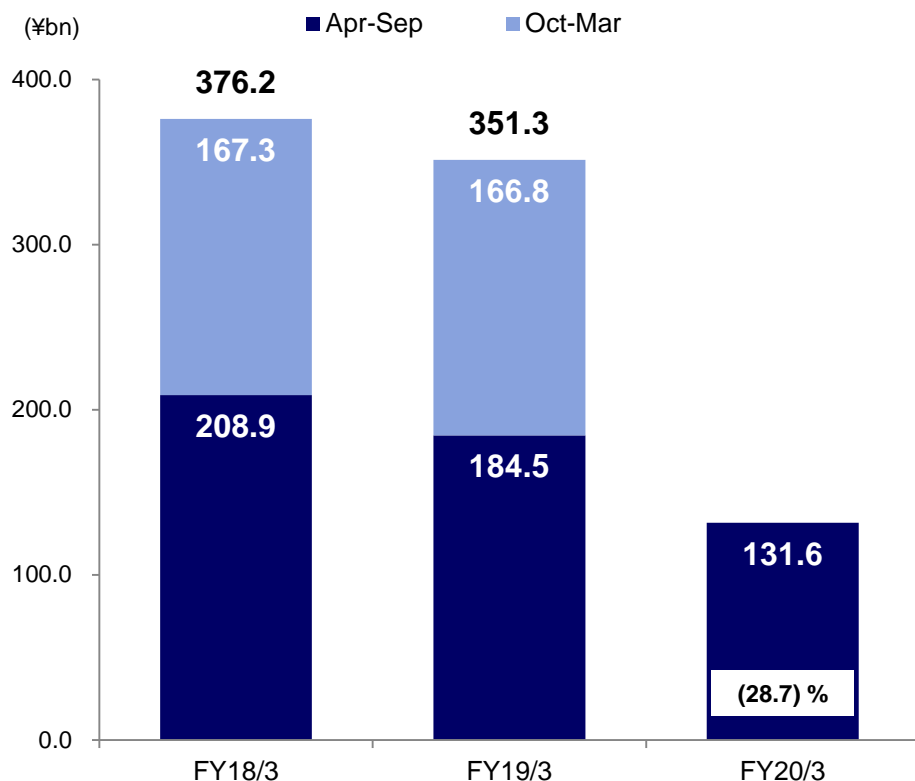
Note: Only major line items are shown.

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

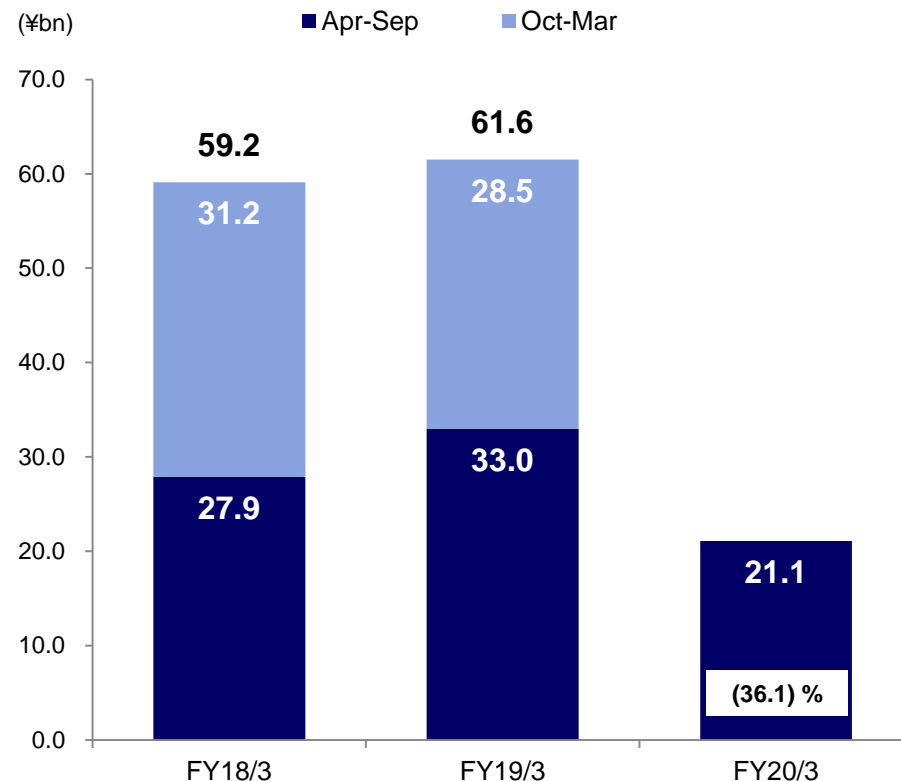
Annualized Premiums from New Policies

- New policy sales results for the current period were influenced by refraining from proactive sales proposal from mid-July.
- Annualized premiums from new policies for individual insurance were ¥131.6billion, annualized premiums from new policies for medical care were ¥21.1billion.

Annualized Premiums from New Policies (Individual Insurance)



Annualized Premiums from New Policies (Medical Care)



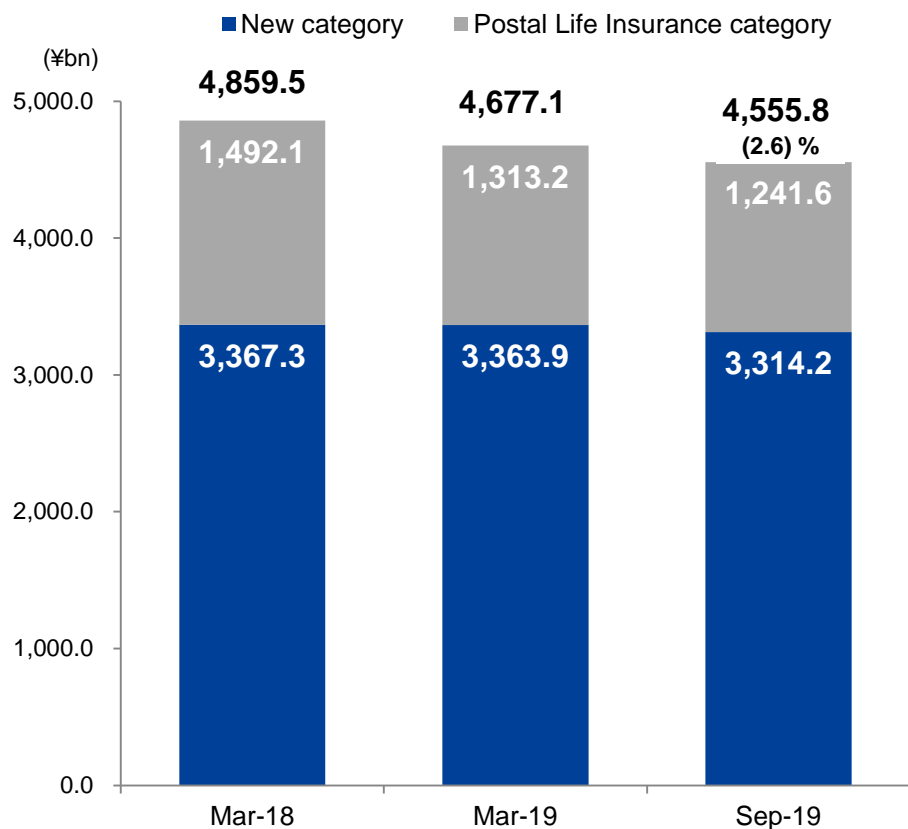
Note1 : Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined according to the relevant payment method to arrive at a single annualized amount. (For lump-sum payments, annualized premiums are calculated by dividing the total premium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

Note2 : The figures for the year ending March 31, 2020 include the influence by refraining from proactive sales proposal from mid-July.

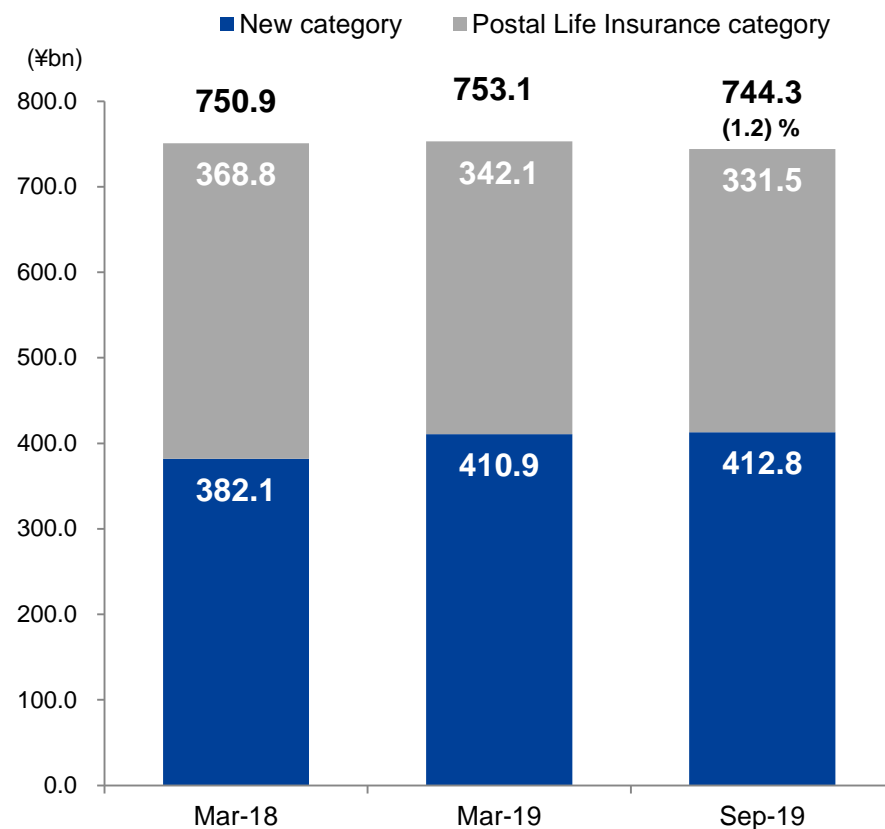
Annualized Premiums from Policies in Force

■ Annualized premiums from policies in force for individual insurance were ¥ 4,555.8billion, annualized premiums from policies in force for medical care were ¥ 744.3billion

Annualized Premiums from Policies in Force (Individual Insurance)



Annualized Premiums from Policies in Force (Medical Care)



Note: "New category" shows individual insurance policies underwritten by Japan Post Insurance. The "Postal Life Insurance category" shows postal life insurance policies reinsured by Japan Post Insurance from the Postal Management and Support Organization (until March 31, 2019, known as 'the Management Organization for Postal Savings and Postal Life Insurance')

Asset Portfolio

Asset Portfolio

(¥bn)

		Mar-19		Sep-19	
		Amount	Share	Amount	Share
Bonds		50,960.1	69.0 %	50,203.8	68.7 %
Japanese government bonds		38,041.4	51.5 %	37,571.2	51.4 %
Japanese local government bonds		7,515.9	10.2 %	7,207.2	9.9 %
Japanese corporate bonds		5,402.7	7.3 %	5,425.4	7.4 %
Return seeking assets ¹		10,217.7	13.8 %	10,119.1	13.9 %
Domestic stocks ²		1,756.0	2.4 %	1,782.7	2.4 %
Foreign stocks ²		345.5	0.5 %	350.3	0.5 %
Foreign bonds ²		6,708.7	9.1 %	6,600.9	9.0 %
Other ³		1,407.3	1.9 %	1,385.1	1.9 %
Loans		6,786.0	9.2 %	6,052.3	8.3 %
Others		5,940.9	8.0 %	6,658.7	9.1 %
Cash and deposits, call loans		1,067.7	1.4 %	1,463.2	2.0 %
Receivables under securities borrowing transactions		2,792.2	3.8 %	3,090.2	4.2 %
Total assets		73,905.0	100.0 %	73,034.1	100.0%

- 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" and "real estate fund" etc.

Spread and Investment Yield

(¥bn)

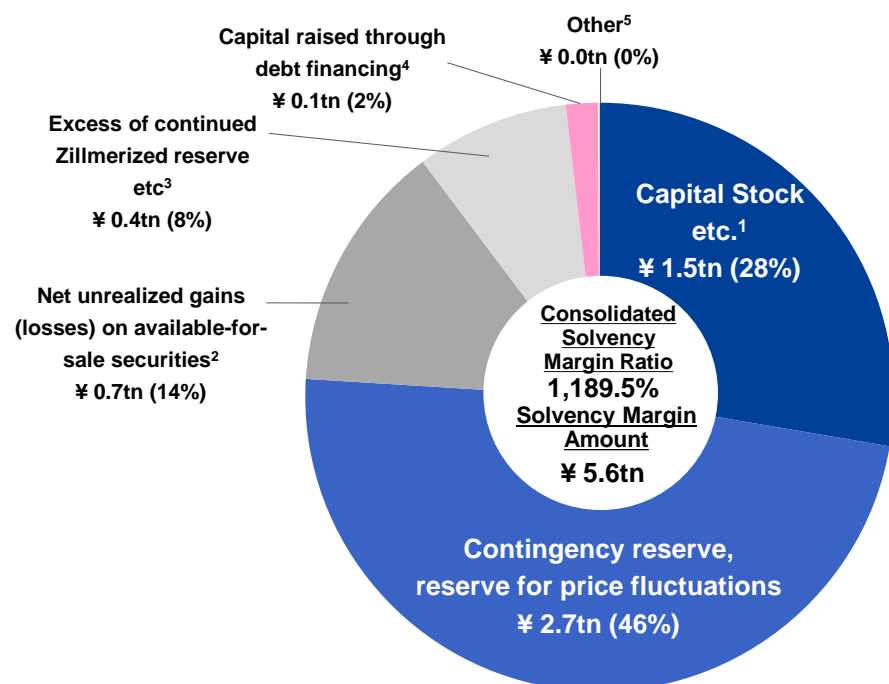
	6 months ended Sep-18	6 months ended Sep-19	(Reference) Year ended Mar-19
Positive spread	30.6	38.5	58.4
Average assumed rates of return ¹	1.70 %	1.69 %	1.70 %
Investment return on core profit ²	1.80 %	1.81 %	1.79 %
Net capital gains (losses)	(30.2)	(57.4)	(83.7)
	Sep-18	Sep-19	(Reference) Year ended Mar-19
Interest rate (10Y JGB)	0.125 %	(0.215) %	(0.095) %
USD/JPY	¥ 113.57	¥ 107.92	¥ 110.99

- Average assumed rates of return are the assumed return on general account policy reserves.
- Investment return on core profit is the return with respect to earned policy reserves.

High-quality Capital Structure

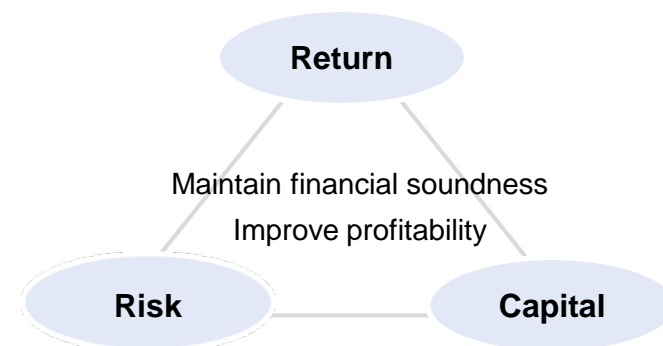
- Secure the solvency margin ratio in adequate level, maintaining a high level of soundness. The high proportion of capital stock and internal reserve results in high capital quality.
- Continuously focus on ensuring financial soundness and improving profitability under an ERM framework in our Medium-Term Management Plan.

Breakdown of Consolidated Solvency Margin (As of September 30, 2019)



1. Subtracted deduction item values from capital stock
2. Net unrealized gains and losses on available-for-sale securities and land
3. Subtracted values not included in the margin, among an excess of continued Zillmerized reserve and capital raised through debt financing, from an excess of continued Zillmerized reserve
4. Issued subordinated bonds in January 2019 (issued amount: ¥100.0bn)
5. Combined the total amount, among others, of general reserve for possible loan losses, sum of unrecognized actuarial differences and unrecognized prior service cost

ERM framework



Credit Ratings¹

As of October 17, 2019

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

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

Revisions to the Forecasts for Full-year Financial Results for the Year Ending March 31, 2020

Full-year Financial Results Forecast

	Year ended Mar-19 (Actual)	Year ending Mar-20 (Previous forecasts)	Year ending Mar-20 (Revised forecasts)
Ordinary income	7,916.6	7,180.0	7,180.0
Ordinary profit	264.8	190.0	270.0
Net income ¹	120.4	93.0	134.0
Net income per share ²	¥ 200.86	¥ 165.03	¥ 237.79
Dividend per share (DPS)	¥ 72 (Ordinary Dividend ¥ 68 + Special Dividend ¥ 4)	¥ 76 (Interim Dividend ¥ 38 + Year-end Dividend ¥ 38)	¥ 76 (Interim Dividend ¥ 38 + Year-end Dividend ¥ 38)

(¥bn)

Reasons of the Revisions

【Ordinary income】

The company is not modifying its forecast for ordinary income, because we anticipate that “1. Decrease in insurance premium income,” will be substantially offset by “2. Decrease in required provisions for policy reserves” and “3. Increase in investment income”.

【Ordinary profit】

Although the company expects a negative impact from “4. Increase in costs associated with the investigation of rewritten insurance policies”, the company anticipates that the positive impact from “5. Decrease in expenses for sales and underwriting due to declines in new policies written” and “3. Increase in investment income” will outweigh the cost increase. Therefore the company is revising its forecast upward.

【Net income attributable to Japan Post Insurance】

The company is revising its forecast upward in light of the effect of “6. Increase in provision for reserve for policyholder dividends” and “7. Increase in income tax payments,” in addition to the revision of ordinary profit described above.

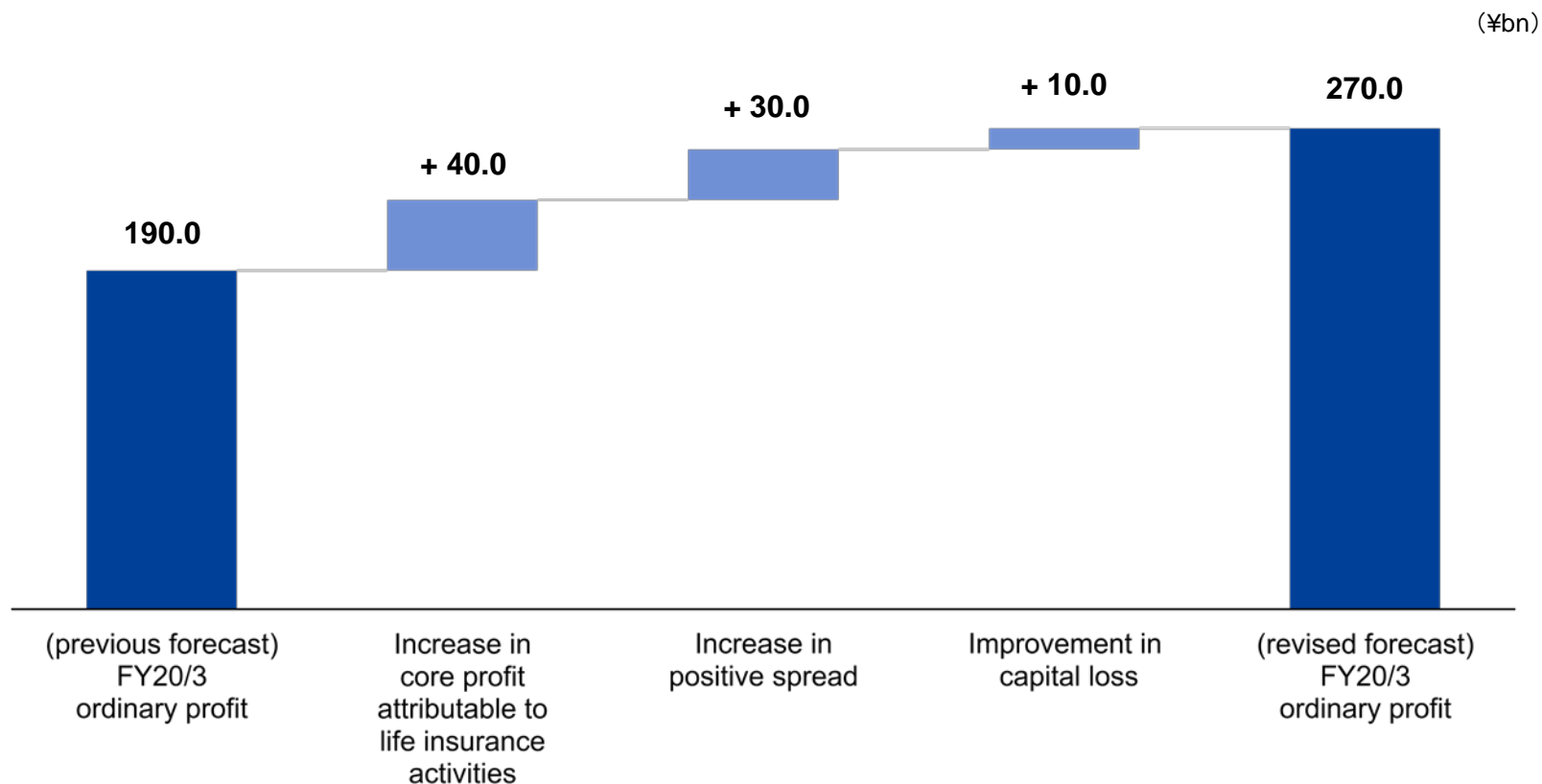
Declines in new policies written will have a positive impact on our short-term performance, because the decrease in expenses for sales and underwriting (sales commissions) exceeds the decrease in insurance premium income (the assumed policy acquisition expenses). On the other hand, the company recognizes that declines in new policies written will cause negative impact on our medium to long-term performance, and we will do our utmost to regain customers’ trust and improve corporate value.

1. Net income attributable to Japan Post Insurance

2. Net income per share in the consolidated financial results forecasts for the year ending March 31, 2020 has been calculated, considering the impact of the acquisition of the treasury stock on April 2019, and the cancellation of the treasury stock on May 2019.

Revisions to the Forecasts for Full-year Financial Results for the Year Ending March 31, 2020 (factors for changes between previous and revised forecasts in ordinary profit)

- Revised forecast for ordinary profit from ¥ 190.0bn to ¥ 270.0bn
- Mainly due to decrease in commissions influenced by refraining from proactive sales activities, and increase in positive spread based on favorable progress of investments



Shareholder Return

Shareholder Return Policy

- Aim for a steady increase in dividends per share while considering earning prospects and financial soundness

Shareholder Return for the Year Ended March 31, 2019

- The year-end dividend for the year ended March 31, 2019, is ¥ 72 per share, including an ordinary dividend of ¥ 68 and a special dividend of ¥ 4.
- Share repurchase in April 2019 (Approx. ¥ 100.0bn)

Shareholder Return for the Year Ending March 31, 2020

- Increase the ordinary dividend by ¥ 8 per share to ¥ 76 (forecast)
 - Increase ordinary dividends per share, taking into account of the share repurchase
- Pay dividends from surplus twice a year; an interim and a year-end dividends
 - Increase the opportunities to return profits to shareholders
- Canceled treasury stock (37.4 million shares)
 - Cancel almost the same amount of treasury stock as that acquired in April 2019

Shareholder Return

(Total Return Ratio)

39.6 %

40.6 %

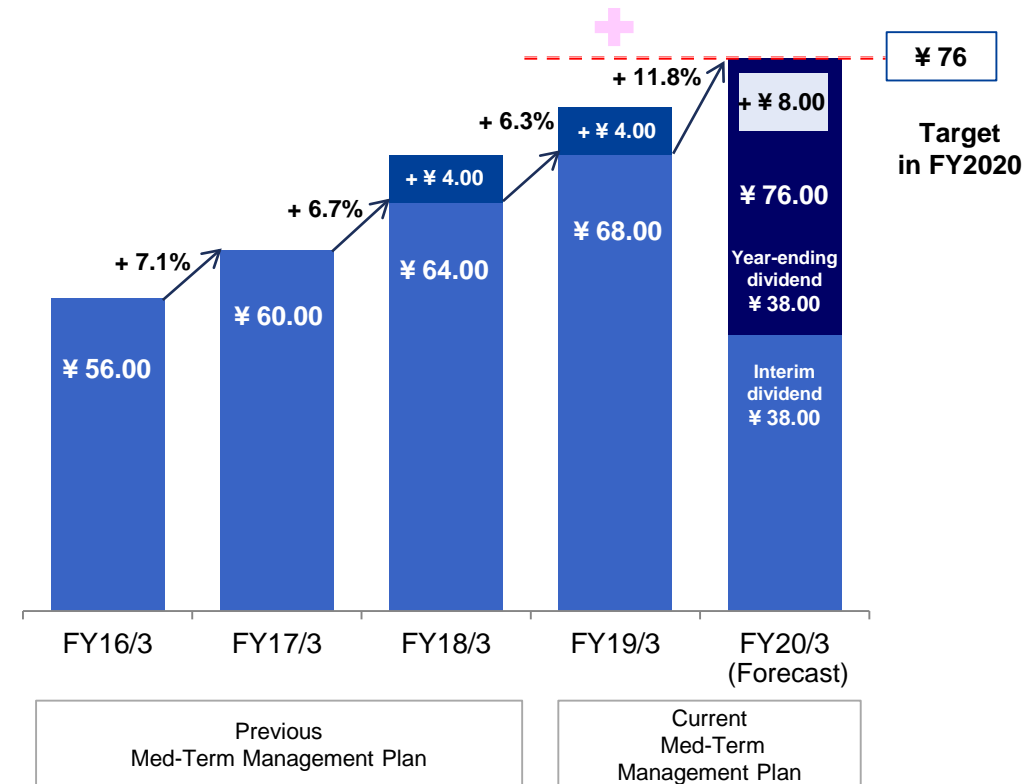
39.0 %

118.9 %²

31.9%

Share repurchase¹
(Approx. ¥ 100.0bn)

(Based on revised forecast)



1. Share repurchase on April 2019

2. Total return ratio including share repurchase as mentioned in Note 1

5

Appendix

Status of investigation of specified rewriting cases

- For the investigation of specified rewriting case categories (Categories A-F), the total numbers of cases to be investigated is 183 thousand (156 thousand customers). The company have sent notification documents and have been confirming their intentions through phone calls or home visits.
- As of September 27, we have been able to confirm approx. 59 thousand customers' intentions. We will respond to their requests as promptly as possible. For customers we have not been able to confirm their intentions, we will continue to make efforts to contact through various methods.

Confirmation status	Numbers of customers ¹	Follow-up measures
Total numbers of customers	156 thousand	
Customers already contacted	89 thousand	
Customers whose intentions have been confirmed	59 thousand	
Customers who requested detailed explanations on policy reinstatement	26 thousand	We will send the documents detailing the reinstatement procedure to customers and respond to customers' requests as promptly as possible.
Customers who do not request detailed explanations on policy reinstatement	33 thousand	We will send documents to confirm their final intentions together with appreciation for their cooperation.
Customers for whom we will confirm the intentions at a time and in a manner convenient to such customers	13 thousand	We will proceed with confirmation of customers' intentions through phone calls or home visits.
Customers whose cooperation with the investigation we have not been able to obtain	18 thousand	We will request cooperation again by sending answer sheets with reply envelopes.
Customers we have not been able to contact	66 thousand	

1. Figures as of September 27, 2019

Status of confirmation of customers' intentions (Number of customers)

- As of September 27, we have been able to confirm approx. 59 thousand customers' intentions. Among them, approx. 26 thousand customers have requested detailed explanations on policy reinstatement. For cases where we recognize that disadvantages were caused to customers not in line with their intentions, we will send the documents detailing the reinstatement procedure to customers and respond to customers' requests as promptly as possible.
- Based on the confirmation results as of September 27, the company consulted auditors about provision. Consequently, we reserved approx. ¥ 1.0billion of provision in this quarter to prepare for future benefit payment.

Category	Outline of Specified Case to be Investigated	Numbers of customers contacted ¹	Number of customers whose intentions have been confirmed ¹ (Progress rate)	Number of customers requesting detailed explanation ¹
A	Rewriting cases in which the previous policy was cancelled but the new policy underwriting were declined	18 thousand	6,266 (35 %)	1,569
B	Rewriting cases in which subsequent benefit payments were declined as a result of cancelation of the new policy due to breach of the duty to disclose important matters	2 thousand	304 (19 %)	188
C	Rewriting cases in which sales personnel could have made more reasonable proposal such as switching riders or decreasing insurance amounts	23 thousand	7,800 (35 %)	2,055
D	Cases in which the policy coverage and period did not change after rewriting, but the assumed rate of return decreased	13 thousand	4,341 (33 %)	1,114
E	Cases of overlapping insurance because the previous policy was canceled after the rewriting period (cancelled during the period seven to nine months after date of writing of the new policy)	66 thousand	28,870 (44 %)	19,974
F	Cases in which the previous policy was canceled during the period four to six month before the date of writing new policy	35 thousand	11,129 (32 %)	1,136
Total		156 thousand	58,710 (38 %)	26,036

1. Figures as of September 27, 2019

Circumstances at the time of the solicitation (Number of cases)

- As of September 27, we have identified 6,327 cases involving potential violation of laws and regulations or internal rules out of a total of 68,020 cases (Approx. 59 thousand customers) for which we were able to confirm customers' intentions.
- The figures are based only on customers' answers. With group-wide effort, we will continue investigations of sales personnel and confirmations with customers by the approach of not allowing a single case of inappropriate conduct.

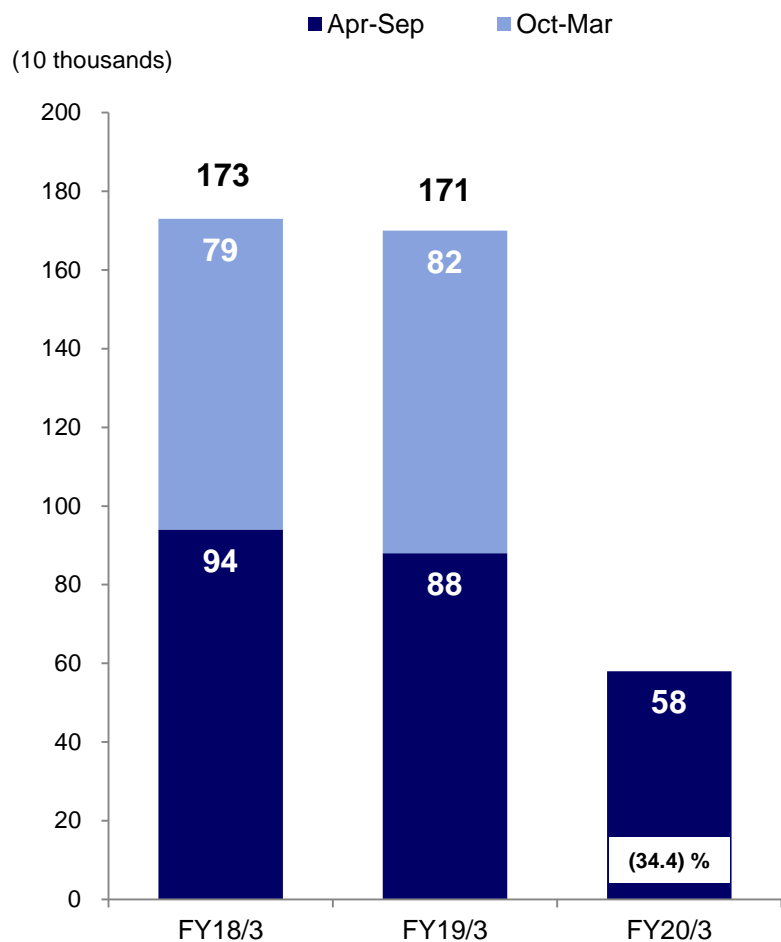
Category	Outline of Specified Case to be Investigated	Number of cases to be investigated ^{1,2}	Number of cases for which customers' intention have been confirmed ²	Number of cases involving potential violation of laws and regulations or internal rules ²
A	Rewriting cases in which the previous policy was cancelled but the new policy underwriting were declined	18 thousand	6,751	266
B	Rewriting cases in which subsequent benefit payments were declined as a result of cancelation of the new policy due to breach of the duty to disclose important matters	3 thousand	305	49
C	Rewriting cases in which sales personnel could have made more reasonable proposal such as switching riders or decreasing insurance amounts	26 thousand	8,857	76
D	Cases in which the policy coverage and period did not change after rewriting, but the assumed rate of return decreased	15 thousand	4,817	135
E	Cases of overlapping insurance because the previous policy was canceled after the rewriting period (cancelled during the period seven to nine months after date of writing of the new policy)	75 thousand	32,959	5,449
F	Cases in which the previous policy was canceled during the period four to six month before the date of writing new policy	46 thousand	14,331	352
Total		183 thousand	68,020	6,327

1. Within each category, policies with the same policyholder and same application date are counted as one case. The total number of policies is approx. 194 thousand.

2. Figures as of September 27, 2019.

Number of New Policies

Number of New Policies (Individual Insurance)



Note : The figures for the year ending March 31, 2020 include the influence by refraining from proactive sales proposal from mid-July.

Breakdown of New Policies

(10 thousands)

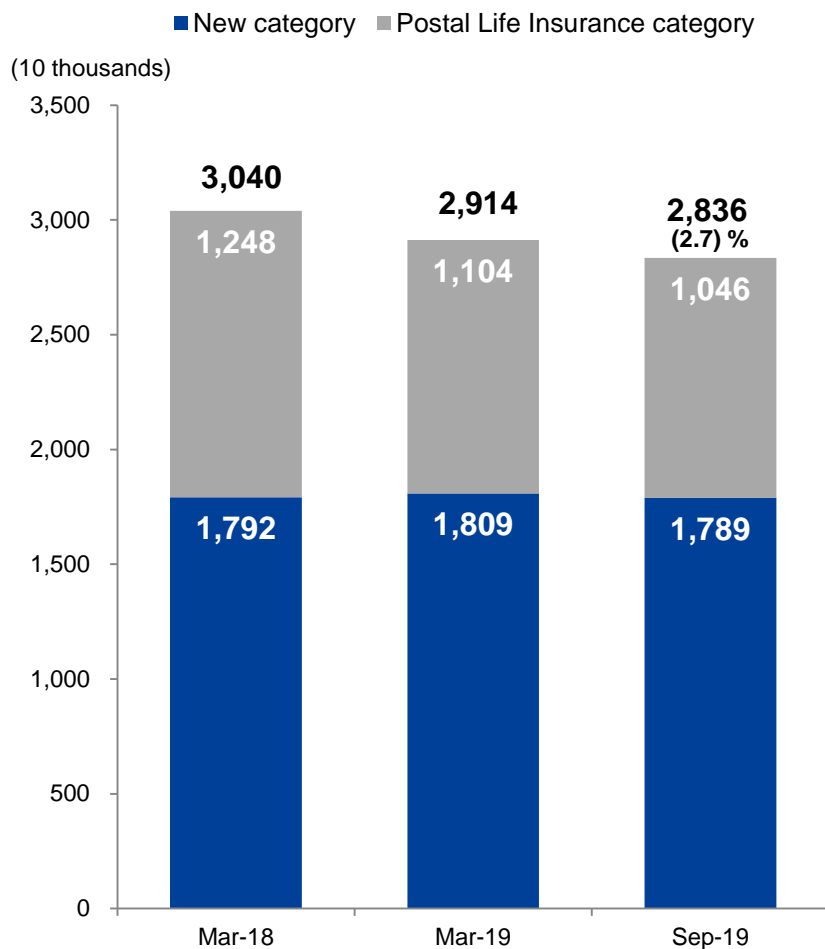
	6 months ended Sep-18		6 months ended Sep-19	
	Number of policies	Share	Number of policies	Share
Individual insurance	88	100.0 %	58	100.0 %
Endowment insurance	43	49.3 %	30	51.9 %
Ordinary endowment insurance	23	26.7 %	16	27.5 %
Ordinary endowment insurance (with a relaxed underwriting criteria)	-	-	3	5.5 %
Special endowment insurance ¹	20	22.5 %	11	18.9 %
Whole life insurance	38	43.5 %	24	41.7 %
Ordinary whole life insurance (Fixed amount type)	12	13.7 %	5	10.0 %
Ordinary whole life insurance (with a relaxed underwriting criteria)	-	-	6	10.9 %
Ordinary whole life insurance (Increased amount type)	21	23.8 %	9	16.8 %
Special whole life insurance	5	6.0 %	2	4.1 %
Educational endowment insurance	6	7.0 %	3	6.3 %
Other insurance	0	0.2 %	0	0.1 %

Note: Only major products are shown.

1. Increased amount type endowment insurance

Number of Policies in Force

Number of Policies in Force (Individual Insurance)



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

Breakdown of Policies in Force

(10 thousands)

	Mar-19		Sep-19	
	Number of policies	Share	Number of policies	Share
Individual insurance	2,914	100.0 %	2,836	100.0 %
Endowment insurance	1,165	40.0 %	1,114	39.3 %
Ordinary endowment insurance	745	25.6 %	713	25.2 %
Ordinary endowment insurance (with a relaxed underwriting criteria)	-	-	3	0.1 %
Special endowment insurance ¹	410	14.1 %	390	13.8 %
Whole life insurance	1,301	44.6 %	1,292	45.6 %
Ordinary whole life insurance (Fixed amount type)	412	14.1 %	405	14.3 %
Ordinary whole life insurance (with a relaxed underwriting criteria)	-	-	5	0.2 %
Ordinary whole life insurance (Increased amount type)	281	9.7 %	282	9.9 %
Special whole life insurance	606	20.8 %	597	21.1 %
Educational endowment insurance	434	14.9 %	416	14.7 %
Other insurance	13	0.5 %	13	0.5 %

Note: Only major products are shown.

1. Increased amount type endowment insurance

Diversifying the Asset Portfolio

- Expand investments in return seeking assets within the scope of risk buffer under a risk appetite policy principally based on ALM
- As low interest rate environment continues in Japan, we have been diversifying in our asset portfolio in order to improve profitability. During the second half of FY20/3, we will gradually take a risk, such as increase open foreign bonds or Japanese stocks while decrease hedged foreign bonds, based on appropriate judgement regarding to current market environment.

Return seeking assets

(¥bn)

	Mar-16		Mar-17		Mar-18		Mar-19		Sep-19		Mar-20	Mar-21
	Amount	Share ¹	Amount	Share ¹	Amount	Share ¹	Amount	Share ¹	Amount	Share ¹	Plan	Plan
Return seeking assets ²	5,401.6	6.6 %	7,963.7	9.9 %	9,450.4	12.3 %	10,217.7	13.8 %	10,119.1	13.9%	Approx. 14%	Approx. 15%
Foreign bonds ³	3,919.8	4.8 %	5,267.9	6.6 %	5,545.4	7.2 %	6,708.7	9.1 %	6,600.9	9.0 %	(Hedged) Decrease (Open) Increase	-
Japanese stocks ³	1,202.5	1.5 %	1,626.0	2.0 %	2,040.6	2.7 %	1,756.0	2.4 %	1,782.7	2.4 %	Increase	-
Foreign stocks ³	229.4	0.3 %	309.0	0.4 %	342.5	0.4 %	345.5	0.5 %	350.3	0.5 %	Keep flat	-
Other ⁴	49.9	0.1 %	760.6	0.9 %	1,521.8	2.0 %	1,407.3	1.9 %	1,385.1	1.9 %	Increase	-

Main initiatives on return seeking assets

[Foreign bonds]
• Expand the amount of investments in hedged foreign bonds

[Stocks]
• Commenced smart beta investments

[Others]
• Start investing in multi-asset funds

[Foreign bonds]
• Expand the amount of investments in hedged foreign bonds

[Stocks]
• Launch in-house investment management

[Others]
• Start investing in U.S. Bank Loans

[Foreign bonds]
• Start investing in EM bonds

[Stocks]
• Expand the amount of in-house investment management

[Others]
• Start alternative investments (HF and PE, among others)

[Foreign bonds]
• Launch in-house investment management for U.S. corporate bonds

[Stocks]
• Start investing focused on corporate growth

[Others]
• Start investing in overseas real estate funds

[Foreign bonds]
• Expand the amount of investments in EM bonds

[Stocks]
• Expand the amount of in-house investment management

[Others]
• Expand the amount of alternative investment

[Foreign bonds]
• Expand the target currencies

[Stocks]
• Expand the amount of in-house investment management

[Others]
• Expand the amount of alternative investment

1. The percentage to total assets is shown.

2. Return seeking assets include domestic and foreign stocks, foreign-currency-denominated bonds, investment trusts, etc. held for investment purposes among the assets recorded under "money held in trust" and "securities" on the balance sheet.

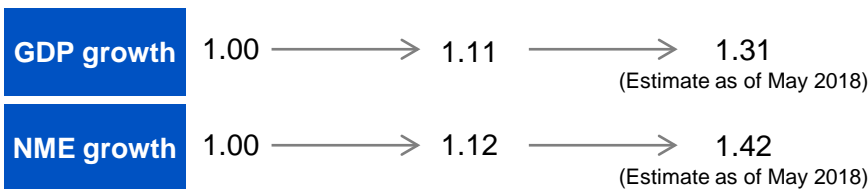
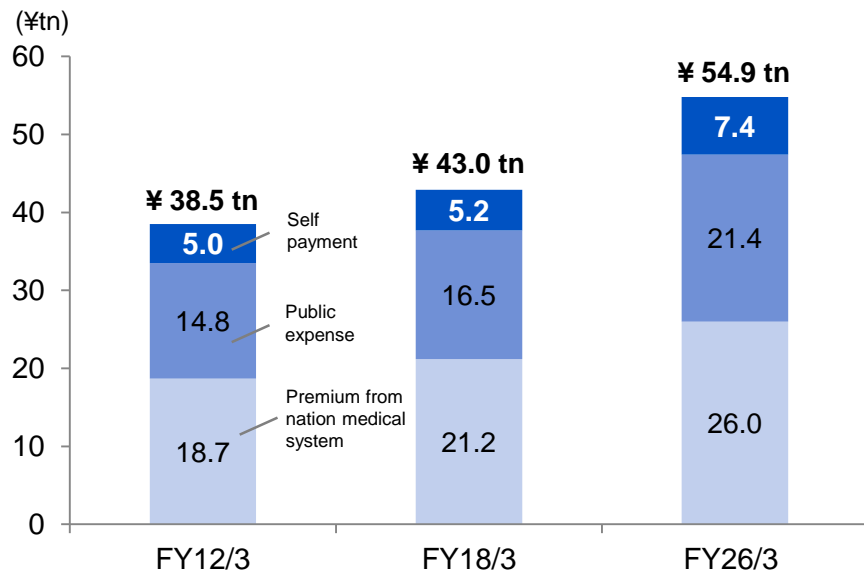
3. "Japanese stocks," "Foreign stocks" and "Foreign bonds" include individual stocks and bonds, as well as investment trusts that invest only in the specified assets.

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

Business Environment in the Japanese Life Insurance Industry

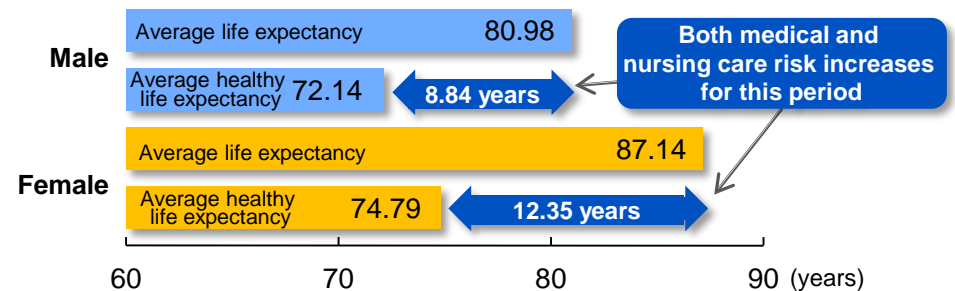
- As social security cost such as medical expenditures are expected to increase going forward, the necessity of self-help effort for the risk of living expenses, injuries, diseases and nursing care has been increasing
- Detecting a disease at an early stage before it gets serious and taking measures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

Increase in National Medical Expenditure(NME)



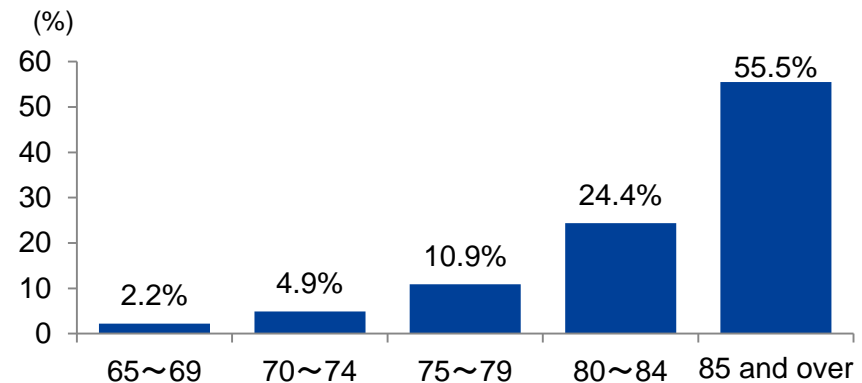
Sources: Cabinet Secretariat, Cabinet Office, Ministry of Finance, Ministry of Health, Labor and Welfare (May 21, 2018)
 Note: Figures at FY26/3 are estimated amount at official announcement. GDP growth and NME growth are rates in comparison to FY12/3

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



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

Dementia Patients ratio by Age(2012)



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

ESG Initiatives – Environmental

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

Expressed support for the Task Force on Climate-related Financial Disclosures (TCFD)

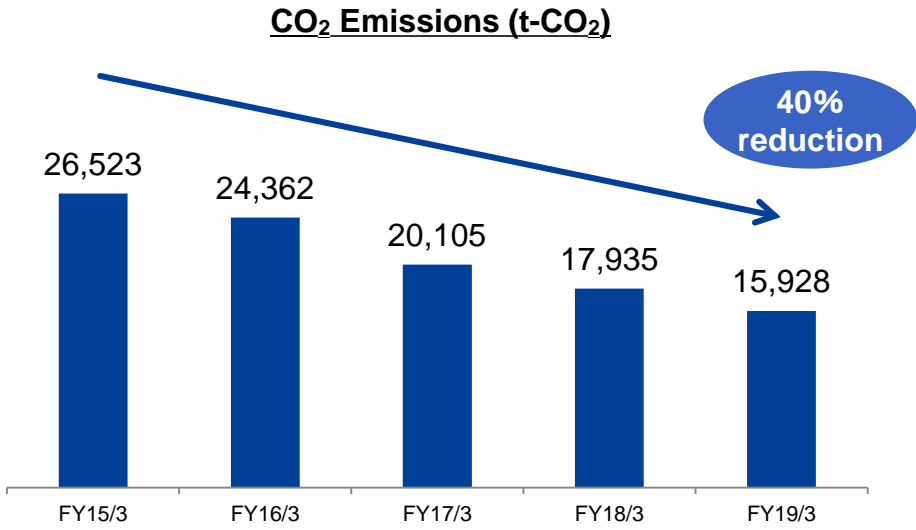
- In Japan Post Group CSR Basic Policy, we declared that “we shall strive to undertake business operations adapted to the impact of climate change and actively promote business and environmental conservation activities with consideration toward reducing our burden on the environment.”
- Analyze more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

Investment related to TCFD

- Invest in “Climate Awareness Bonds (bonds to raise awareness of climate change)” issued by European Investment Bank in May 2019

Energy-saving Initiatives

- Target reduced CO₂ emissions from our facilities by saving energy as one means of combatting global warming.
- Upgraded to highly effective energy-saving equipment at large facilities and are promoting a switch to hybrid and eco-friendly cars.



Note: Emissions from the Company's large facilities and all our vehicles

ESG Initiatives – Social

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

Popularize radio exercise

- Assist local community-society citizens in promoting health, by popularizing radio exercise.
- Approx. 2,300 persons participated in the 58th 10 million People's Radio Exercise and *Minna-no Taiso* ("Exercise for Everyone") festival.



July 28, 2019
in Setagaya-ku, Tokyo



Radio exercise
90th anniversary logo

Sponsorship of the Japan Wheelchair Tennis Association (JWTA)

- Work to build a diversity society through assisting wheelchair tennis and sponsoring wheelchair tennis player, Momoko Otani, along with promoting the employment of persons with disabilities



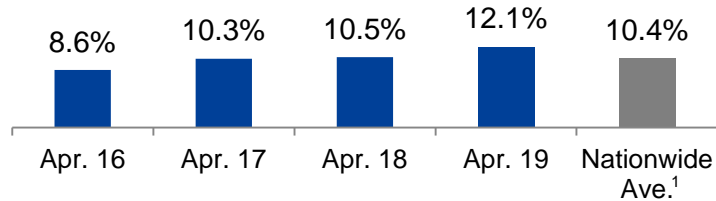
ESG Initiatives – Social

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

Expanding Roles for Female Employees

Ratio of female Managers

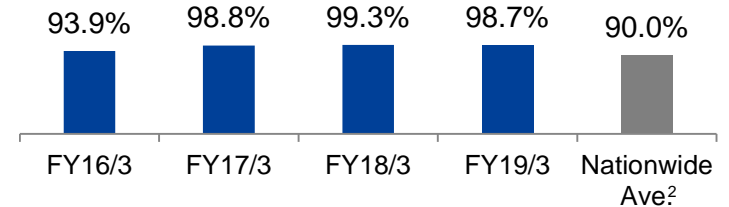
- Hold seminars and training for women who are candidates for management positions



1. Ratio of female managers for companies with 5,000 employees or more (2018 Basic Survey of Gender Equality in Employment Management, MHLW)

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

- Support a smooth return to work by holding “Return to Work” seminars for employees on childcare leave.

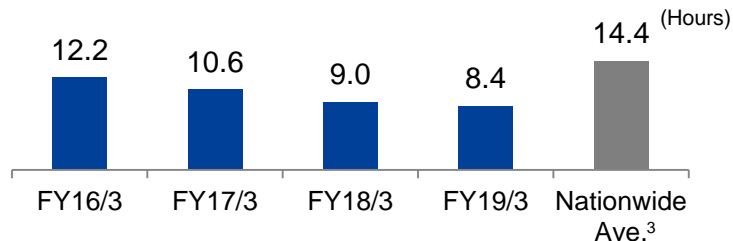


2. Return-to-work rate of employees who took childcare leave (2018 Basic Survey of Gender Equality in Employment Management, MHLW)

Work-Life Balance

Monthly average amount of overtime

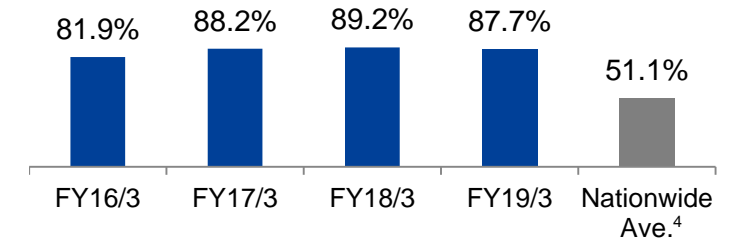
- Promote initiatives in work style reform and aim to decrease the average overtime per month/per employee



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

Rate of taking paid leave

- Encourage employees to take paid vacations as they planned and consecutive vacation.

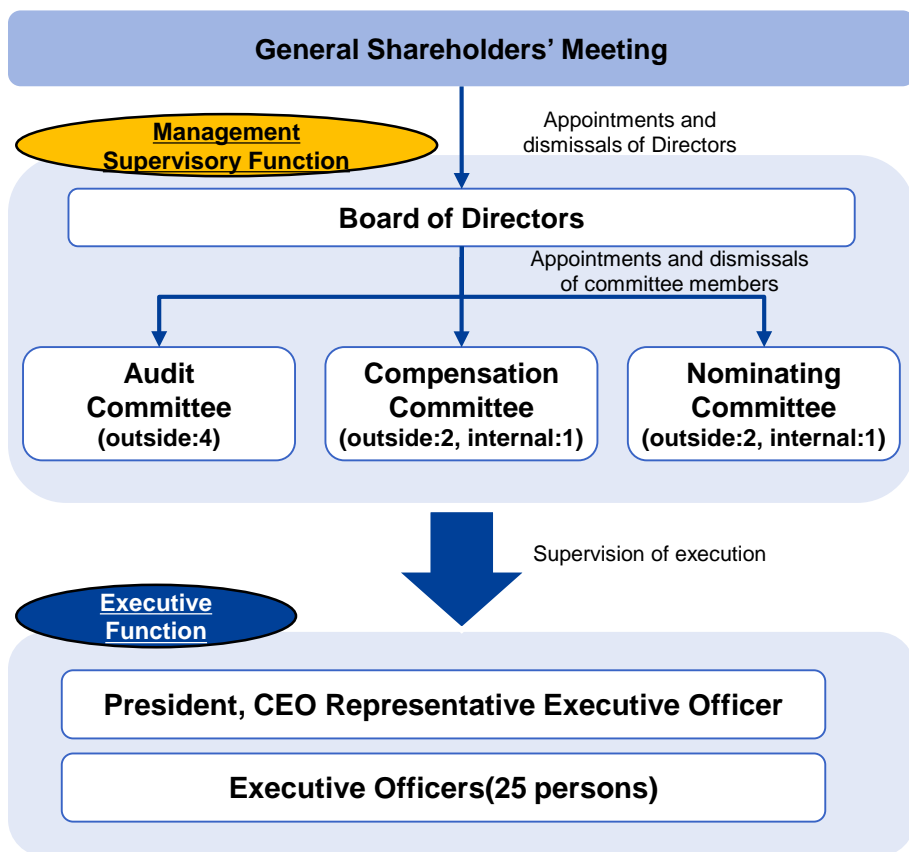


4. Rate of taking paid leave (2018 General Survey on Working Conditions, MHLW)

ESG Initiatives – Governance

- Strengthened corporate governance and enabled faster decision-making by adopting the corporate structure of a company with a Nominating Committee and other committees, and clearly separate the business execution and supervisory functions
- Our Board of Directors is composed of seven outside directors, a majority of the Board, and that includes three female directors. We achieve diversification and high independence in our Board.
- Introduced a Trust-Based Performance-Linked Stock Compensation System for executive officers. We expect them high commitment to continued growth of the company.

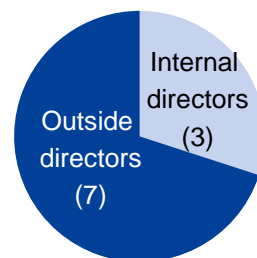
Corporate Governance System [Committee System]



Note: As of June 17, 2019

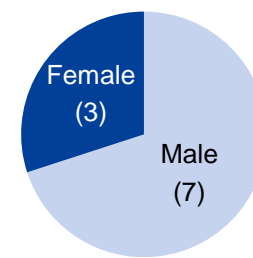
Board of Directors Structure (As of June 17, 2019)

Board of Directors Composition



Outside directors: 70%

Ratio of Female Directors



Female directors: 30%

Masako Suzuki <small>Director and Vice President of Benefit One Inc.</small> <small>Outside Female</small>	Tamotsu Saito <small>Chairman of the Board of IHI Corporation</small> <small>Outside</small>	Michiaki Ozaki <small>Lawyer Of Counsel of URYU & ITOGA</small> <small>Outside</small>	Meyumi Yamada <small>Director of istyle Inc.</small> <small>Outside Female</small>
Yoshie Komuro <small>President of Work-Life Balance Co., Ltd.</small> <small>Outside Female</small>	Kazuyuki Harada <small>President and Representative Director of Keikyu Corporation</small> <small>Outside</small>	Akira Satake <small>Director, Executive Vice President of Sumitomo Precision Products Co., Ltd.</small> <small>Outside</small>	

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.

Comply with ESG Investment and Stewardship Code

- Actively implement ESG investment and formulate the ESG Investment Policy to contribute to forming a sustainable society
- Comply with the Stewardship Code to contribute to the growth of the Japanese economy through having constructive dialogue with investee companies

ESG Investment Policy (excerpt)

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

ESG investment results

■ ESG theme investments¹

Period	Item	Size ³
From June 2016	Green bonds and social bonds	Approx. ¥ 93.9 bn
From January 2017	Solar power generation (project financing)	Approx. ¥ 28.9 bn

■ ESG integration²

Period	Item	Size ³
From November 2016	Japanese stocks (in-house investment)	Approx. ¥ 198.7 bn
From March 2017	Japanese stock ESG fund (external mandate)	Approx. ¥ 6.1 bn

1. Investments in assets that have specific themes leading to resolution of social challenges

2. Investments made in a manner in which ESG factors are incorporated in the investment decision making process

3. Market value balance as of September 30, 2019

Our Policies on Japan's Stewardship Code (excerpt)

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

Status of Compliance with the Stewardship Code

■ Responsible Investing Advisory Committee

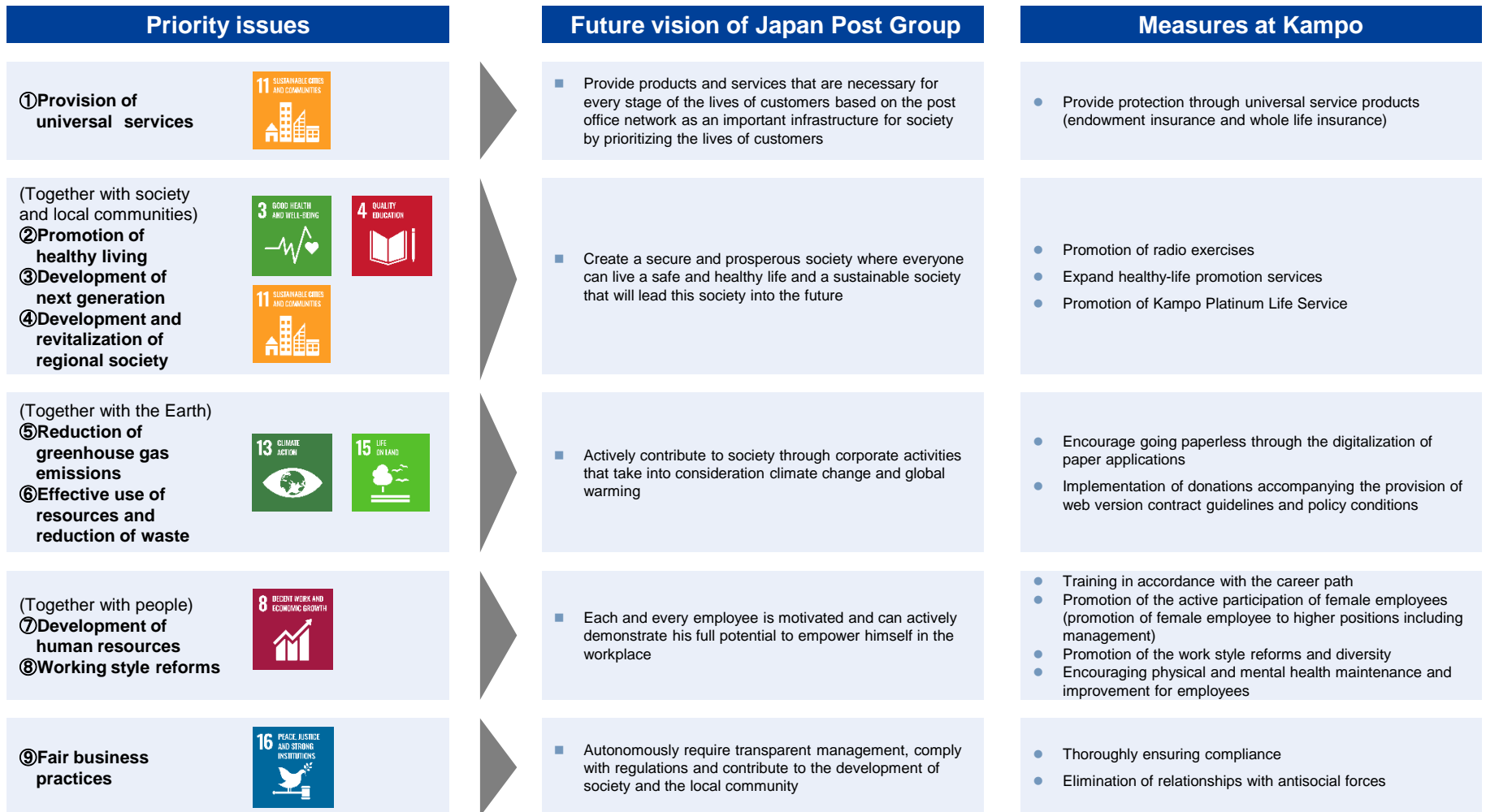
- Held a Responsible Investing Advisory Committee, and discussed matters which affect the exercise voting rights, including conflicts of interest etc., with prominent outside individuals.

■ Dialogues with investee companies (engagement)

- For in-house investment, conducting a constructive dialogue with an effort to build relationships with investee companies
- For outsourced investments, engaging mainly with companies in actively managed portfolios, as well as with certain companies in passively managed portfolios, such as companies with a large market cap or a relatively low ROE

Initiatives Aimed at Achieving SDGs

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

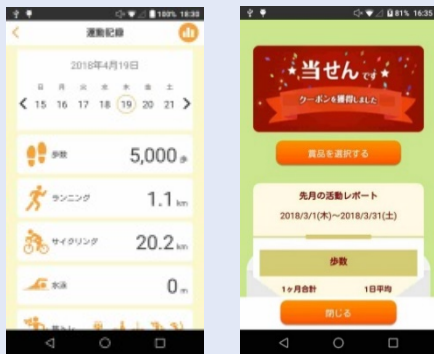


Provision of health promotion apps

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

From January 2019

Provide step logging and management function and incentive



From April 2019

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

“My Checkup Advice”



Provide advice in accordance with the user's health condition

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

“My Recipe”



Support the user's dietary life

App provides a recipe and video supervised by a nutritionist

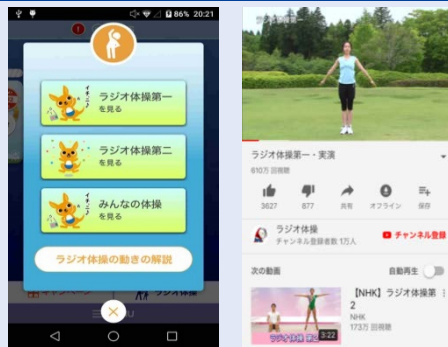
From July 2019

Radio Exercise Card



Days of participation in radio exercises are recorded in a calendar

Radio exercise videos



Illness risk check



Shows future illness probability

App displays five illness risks according to answers to question

“My Calorie Check”



Photographing food reveals the calorie

Just photographing food with smartphone reveals the calorie and provides advice on it

Business Features

- Provide simple and easy-to-understand products through the nationwide network of post offices, inheriting the Postal Life Insurance Service's public mission of "protecting the means of fundamental livelihood of the nation through simple procedures"
- Our current business model have three features below

Sales/ Channel

Post office network with reliability and credibility

- Largest number of location among domestic financial institutions
- Accept payment claim at every post office all over Japan
- Take advantage of the scale merit of more than 20,000 post offices and approx. 16,000 offsite sales personnel

Products

Simple procedures and small coverage amount

- Provide basic death protection policy with optional medical care rider
- Simple contract procedures without medical examination
- Average insurance coverage amount per new policy(death protection) is approx. ¥3.25 million

Customer Base

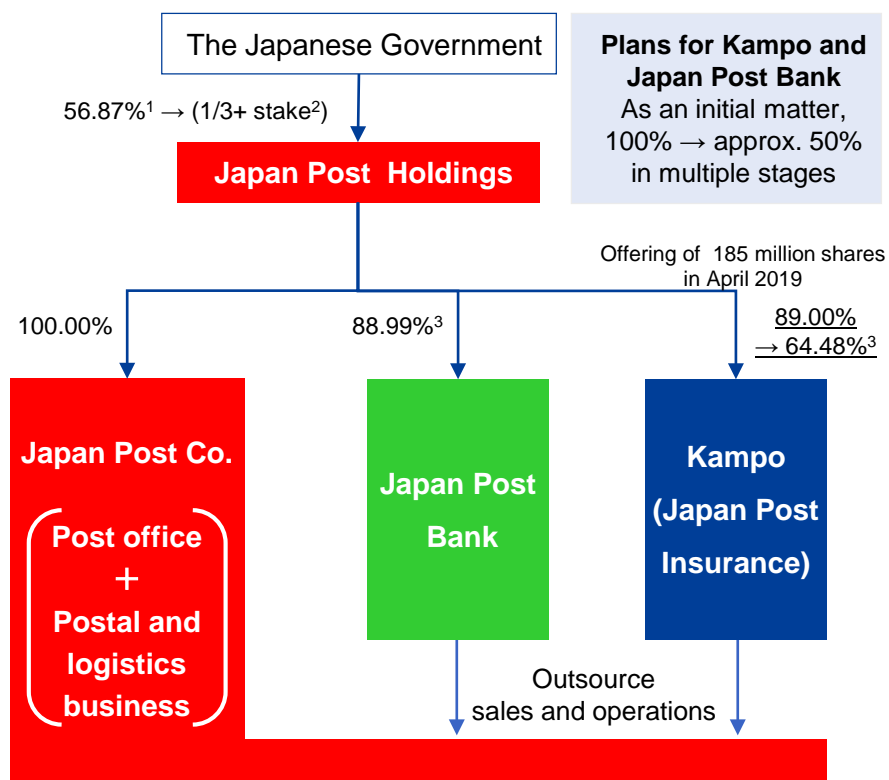
Vast customer base established by post office users

- The number of customers(26.48 million) is equivalent to approx. 20% of total population in Japan
- Easy-to-access post offices are our important customer contact points
- Our main customers are middle-aged and elderly people

Position within Japan Post Group

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

Structure of Japan Post Group and Privatization Plans



1. Shareholding ratio to the total number of issued shares

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

3. Shareholding ratio to the total number of issued and outstanding shares

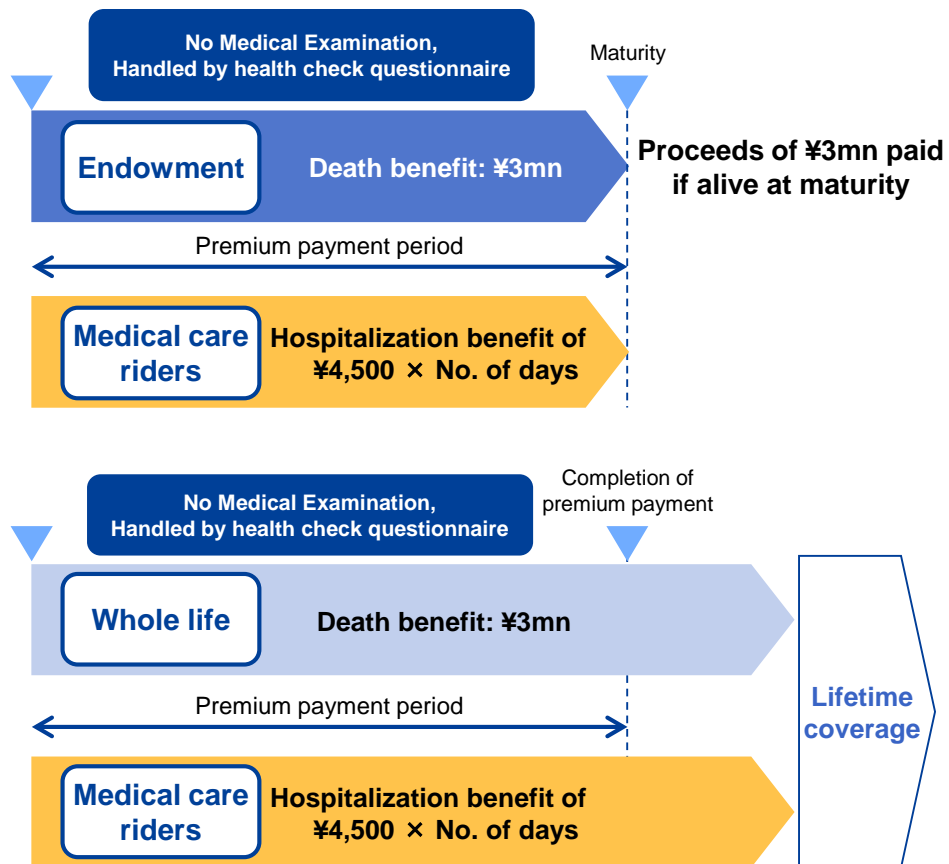
Postal Service Privatization Act

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

Major Products

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

Typical Examples of Our Products



Medical Care Rider Coverage

Example for Standard Benefit of ¥3 million

Hospitalization Benefit

- ¥4,500 / day
- Up to 120 days (¥540,000) for each hospital stay

Initial Payment¹

- ¥22,500 (5 times daily benefit) for the first day in a hospital

Surgery Benefit

- Hospital surgery ¥90,000 (20 times daily benefit²)
- Outpatient surgery ¥22,500 (5 times daily benefit²)
- Radiology treatment ¥45,000 (10 times daily benefit²)

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

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

Additional Restrictions under the Postal Service Privatization Act

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

Item	Content
<p style="text-align: center;">New business</p>	<p>【Until Japan Post Holdings disposes of half or more of all the shares of Kampo】</p> <ul style="list-style-type: none"> ■ Approval by specified ministers¹ (a hearing at the Postal Service Privatization Committee is required) <p>【After Japan Post Holdings disposes of a half or more of all the shares of Kampo until the designated date²】</p> <ul style="list-style-type: none"> ■ Notification to competent ministers (obligation to consider competitors, notification to Postal Service Privatization Committee is required) <p>【After designated date²】</p> <ul style="list-style-type: none"> ■ No regulations under Postal Service Privatization Act (regulations under Insurance Business Act will continue)
<p style="text-align: center;">Limit on coverage amount</p>	<ul style="list-style-type: none"> ■ Prescribed in a cabinet order (a hearing at the Postal Service Privatization Committee is required to revise) <ul style="list-style-type: none"> — Limit on coverage amount: in principle, ¥10 mn, total of ¥20 mn after 4 years have elapsed since start of coverage (age 20-55) <p>【After designated date²】</p> <ul style="list-style-type: none"> ■ No regulations based on Postal Service Privatization Act
<p style="text-align: center;">Subsidiary</p>	<ul style="list-style-type: none"> ■ Prohibited from acquiring or holding as a subsidiary or merging with any insurance company <ul style="list-style-type: none"> — no specific statutory rules applicable to our minority investments, which is acquiring voting rights below 50% <p>【After designated date²】</p> <ul style="list-style-type: none"> ■ No regulations based on Postal Service Privatization Act

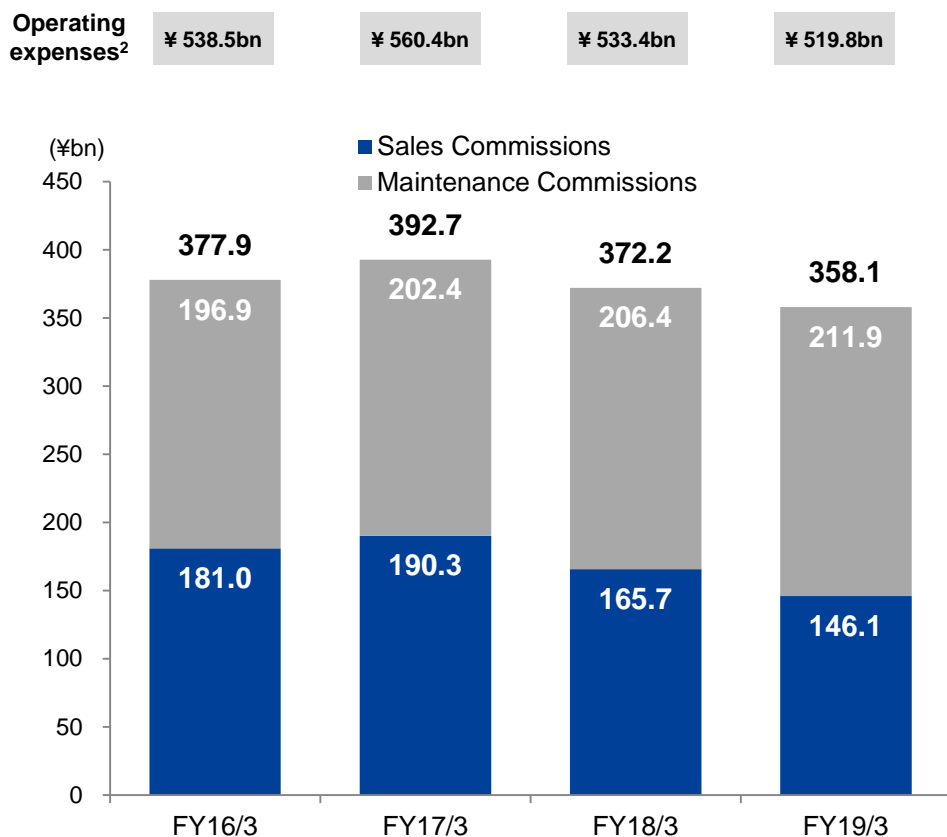
1. Specified ministers: Prime Minister (Commissioner of the Financial Services Agency) and Minister of Internal Affairs and Communications

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

Commissions to Japan Post Co.

- Commissions to Japan Post Co. represent approx. 70% of operating expenses
- Strictly in accordance with the Insurance Business Act and other rules and regulations, calculations of commission must be made on a cost-benefit basis to ensure neither Kampo nor Japan Post Co. enjoys an advantage over the other

Commissions to Japan Post Co.¹



1. Beginning with FY20/3, we and Japan Post Bank are required to contribute to the Postal Management and Support Organization a share of the necessary expenses for Japan Post Co. to maintain its post office network. Accordingly, we revised our commissions paid to Japan Post Co. based on operating agreement
2. Consolidated basis

Commissions Structure

- Commissions paid to Japan Post Co. need to be determined on an arm's-length basis as required by the Insurance Business Act, as well as the Inspection Manual for Insurance Companies and the Comprehensive Guidelines for Supervision of Insurance Companies, as stipulated by the FSA to prevent excessive favorable treatment of any specific agent

Sales Commissions

- Linked mainly to new policy acquisition volume (paid in installments, typical in the industry)
- Incentive bonus is payable if targets are reached



Maintenance Commissions

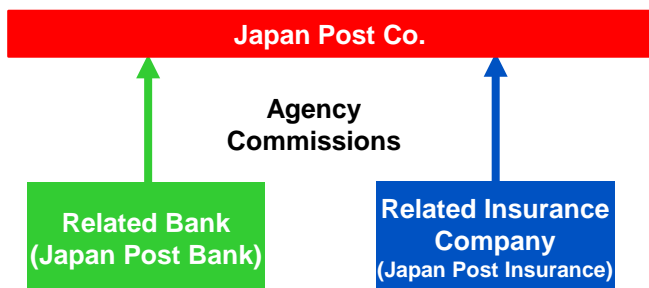
- For operations outsourced to Japan Post Co., rates are set based on the reasonable length of time needed to perform the operations at post offices
- A part of these commissions is calculated in proportion to the number of policies in force and the after service activities. Another part is based primarily on the number of post offices

Overview of Funds and Contributions

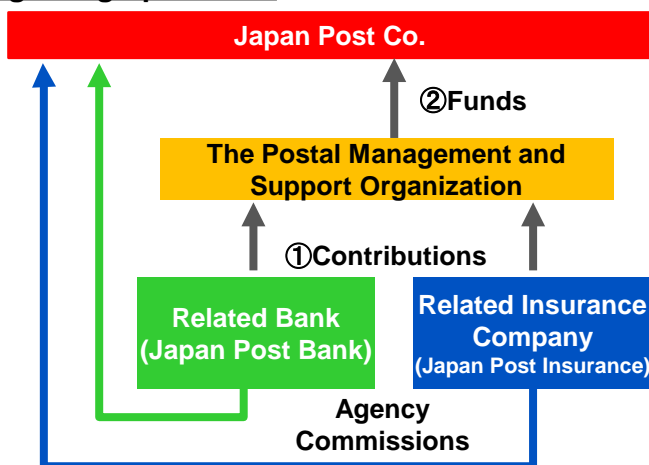
- Amendments to the Act on the Management Organization for Postal Savings and Postal Life Insurance have taken effect since December 1, 2018
- From April 2019, we and Japan Post Bank are required to contribute to The Postal Management and Support Organization which will pay the fundamental necessary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

System of Funds and Contributions

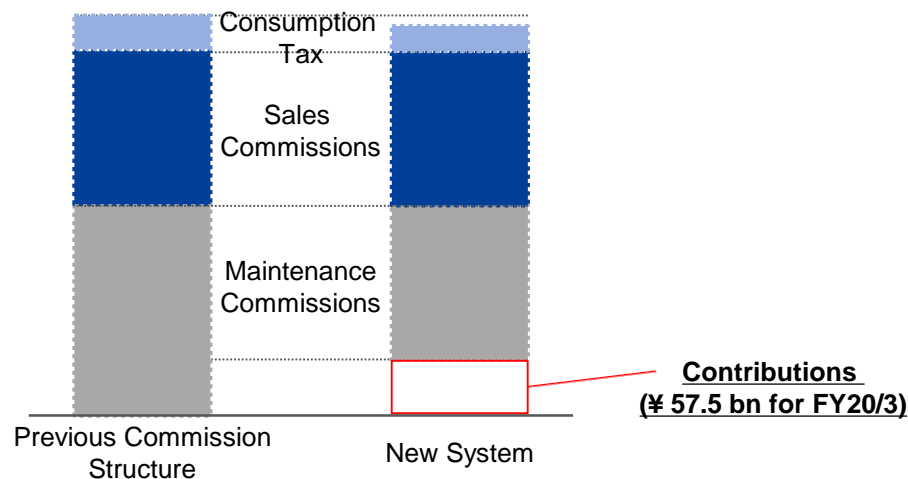
【Until March 2019】



【Beginning April 2019】



Previous Commission Structure vs. New System¹



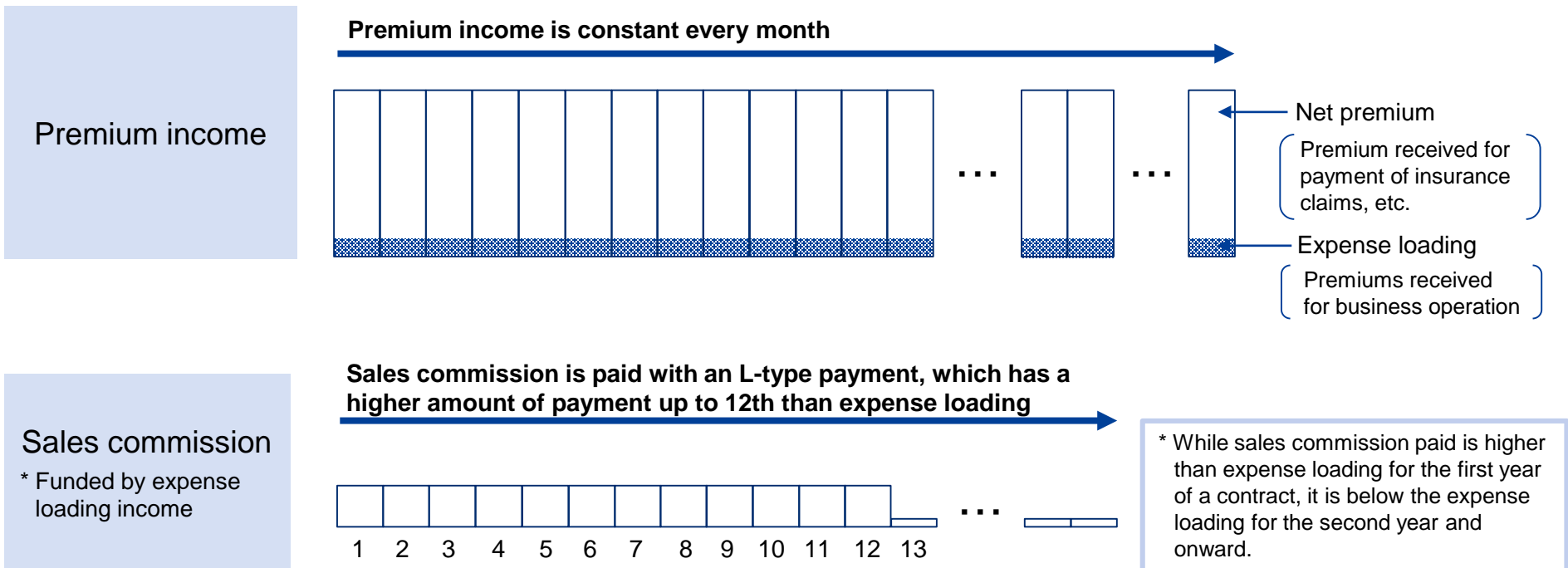
- Along with the establishment of the system of funds and contributions, we revised the structure of agency commissions in order not to affect its total amount under the new system of paying both commissions and contributions, compared to the previous system of paying only commissions

1. Comparison of previous commission structure versus new contribution system, assuming the same number of new policies and other variables

Impact on Profit for the Current Fiscal Year Due to Decline in New Policy Sales

- Of the premiums received from customers, Japan Post Insurance receives a fixed amount of expense loading every month in order to operate its business. Using this expense loading as funds, Japan Post Insurance pays sales commissions monthly to Japan Post Co. However, the payment method is an L-type payment, which has a higher amount of payment up to the 12th than expense loading, and therefore profit for the first year of Japan Post Insurance worsen as the number of new policies increase.
- In FY20/3, Japan Post Insurance's profit is expected to improve due to significant decline in new policy sales. However, this effect only for a short term, and from a medium- to long-term perspective, the decrease in new policies will have a negative impact on profit of Japan Post Insurance.

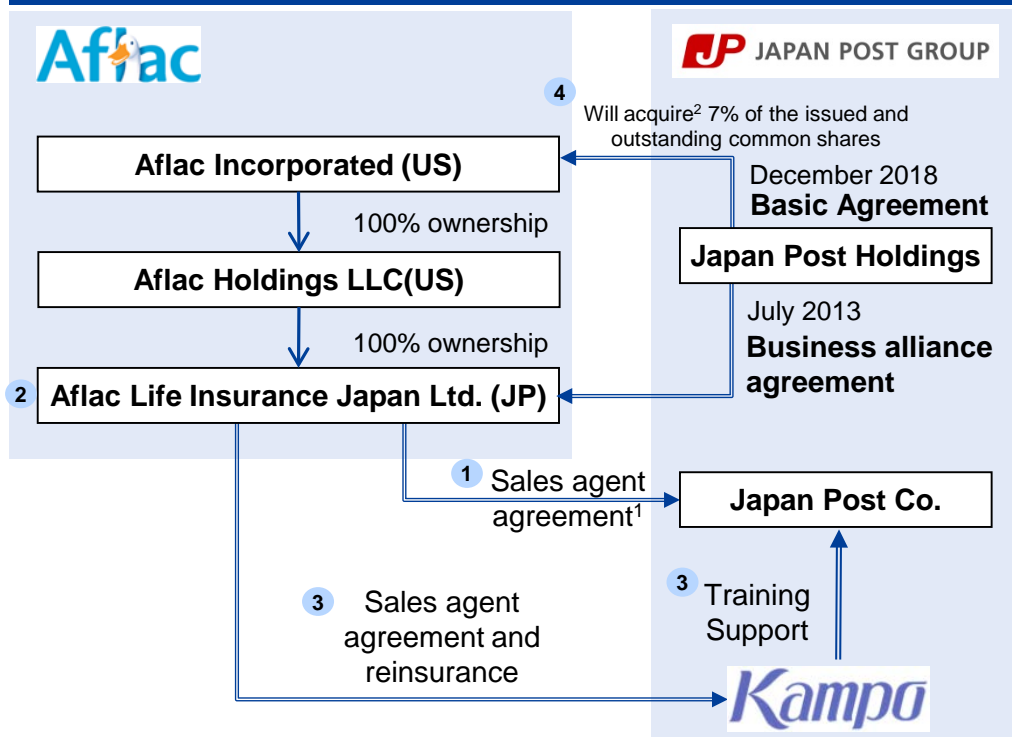
<Model of receipt of premiums and payment of sales commissions (model for one contract)>



Overview of the alliance between Aflac and Japan Post Group

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

Business Alliance Structure



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

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

Scope of Business Alliance

【From July 2013—】

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



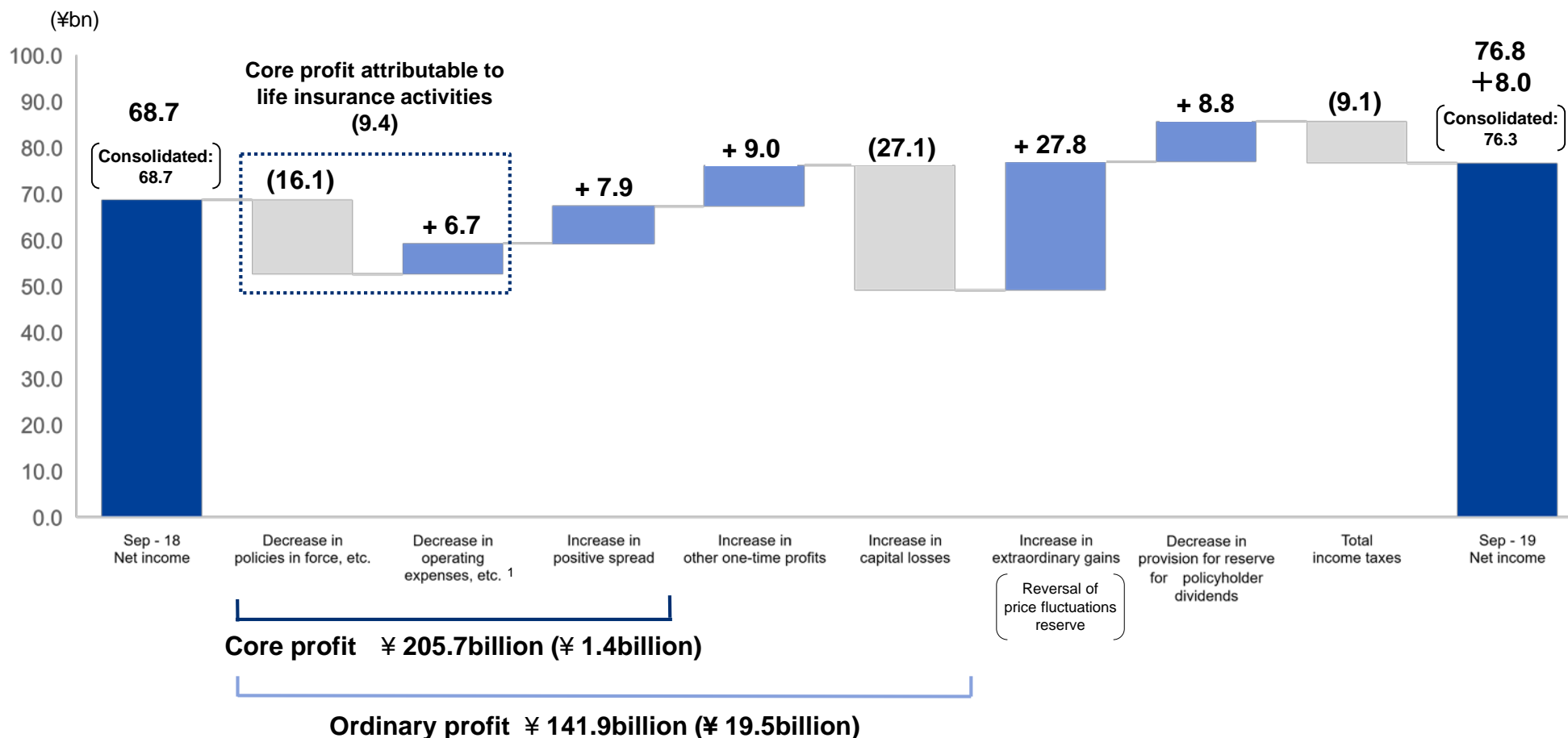
【From December 2018—】

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

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

Second quarter result (Factors for Year on Year Changes) (Non-Consolidated)

- While core profit attributable to life insurance activities decreased by ¥9.4 billion mainly due to the decrease in the number of policies in force, total core profit remained almost the same at ¥205.7 billion, as a result of improvement of positive spread.
- Continue accounting treatments to neutralize capital losses using the reserve for price fluctuations. Net income increased by ¥8.0 billion due to the decrease in policies with policyholder's dividend.



1. "Decrease in operating expenses, etc." shows the difference of 2Q figures between the year ended March 31, 2019, and the year ended March 31, 2020. This figure is calculated by adding up "Operating expenses" and "Other ordinary expenses".

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

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

(¥bn)

	FY16/3		FY17/3		FY18/3		FY19/3		FY19/3 2Q		FY20/3 2Q	
	New	Postal Life	New	Postal Life	New	Postal Life	New	Postal Life	New	Postal Life	New	Postal Life
Ordinary income ¹	4,431.7	8,039.6	4,464.2	6,889.2	3,938.8	5,489.2	3,814.7	4,374.4	1,961.1	2,165.5	1,789.0	1,884.1
Insurance premiums and others	4,091.5	1,322.3	4,039.0	1,002.8	3,481.2	755.2	3,369.5	590.3	1,729.4	310.9	1,558.9	242.2
Investment income ¹	337.6	1,017.3	422.8	945.0	454.6	830.3	440.1	764.3	228.8	389.1	227.5	346.5
Other ordinary income ¹	2.5	5,700.0	2.3	4,941.3	3.0	3,903.7	4.9	3,019.8	2.7	1,465.4	2.6	1,295.4
Ordinary expenses ¹	4,276.8	7,781.6	4,370.1	6,704.0	3,767.1	5,352.2	3,663.5	4,260.4	1,865.0	2,100.0	1,691.3	1,839.9
Insurance claims and others	1,031.6	7,518.7	1,136.5	6,413.7	1,765.6	5,124.3	2,837.9	4,030.9	1,367.8	1,988.3	1,409.3	1,734.5
Provision for policy reserves and others ¹	2,865.7	-	2,694.0	-	1,474.7	-	272.5	-	228.2	-	11.9	-
Investment expenses ¹	3.8	5.8	103.8	56.5	78.5	27.9	99.1	46.8	42.9	22.4	47.7	19.3
Operating expenses	318.0	219.0	366.5	193.6	372.8	159.9	376.2	142.1	186.0	70.4	184.2	68.1
Other ordinary expenses	57.4	37.9	69.0	40.0	75.2	39.8	77.7	40.4	39.9	18.7	38.1	17.8
Ordinary profit	154.9	258.0	94.0	185.2	171.7	137.0	151.1	113.9	96.0	65.5	97.7	44.2
Extraordinary gains and losses ²	(62.4)	(8.9)	5.7	(12.6)	(27.2)	(17.0)	13.8	3.6	(3.9)	1.9	6.1	19.6
Provision for reserve for policyholder dividends	7.5	170.4	15.6	137.0	21.6	96.1	19.6	92.1	10.1	53.2	7.5	47.0
Income before income taxes	84.9	78.6	84.2	35.5	122.9	23.8	145.3	25.5	81.8	14.1	96.3	16.8
Total income taxes	31.4	45.7	21.7	9.5	35.4	6.9	41.1	8.7	22.9	4.2	28.1	8.1
Net income	53.4	32.8	62.4	26.0	87.4	16.8	104.1	16.7	58.9	9.8	68.1	8.6

Note: "Postal Life Insurance category" shows the amounts generated from the Postal Life Insurance policies, and "New category" shows the figure after deduction of "Postal Life Insurance category" from the total.

- Adjusted if the resulting number for the new category is negative when the Postal Life Insurance category is subtracted from Japan Post Insurance as a whole.
(E.g.: FY20/3 2Q, ¥ 11.9billion was added to "Reversal of policy reserves," under "Other ordinary income," and to "Provision for policy reserves and others," under "Ordinary expenses")
- "Extraordinary gains and losses" includes "Price fluctuations reserve, provision" and "Price fluctuations reserve, reversal."

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

		FY16/3	FY17/3	FY18/3	FY19/3	FY19/3 2Q	FY20/3 2Q
Total assets	¥mn	81,543,623	80,336,414	76,832,508	73,904,576	74,765,583	73,036,599
Postal Life Insurance category		55,832,787	51,447,550	46,684,937	41,354,076	43,076,398	40,185,635
New category		25,710,836	28,888,864	30,147,570	32,550,500	31,689,184	32,850,963
Number of policies in force	(000)	32,323	31,562	30,405	29,143	29,840	28,365
Postal Life Insurance category (insurance)		16,972	14,411	12,484	11,048	11,788	10,469
New category (individual insurance)		15,350	17,150	17,921	18,095	18,051	17,896
Insurance premiums and others	¥mn	5,413,862	5,041,868	4,236,461	3,959,928	2,040,437	1,801,184
Postal Life Insurance category		1,322,308	1,002,816	755,221	590,340	310,944	242,264
New category		4,091,554	4,039,051	3,481,240	3,369,588	1,729,492	1,558,920
Ordinary profit	¥mn	413,023	279,347	308,845	265,143	161,529	141,945
Postal Life Insurance category		258,059	185,250	137,074	113,981	65,500	44,202
New category		154,963	94,097	171,771	151,162	96,029	97,743
Net income	¥mn	86,338	88,520	104,309	120,958	68,797	76,865
Postal Life Insurance category		32,850	26,044	16,878	16,763	9,896	8,692
New category		53,487	62,475	87,430	104,195	58,901	68,173
Contingency reserve (reversal) provision	¥mn	(123,864)	(120,819)	(139,678)	(151,592)	(75,150)	(82,306)
Postal Life Insurance category		(171,199)	(172,881)	(173,722)	(173,590)	(87,248)	(85,575)
New category		47,335	52,061	34,043	21,997	12,098	3,268
Price fluctuations reserve (reversal) provision	¥mn	70,100	6,444	128,031	(19,251)	1,933	(25,637)
Postal Life Insurance category		8,957	12,625	17,090	(3,686)	(1,929)	(19,674)
New category		61,143	(6,181)	110,940	(15,564)	3,863	(5,962)
Additional policy reserve (reversal) provision	¥mn	(55,533)	(50,454)	(30,648)	(50,292)	(22,807)	(24,350)
Postal Life Insurance category		(55,533)	(50,454)	(47,674)	(46,698)	(20,989)	(22,636)
New category		-	-	17,025	(3,594)	(1,818)	(1,713)

Note: "Postal Life Insurance category" shows the amounts generated from the Postal Life Insurance policies, and "New category" shows the figure after deduction of "Postal Life Insurance category" from the total.

Key Financial Indicators

(¥bn)

	FY16/3	FY17/3	FY18/3	FY19/3	FY19/3 2Q	FY20/3 2Q
Insurance premiums and others	5,413.8	5,041.8	4,236.4	3,959.9	2,040.4	1,801.1
Ordinary profit	411.5	279.7	309.2	264.8	161.6	141.5
Provision for reserve for policyholder dividends	178.0	152.6	117.7	111.8	63.4	54.5
Net income	84.8	88.5	104.4	120.4	68.7	76.3
Net assets	1,882.9	1,853.2	2,003.1	2,135.1	2,034.1	2,240.1
Total assets	81,545.1	80,336.7	76,831.2	73,905.0	74,763.9	73,034.1
Return on equity	4.4 %	4.7 %	5.4 %	5.8 %	-	-
Return on shareholders' equity	5.9 %	5.9 %	6.7 %	7.4 %	-	-
Dividends to shareholders ¹	33.6	36.0	40.8	43.2	-	21.3
Total Return Ratio ²	39.6 %	40.6 %	39.0 %	118.9 %	-	-
Core profit (Non-consolidated)	464.2	390.0	386.1	377.1	207.1	205.7
Core profit attributable to life insurance activities	366.8	311.4	320.3	318.7	176.5	167.1
Spread (positive/negative spread)	97.4	78.5	65.8	58.4	30.6	38.5

1. The figure for FY20/3 2Q reflects the resolution made on November 14, 2019 at the meeting of the Board of Directors regarding the interim dividend to be paid.

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

<Points of Attention Regarding EV>

EV must be calculated in accordance with the EEV Principles by using appropriate assumptions for future experience. In particular, the company understands that we have to reflect the influence of the initiatives, which we announced as 'Investigation of Rewritten Insurance Policies and Initiatives for Improvement' on July 31, 2019, on non-economic assumptions such as surrender and lapse rate, operating expenses etc.

However, it is impossible to make appropriate assumptions for future experience to calculate EV as of the end of September 2019 at present. We plan to calculate and disclose EV once we prepare appropriate non-economic assumptions.

(Note) We have also not disclosed EV as of the end of June 2019, but plan to calculate and disclose it once we prepare appropriate non-economic assumptions, as with EV as of the end of September 2019.

<Points of Attention Regarding ESR>

Also, with regard to ESR as of the end of September 2019, the company understands that we need to reflect the influence of the above initiatives on the assumptions. However, it is impossible to make appropriate assumptions at present. Consequently, we will withhold the disclosure of ESR because reasonable assumptions cannot be set at the present time. We plan to calculate and disclose ESR once we prepare appropriate non-economic assumptions.

<Disclaimer>

The financial results forecasts and other forward-looking statements herein are based on certain assumptions deemed reasonable by Japan Post Insurance at the time of this document's disclosure. Please note that actual results may differ materially from such forward-looking statements due to various factors including changes in the operating environment, interest rates or general economic conditions or other future events and circumstances.

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