

Kampo

FY2019/3
Financial Results & Corporate Strategy Meeting

May 22, 2019

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March 31, 2019**

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1

Outline of Financial Results for the Fiscal Year Ended March 31, 2019

Overview of Financial Results for the Fiscal Year Ended March 31, 2019

- Net income reached a record high of ¥ 120.4 billion (+ 15.3% year on year) and 108.5% of the full-year forecast (on a revised basis).
- As a result of our efforts to focus on sales of protection-type products, both the value of new business and the new business margin (5.9%) were almost the same level year-on-year.

(¥ bn)

		FY 18/3	FY 19/3	Change	Achievement	Revised
		A	B	B/A	(Revised basis)	FY19/3
					B/C	Forecasts
						C
Earnings (Financial Accounting)	Net Income	104.4	120.4	+ 15.3 %	108.5%	111.0
	Net Income per share (EPS)	¥ 174.21	¥ 200.86	+ 15.3 %	108.5%	¥ 185.06
Embedded Value (Economic Value)	EV	3,743.3	3,925.7	+ 4.9 %	—	
	Value of new business	226.7	223.8	(1.3 %)	—	
Shareholder Return	Dividend per share (DPS)	¥ 68 (Ordinary Dividend ¥ 64 +Special Dividend ¥ 4)	¥ 72 (Ordinary Dividend ¥ 68 +Special Dividend ¥ 4)	+ ¥ 4	± ¥ 0	¥ 72 (Ordinary Dividend ¥ 68 +Special Dividend ¥ 4)

Causes for Changes (year on year)

■ Net income + ¥ 15.9 bn

- Improvement in investment income in asset management
- Decrease in operating expenses
- Decrease in provision for reserve for policyholder dividends, etc.

■ EV + ¥ 182.4 bn

- Increase stemming from the value of new business

■ Value of New Business (¥ 2.9 bn)

- Offset a negative effect from lowered interest rate by promoting sales of protection-type products

■ Dividends per Share + ¥ 4

- In addition to a ¥ 4 hike in ordinary dividend, pay special dividends due to a better-than-expected investment income for the fiscal year ended March 31, 2019

Overview of Financial Statements(Condensed)

Statement of Income

(¥bn)

	Year ended Mar-18	Year ended Mar-19	Change
Ordinary income	7,952.9	7,916.6	(36.2)
Insurance premiums and others	4,236.4	3,959.9	(276.5)
Investment income	1,284.5	1,204.4	(80.1)
Reversal of policy reserves	2,397.9	2,716.7	318.8
Ordinary expenses	7,643.7	7,651.7	8.0
Insurance claims and others	6,890.0	6,868.8	(21.1)
Investment expenses	106.0	146.0	39.9
Operating expenses	533.4	519.8	(13.6)
Ordinary profit	309.2	264.8	(44.3)
Extraordinary gains and losses	(44.3)	17.5	61.8
Provision for reserve for policyholder dividends	117.7	111.8	(5.9)
Income before income taxes	147.1	170.6	23.4
Total income taxes	42.6	50.1	7.4
Net income attributable to Japan Post Insurance	104.4	120.4	15.9

[Reference] Core profit (Non-consolidated)	386.1	377.1	(9.0)
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Balance Sheets

(¥bn)

	Mar-18	Mar-19	Change
Total Assets	76,831.2	73,905.0	(2,926.2)
Cash and deposits	898.5	917.7	19.2
Money held in trust	2,814.8	2,787.5	(27.3)
Securities	60,130.9	58,451.5	(1,679.3)
Loans	7,627.1	6,786.0	(841.0)
Fixed assets ¹	264.1	261.6	(2.4)
Deferred tax assets	954.0	1,022.0	68.0
Total Liabilities	74,828.1	71,769.8	(3,058.2)
Policy reserves	67,777.2	65,060.5	(2,716.7)
Reserve for price fluctuations	916.7	897.4	(19.2)
Total Net assets	2,003.1	2,135.1	132.0
Total shareholders' equity	1,595.4	1,675.1	79.6
Total accumulated other comprehensive income	407.7	460.0	52.3

Note: Only major line items are shown.

1. Sum of Tangible fixed assets and Intangible fixed assets

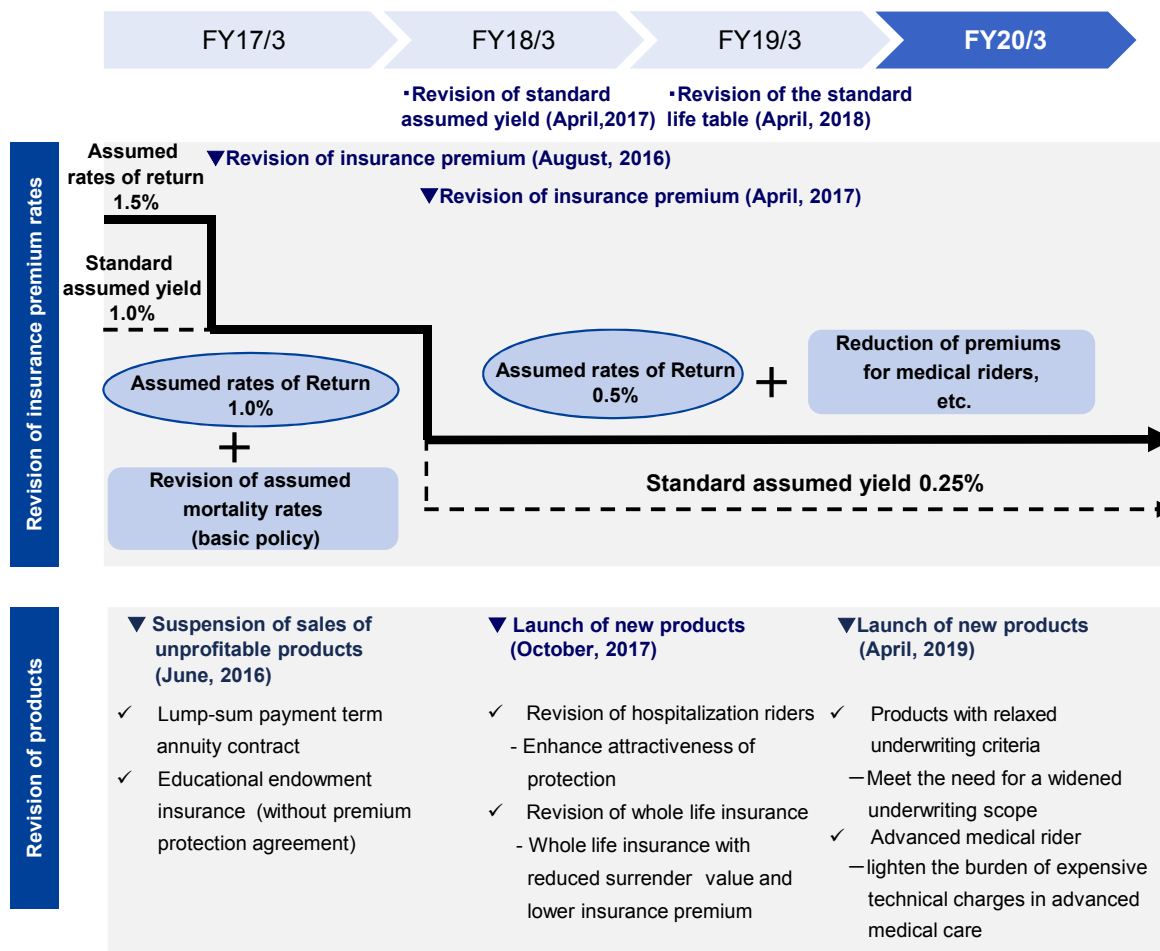
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Future Management Strategies

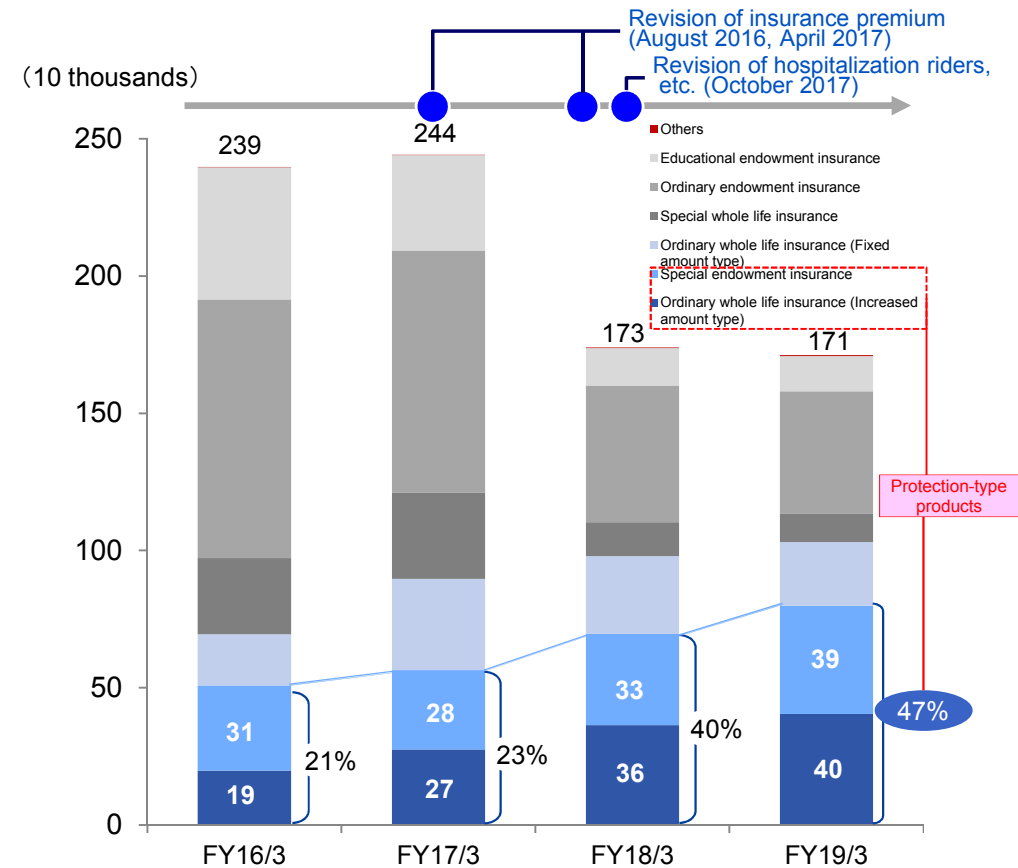
(Sales) Changes in Products Portfolio

- Revised premiums in August 2016 and April 2017 to counter the low interest rate environment following the introduction of a negative interest rate policy by the BoJ
- Although attractiveness of saving-type products reduced and overall sales of new policies fell in quantity, there was an increase in the sales shares of protection-type products

Revision of insurance premium / Revision of products



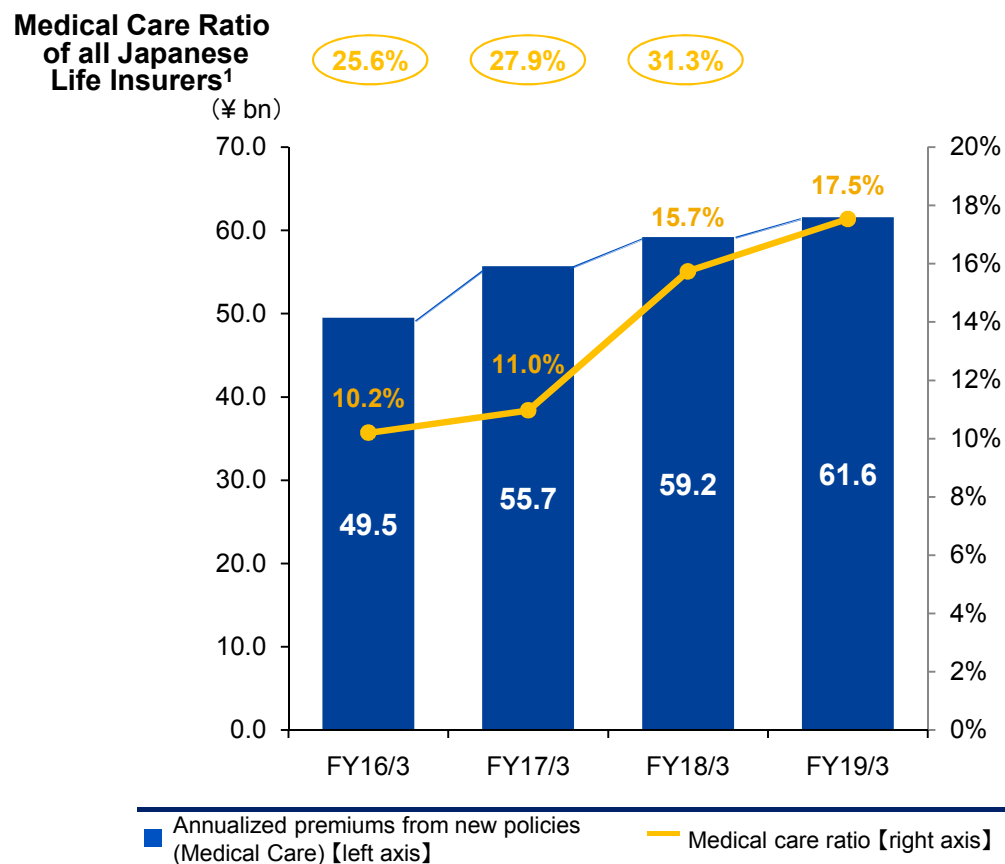
Changes in Products Portfolio (Number of New Policies)



(Sales) Improvement in Product Profitability

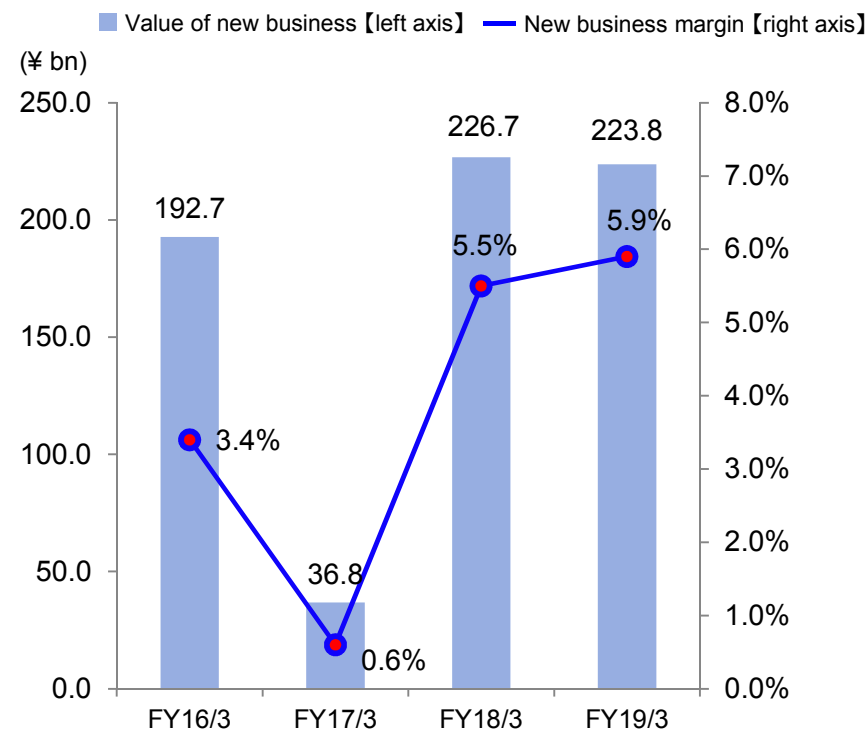
- The proportion of medical care to total annualized premiums from new policies have increased due to focus on protection-type products and high rider attachment ratio. We believe that we have more room to expand sales of medical care, because that proportion is still low in comparison to other competitors
- Secured the profitability of our products, and the value of new business and new business margin improved markedly from the fiscal year ended March 31, 2018

Annualized Premiums from New Policies(Medical Care) and Medical Care Ratio¹



Source: The Life Insurance Association of Japan: Summary of Life Insurance Business in Japan
 1. Ratio of the annualized premiums from new policies(medical care) to the annualized premiums from new policies of individual life insurance

Value of New business and New business Margin



EV	3,151.0	3,355.6	3,743.3	3,925.7
RoEV ¹	6.3 %	4.9 %	9.9 %	8.6 %

Med-to-Long term RoEV Target: 6 to 8%

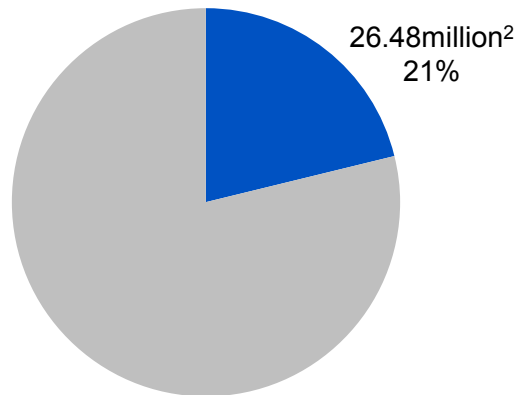
1. Constant economic assumption rate excludes economic variance factor

(Sales) Customer Base

- The number of our customers represents about 20% of Japan's entire population, and approx. 70% of our policyholders is aged 50 or over.
- We consider developing new products for up-selling and cross-selling to our existing customers and cultivating customers among uninsured junior to middle-aged persons.

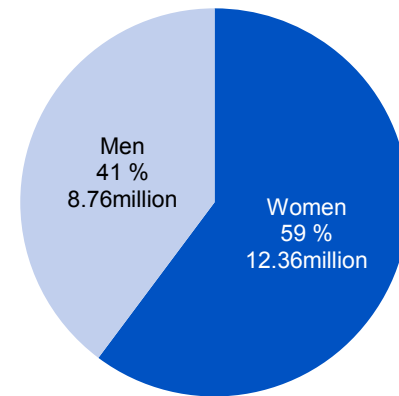
Customer base

Customers as share of total population(as of April, 2019, 126.23 million people¹)



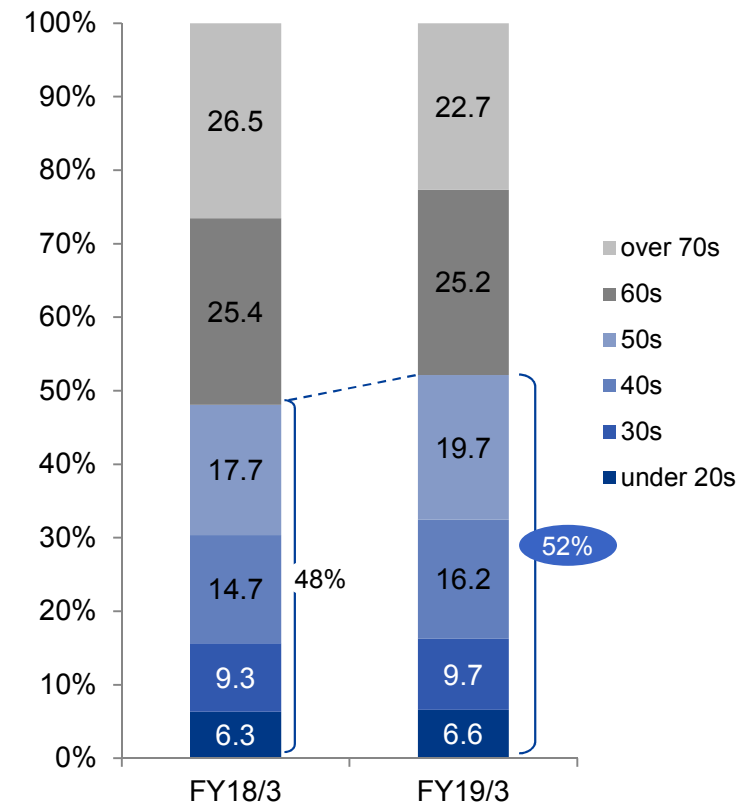
- The number of our customers is equivalent to approx. 20 % of total population in Japan

Gender composition (FY19/3: Insured person of policies in force)



- Strength in household markets and women

Change in age composition of policyholders (Number of new policy)



Note: Does not include policies whose policyholder is a corporate entity.

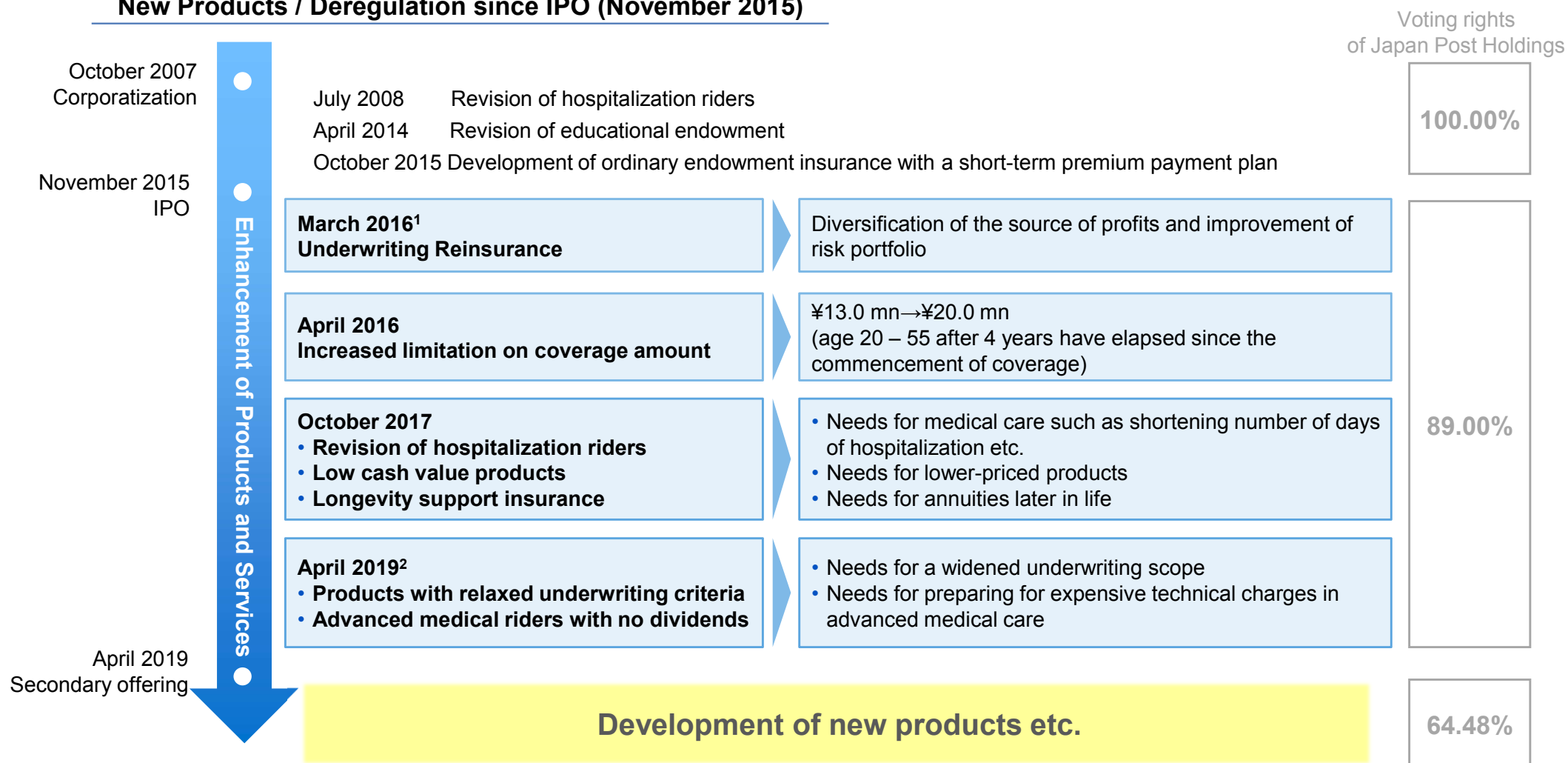
1. As of April 1, 2019

2. As of March 31, 2019: The sum of policyholders and insured persons(including individual insurance and individual annuities as well as Postal Life insurance reinsured by us under commission from the Postal Management and Support Organization.)

(Products) Development of New Products since our IPO

- Developed and marketed products and services that flexibly meet to customers' needs, despite additional regulatory restrictions under the Postal Service Privatization Act

New Products / Deregulation since IPO (November 2015)



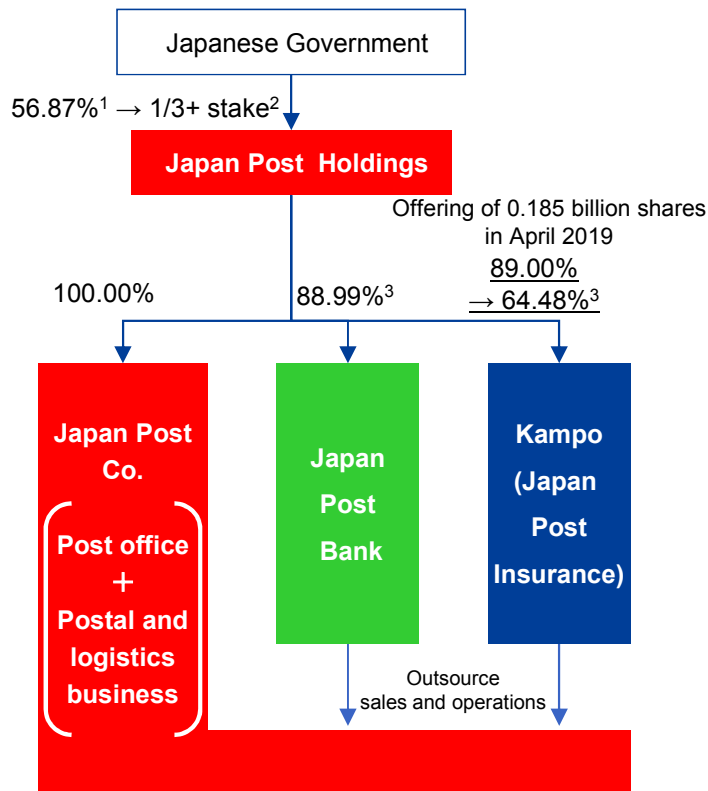
1. Represents when we obtained the approval

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

(Products) New Product Development in Future

- Flexibly provided products and services meeting customer needs, despite additional regulatory restrictions under the Postal Service Privatization Act
- As a result of secondary offering in April 2019, Japan Post Holdings' voting rights ratio declined to 64.48%, which we expect to work positively for our new product launch, among other things.

Decline in voting rights ratio through secondary offering



Framework of Postal Service Privatization Act

【Universal services obligation】

- Japan Post Holdings and Japan Post Co. are obligated to provide universal services including mail, banking and life insurance services

【Shareholdings】

- Japan Post Holdings aims to dispose of its entire shares in Kampo and Japan Post Bank as soon as possible

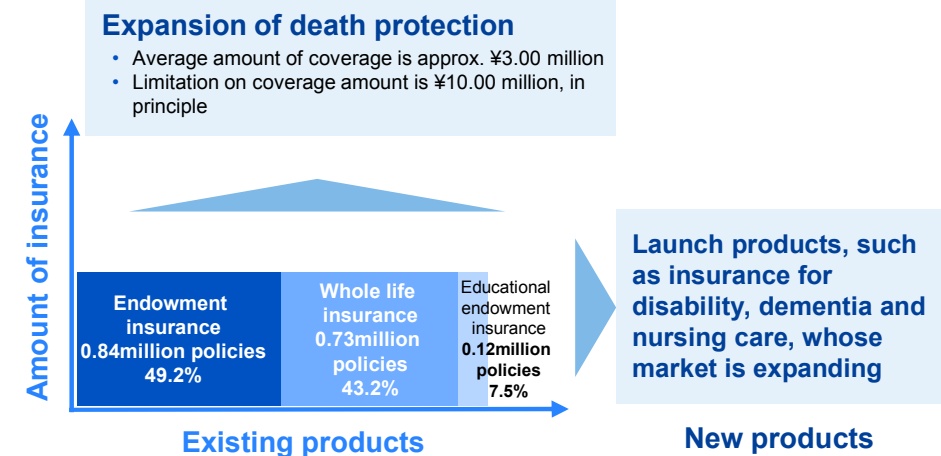
【Approvals for new business】

- Evaluated in light of
- Percentage of voting rights held by JPH and competitive landscape with other life insurers
 - Business condition of Kampo

- Shareholding ratio to the total number of issued shares
- 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
- Shareholding ratio to the total number of issued and outstanding shares

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

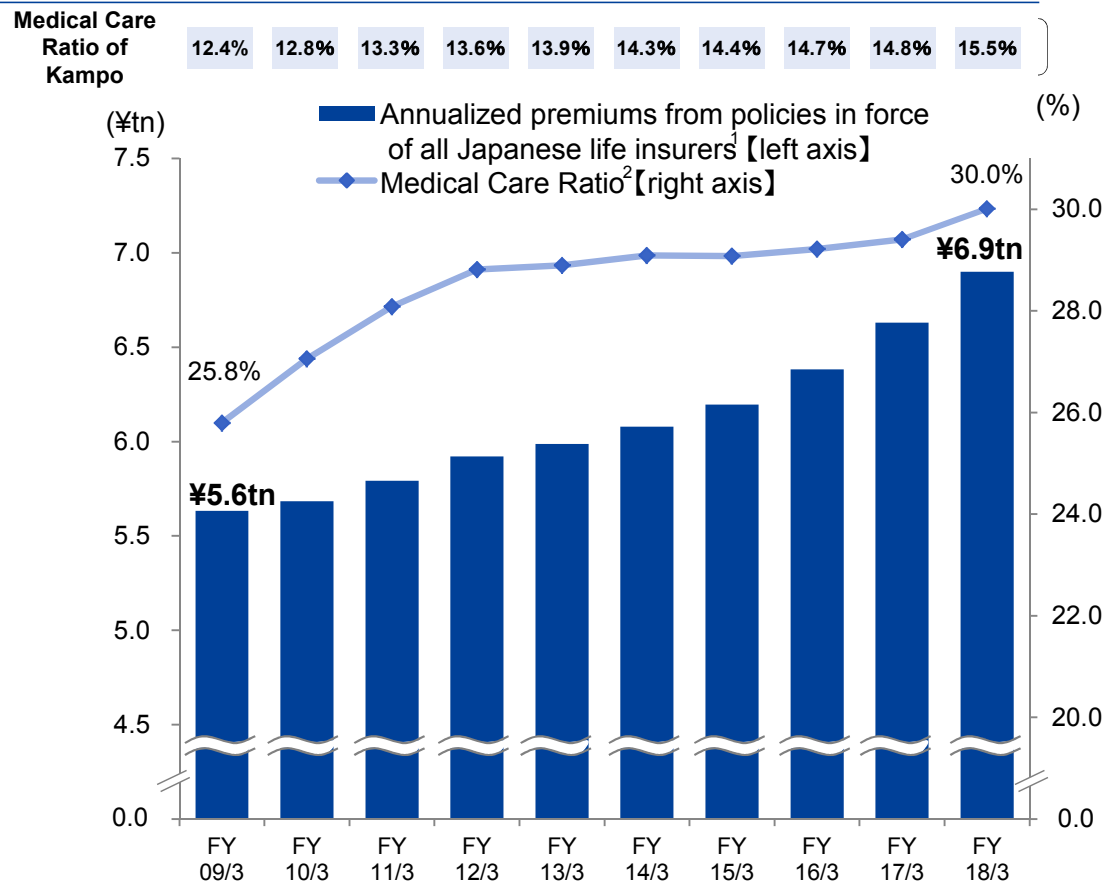


* The number under each product name denotes the number and share of new policies by product category (1.71million policies for the fiscal year ended March 31, 2019)

(Products) Medical Care Market

- As the medical expenditures increase, Japan's medical care insurance market continues to grow
- Our share of Medical Care Insurance Market exceeded 10%, though we provide them only in the form of riders
- Aim to expand our sales of medical care products through launch of new products

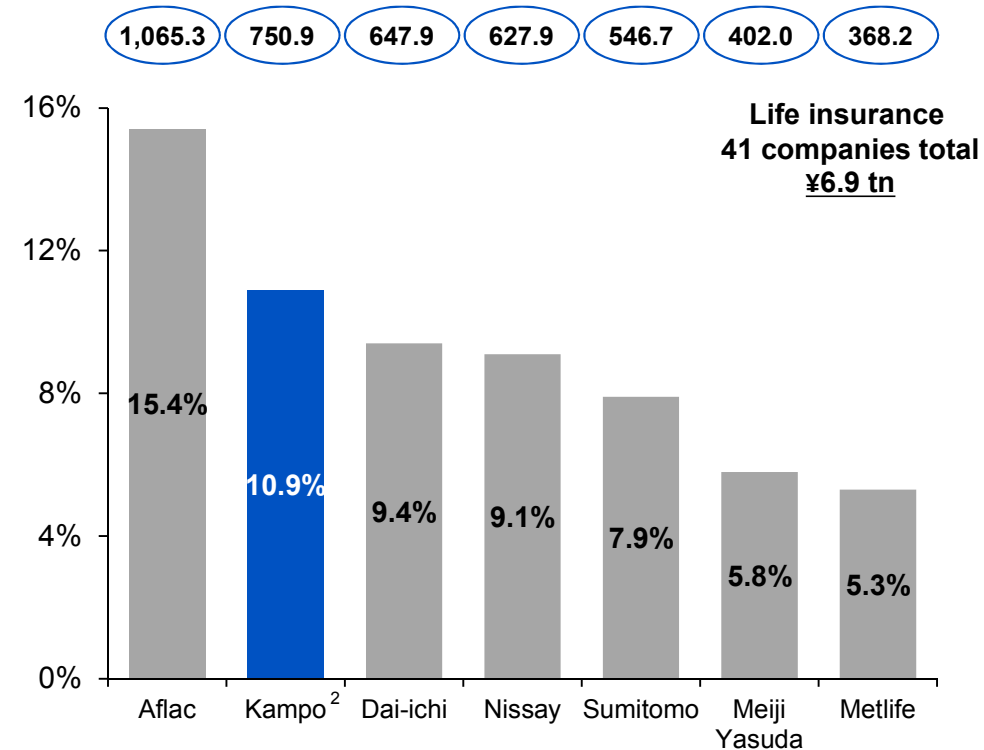
Annualized Premiums from Policies in Force (Medical Care) and Medical Care Ratio²



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

Medical Care Insurance Market Share¹ (FY18/3)

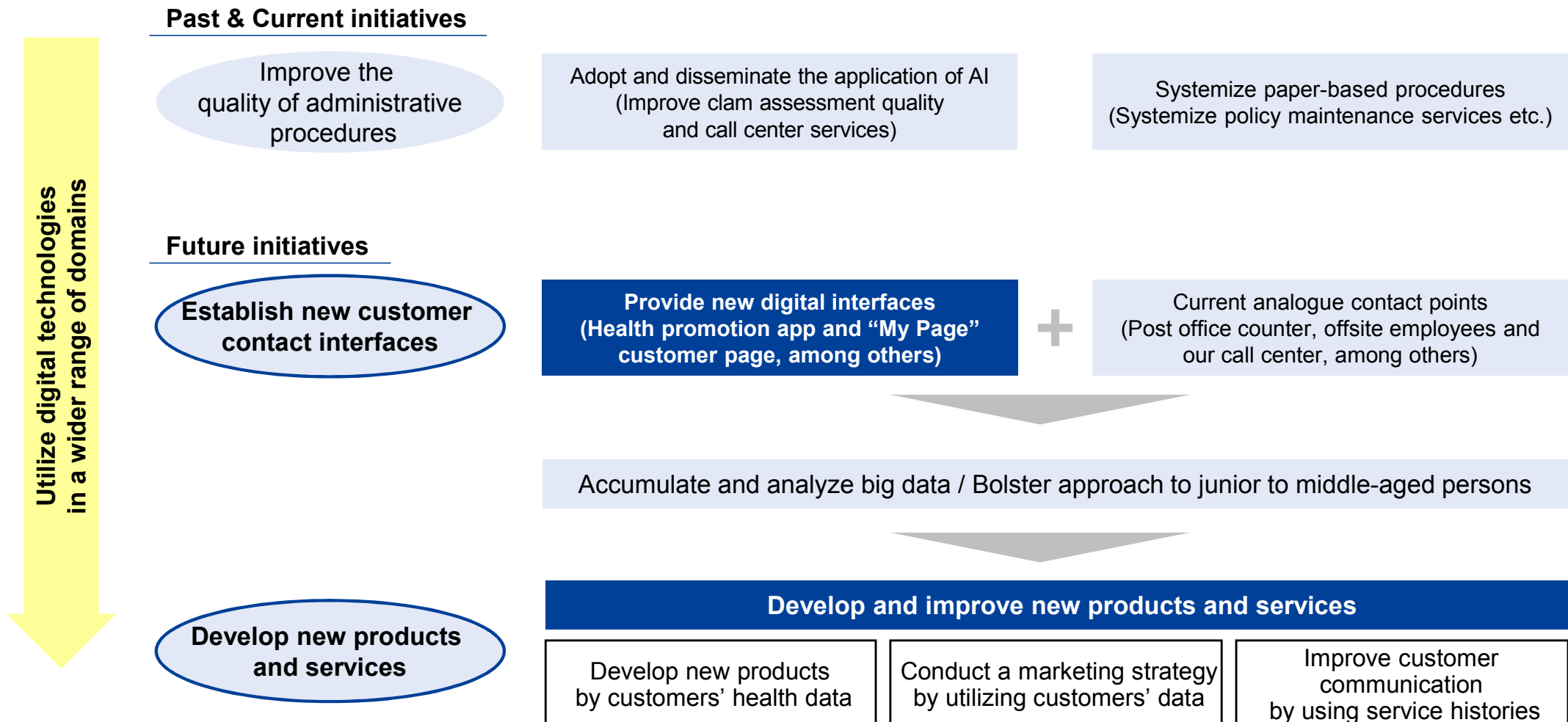
Annualized Premiums from Policies in Force (¥bn)



Source: The Life Insurance Association of Japan: Summary of Life Insurance Business in Japan
 1. Figures of FY18/3 (non-consolidated)
 2. Figures for Kampo include reinsured postal life insurance policies

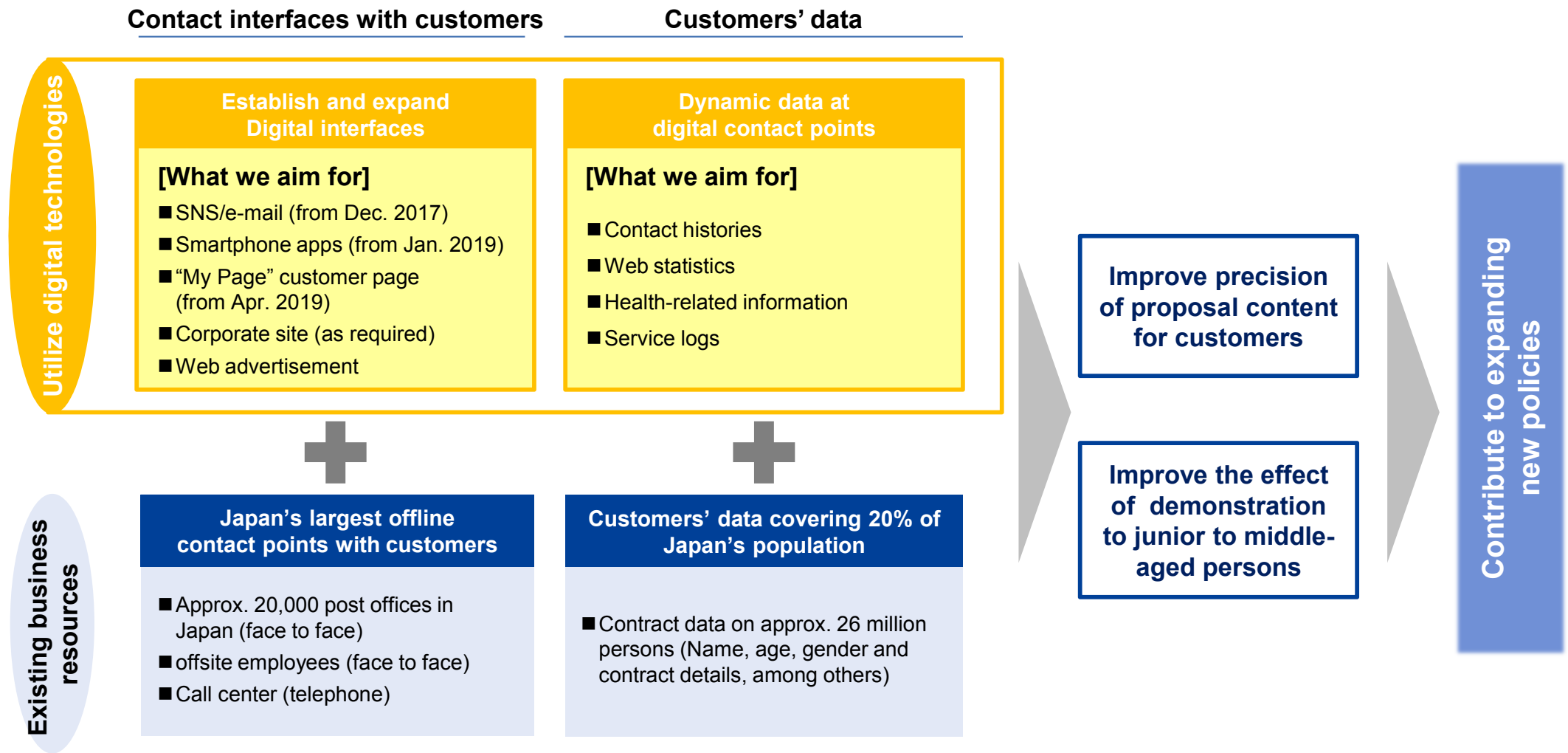
(Digital) Utilize Digital Technologies

- Aiming to improve the quality and efficiency of administrative procedures, we have utilized digital technologies such as adopting AI for assessment tasks, and systemizing paper-based procedures, among others
- Started to provide new digital interfaces, such as website and app, to our customers.
- Plan to accumulate and analyze data that are newly obtained through these new interfaces and to develop new products and services



(Digital) Sophisticate sales activities by digital utilization

- Establish and expand our digital interfaces to reach customers whom it is difficult to cover by the conventional post office channel, and analyze customers' interests based on the data on behavior at the time of using a digital interface
- Thereby improve precision of proposal content for customers and the effect of demonstration to junior to middle-aged persons, and then cultivate new customers



(Asset Management) Asset Portfolio

- Due to our efforts to diversify our investment assets, the ratio of return seeking assets for total assets reached 13.8% at the end of March, 2019
- Capital losses turned out to be ¥83.7 billion, as a result of an increase in the balance of hedged foreign bonds.

Asset Portfolio

(¥bn)

	Mar-18		Mar-19	
	Amount	Share	Amount	Share
Bonds	53,395.2	69.5 %	50,960.1	69.0 %
Japanese government bonds	39,589.8	51.5 %	38,041.4	51.5 %
Japanese local government bonds	8,513.5	11.1 %	7,515.9	10.2 %
Japanese corporate bonds	5,291.7	6.9 %	5,402.7	7.3 %
Return seeking assets ¹	9,450.4	12.3 %	10,217.7	13.8 %
Japanese stocks ²	2,040.6	2.7 %	1,756.0	2.4 %
Foreign stocks ²	342.5	0.4 %	345.5	0.5 %
Foreign bonds ²	5,545.4	7.2 %	6,708.7	9.1 %
Other ³	1,521.8	2.0 %	1,407.3	1.9 %
Loans	7,627.1	9.9 %	6,786.0	9.2 %
Others	6,358.3	8.3 %	5,940.9	8.0 %
Cash and deposits, call loans	1,163.5	1.5 %	1,067.7	1.4 %
Receivables under securities borrowing transactions	3,296.2	4.3 %	2,792.2	3.8 %
Total assets	76,831.2	100.0 %	73,905.0	100.0 %

Spread and Investment Yield

(¥bn)

	Year ended Mar-18	Year ended Mar-19
Positive spread	65.8	58.4
Average assumed rates of return ¹	1.71 %	1.70 %
Investment return on core profit ²	1.81 %	1.79 %

Net capital gains (losses)	(19.1)	(83.7)
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	Mar-18	Mar-19
Interest rate (10Y JGB)	0.045 %	(0.095) %
USD/JPY	¥ 106.24	¥ 110.99

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.

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

(Asset Management) 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 FY19/3, we kept investing in hedged foreign bonds as a substitute for yen-denominated bonds and in alternative assets

Return seeking assets

(¥bn)

	Mar-12		Mar-16		Mar-17		Mar-18		Mar-19		Mar-20	Mar-21
	Amount	Share ¹	Amount	Share ¹	Amount	Share ¹	Amount	Share ¹	Amount	Share ¹	Plan	Plan
Return seeking assets ²	822.1	0.9 %	5,401.6	6.6 %	7,963.7	9.9 %	9,450.4	12.3 %	10,217.7	13.8 %	Approx. 14%	Approx. 15%
Foreign bonds ³	478.6	0.5 %	3,919.8	4.8 %	5,267.9	6.6 %	5,545.4	7.2 %	6,708.7	9.1 %	(Hedged) Increase (Open) Keep flat	-
Japanese stocks ³	180.6	0.2 %	1,202.5	1.5 %	1,626.0	2.0 %	2,040.6	2.7 %	1,756.0	2.4 %	Keep flat	-
Foreign stocks ³	140.0	0.1 %	229.4	0.3 %	309.0	0.4 %	342.5	0.4 %	345.5	0.5 %	Keep flat	-
Other ⁴	22.8	0.0 %	49.9	0.1 %	760.6	0.9 %	1,521.8	2.0 %	1,407.3	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 in-house investment management (corporate bonds)

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

[Others]
•Expand the amount of alternative investment

1. The percentage to total assets is shown.

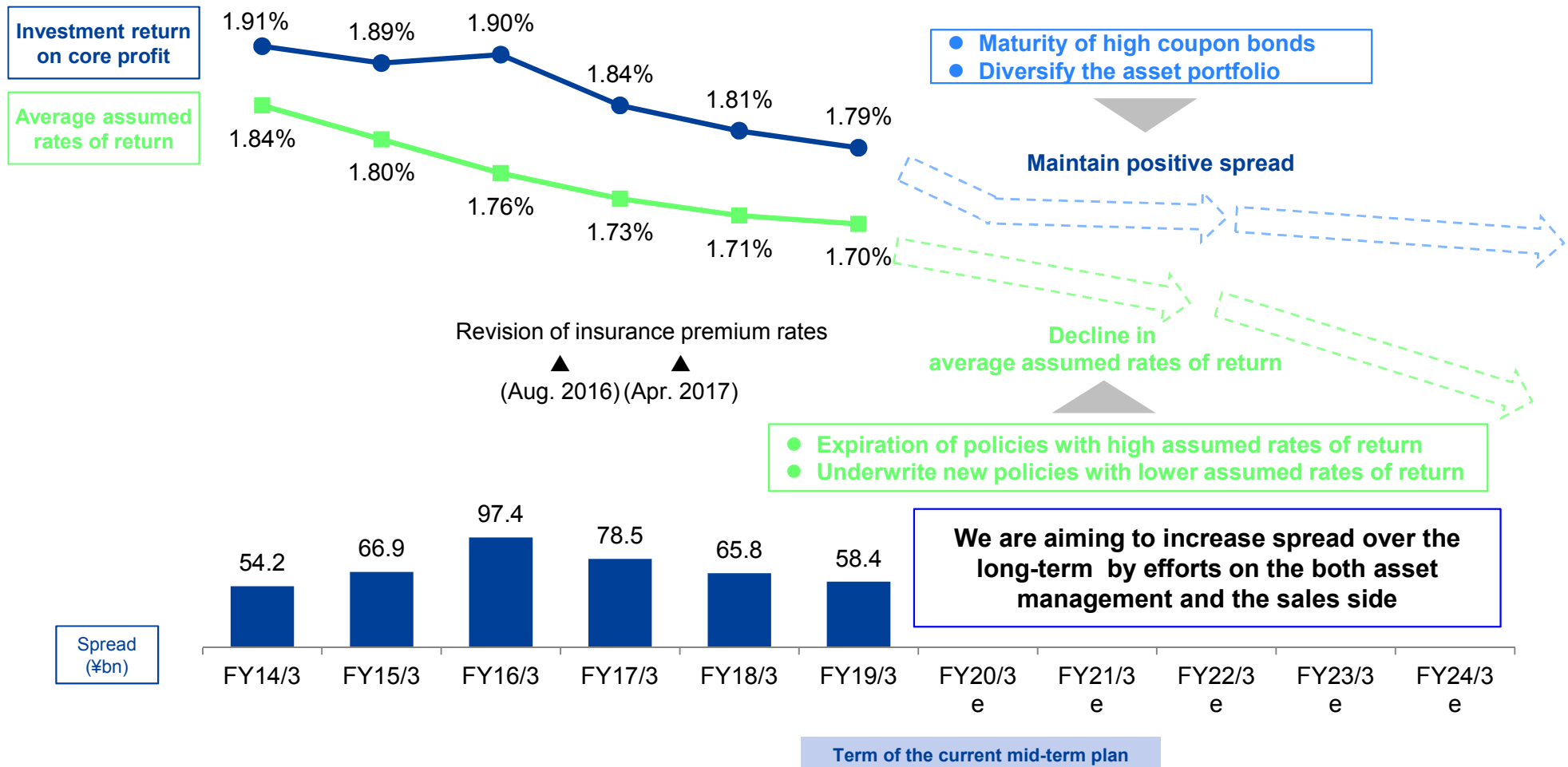
2. Return seeking assets include domestic and foreign stocks, foreign-currency-denominated bonds, investment trusts, etc. held for investment purposes among the assets recorded under "money held in trust" and "securities" on the balance sheet.

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.

(Asset Management) Maintain Positive Spread

- High-coupon bonds have substantially matured in FY19/3. We aim to maintain positive spread by increasing the efficiency of our asset portfolio by diversification of asset portfolio to counter the low interest rate environment
- We anticipate a decline in the average assumed rates of return on policies over the long term due to the expiration of high assumed interest rate policies and the increase of new policies with a low assumed interest rate



(Capital Policy) Improvement of Capital Efficiency

- Issued subordinated bonds in FY19/3 at a relatively lower cost
- Together with secondary offering in April 2019, we acquired treasury stock with an aim to improve capital efficiency, enhance shareholder returns and mitigate the impact on the supply-demand balance of our shares, which improved our financials per share

Issuance of Subordinated Bonds

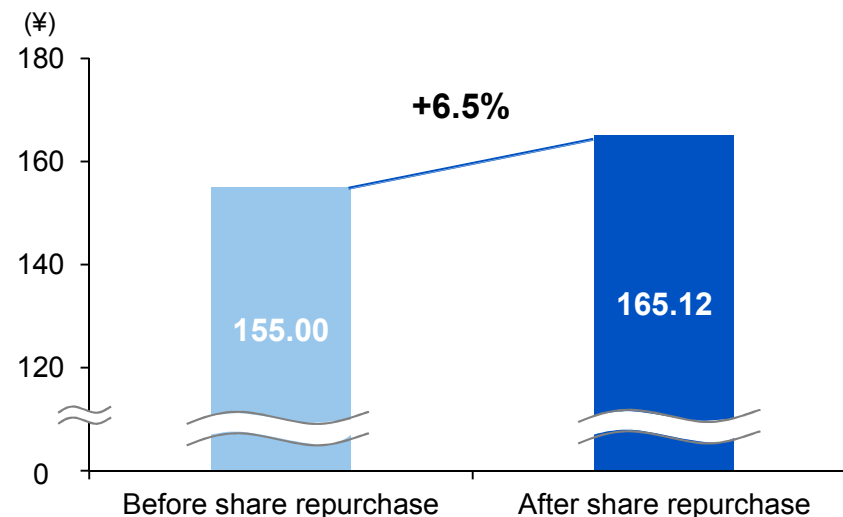
Terms and Condition of First series of subordinated unsecured bonds with interest deferral option and early redemption option

Issuance	Domestic Public Offering
Maturity date	30 years (Redeemable prior to maturity from the 10th year)
Principal amount	¥ 100.0 billion
Interest rate	(1) From the day immediately following January 29, 2019 until January 29, 2029: 1.00% (2) From the day immediately following January 29, 2029: 6-month Japanese yen LIBOR plus 1.78%
Denomination	¥ 100million
Credit Rating	A+ (Japan Credit Rating Agency, Ltd.)
Subordination	As to the payment of debt in the liquidation proceedings of the issuer, the bonds shall be subordinated to general indebtedness, be treated substantially pari passu with the most preferred stock of the issuer (if the issuer issues any in the future), and be senior to its common stock.

Improvement of EPS by Share Repurchase

- Issued subordinated bonds in January 2019 in order to further strengthen our financial soundness and improve the flexibility of our capital policy (issued amount: ¥100.0bn)
- As part of secondary offering, repurchased shares (Approx. ¥100.0bn)

Financial Impact of Share Repurchase (Change in EPS)¹

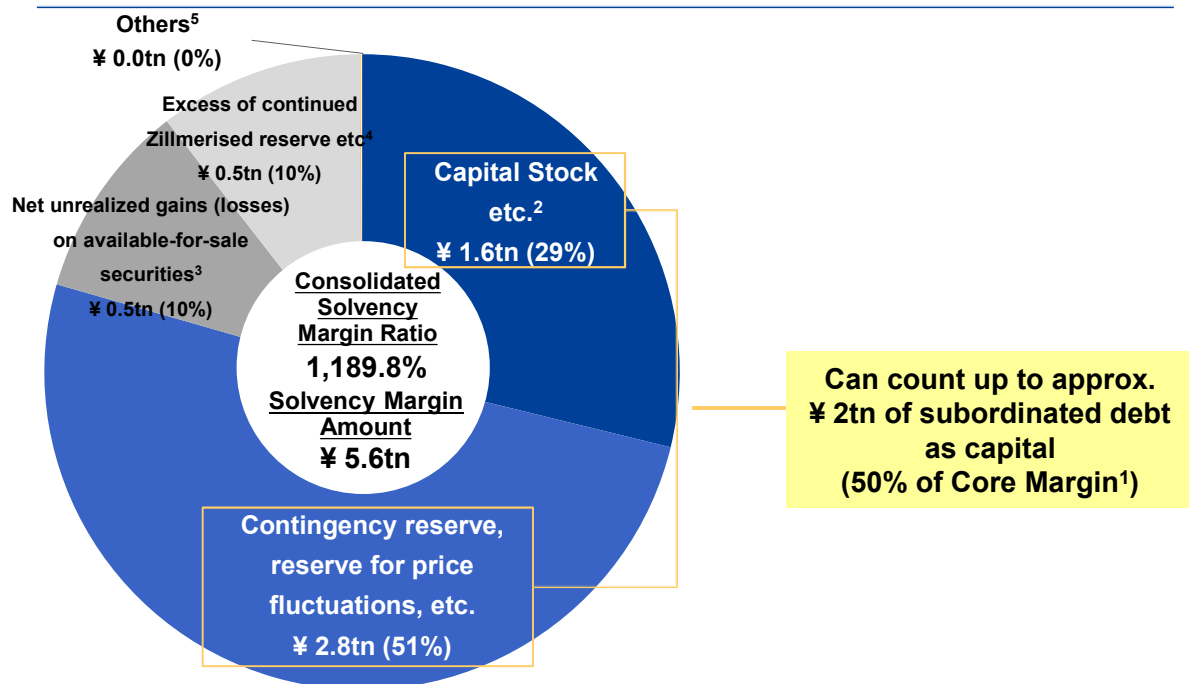


1. The impact on EPS for net income forecast of FY20/3(¥93.0bn) based on a total of 37,411,100 share repurchased

(Capital Policy) High-quality Capital Structure

- Our large amount of core margin (capital stock, contingency reserves and price fluctuation reserves) allows us to have a large capacity to issue subordinated bonds
- We maintain an appropriate levels of the solvency margin ratio (on an existing accounting basis), ESR (on an economic value basis) and credit ratings
- We have financial foundation that enables us to invest for our growth and provide returns to shareholders flexibly.

Breakdown of Consolidated Solvency Margin (As of March 31, 2019)



1. Mainly capital stock, contingency reserves and reserve for price fluctuations. The smaller of non-consolidated core solvency margin and consolidated core solvency margin
2. Subtracted deduction item values from capital stock
3. Net unrealized gains and losses on available-for-sale securities and land
4. Subtracted values not included in the margin, among an excess of continued Zillmerised reserve and capital raised through debt financing, from a combined total of an excess of continued Zillmerised reserve and capital raised through debt financing
5. Combined the total amount, among others, of general reserve for possible loan losses, sum of unrecognized actuarial differences and unrecognized prior service cost

ESR¹ (As of March 31, 2019)

ESR **225%**

Approx. 6pt decline in consideration of share repurchase (Approx. ¥100.0bn) in April 2019

Capital Amount **¥4.0 trillion**

Risk Amount **¥1.8 trillion**

Credit Ratings²

As of June, 1 2018

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

1. ESR: Economic Solvency Ratio
2. Kampo's ratings fall under insurance financing (rating on insurance benefit solvency)

3

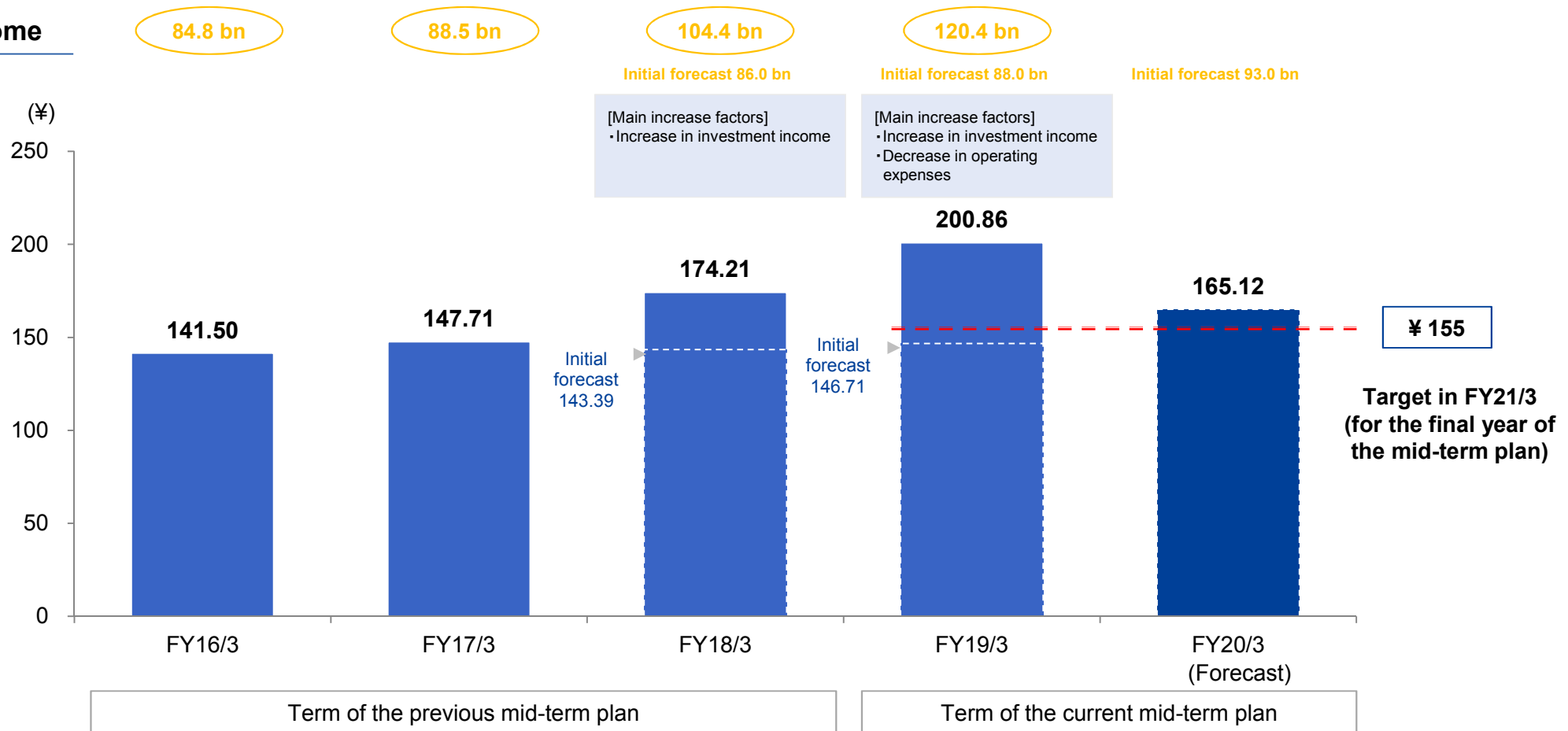
Financial Results Forecasts and Shareholder Return

Track Records of Net Income Per Share and Forecast

- We forecast earnings per share (EPS) of ¥ 165.12 for the fiscal year ending March 31, 2020, above the EPS target for the final year of the Medium-Term Management Plan (¥ 155), although predicting investment income to fall and operating expenses to rise
- EPS improved due to the share repurchase conducted in April 2019

Net income per share¹ and forecast

Net income



1. Net income per share for the fiscal year ending March 31, 2020 factored in the share repurchase on April 8, 2019 and its cancellation slated to be done on May 31, 2019.

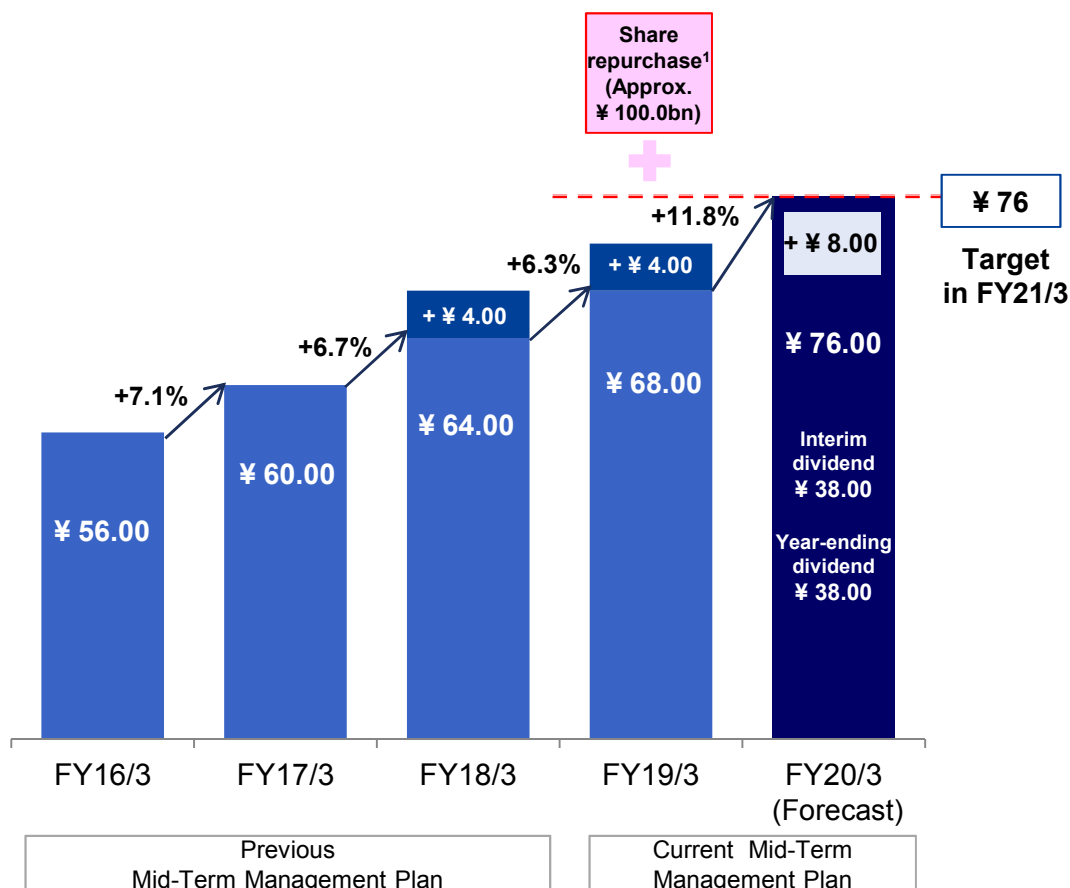
Track Records of Shareholder Return and Forecast

- As for shareholder return, our policy is to aim for a steady increase in dividends per share while considering earning prospects and financial soundness
- For the fiscal year ending March 31, 2020, we plan to increase ordinary dividend per share by ¥ 8, pay interim dividends and cancel treasury stocks.

Shareholder Return

(Total Return Ratio)

39.6 % 40.6 % 39.0 % 118.9 %² 46.0 %



1. Share repurchase on April 8, 2019
2. Total return ratio including share repurchase as mentioned in Note 1

Shareholder Return for the Year Ending March 31, 2020

1

- Increase the ordinary dividend by ¥ 8 (+ 11.8% year on year) per share to ¥ 76 (forecast)
 - Increase ordinary dividends per share, taking into account of the share repurchase

2

- Pay dividends from surplus twice a year; an interim and a year-end dividends
 - Increase the opportunities to return profits to shareholders

3

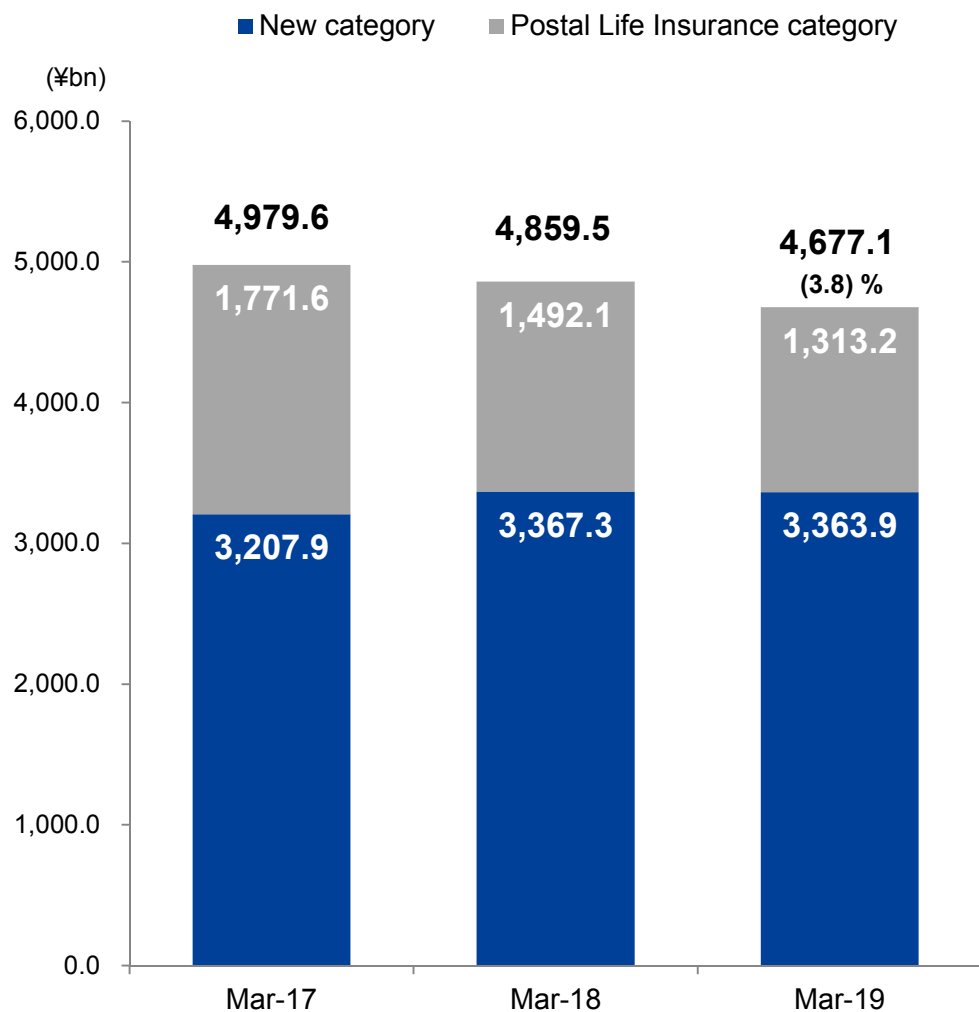
- Resolved to cancel treasury stock (37.40 million shares, equivalent to 6.2% of total number of shares of common stock in issue)
 - Cancel almost the same amount of treasury stock as that acquired in April 2019

4

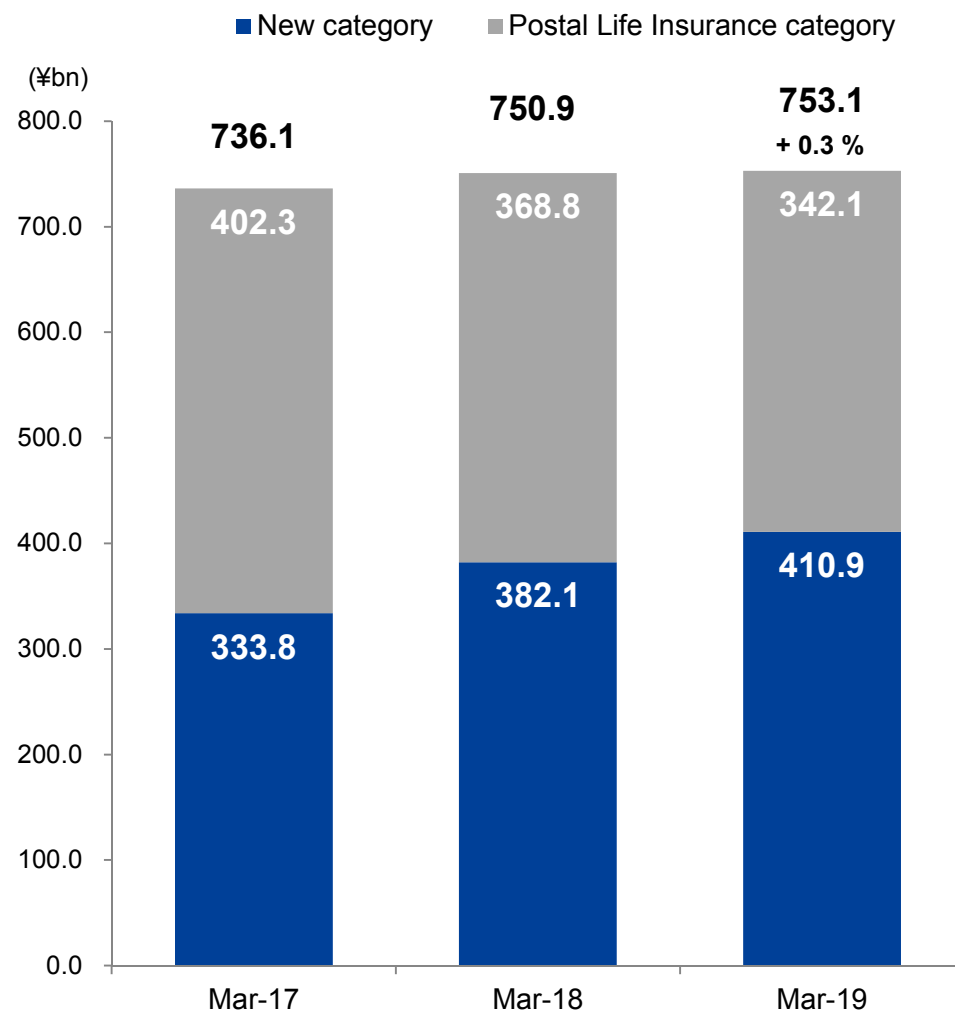
Appendix

Annualized Premiums from Policies in Force

Annualized Premiums from Policies in Force (Individual Insurance)



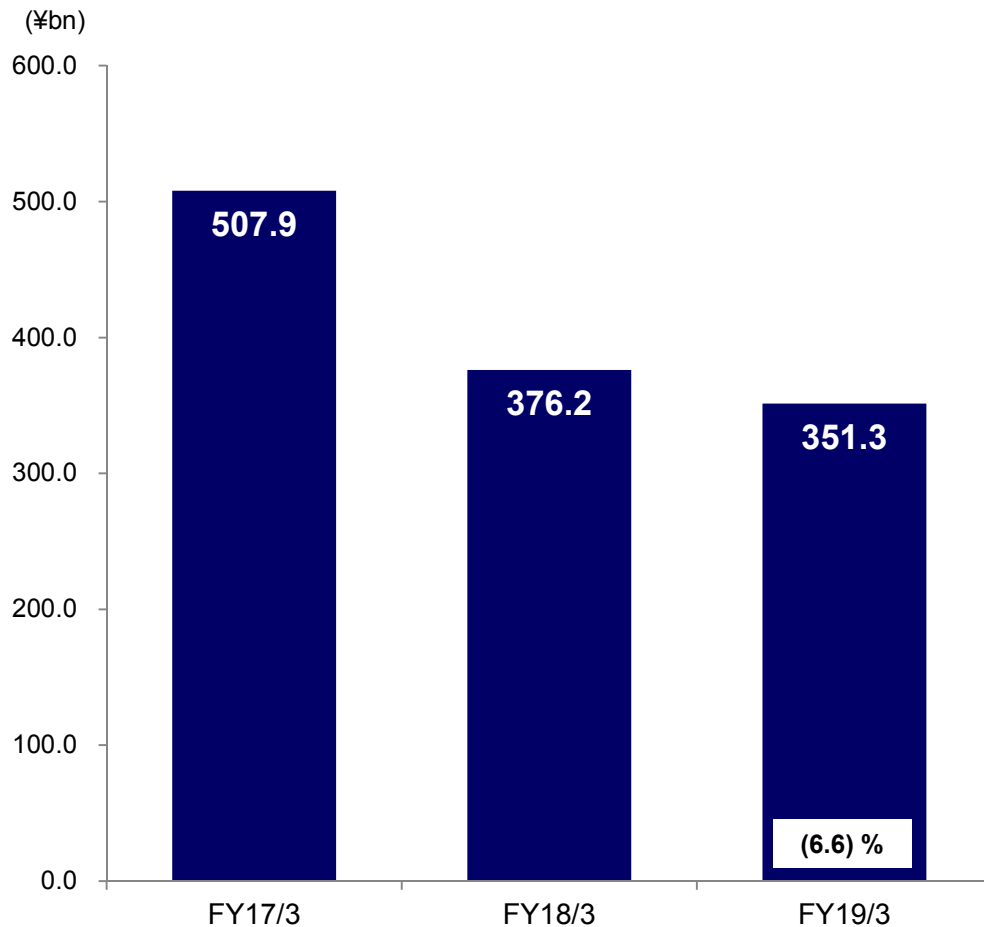
Annualized Premiums from Policies in Force (Medical Care)



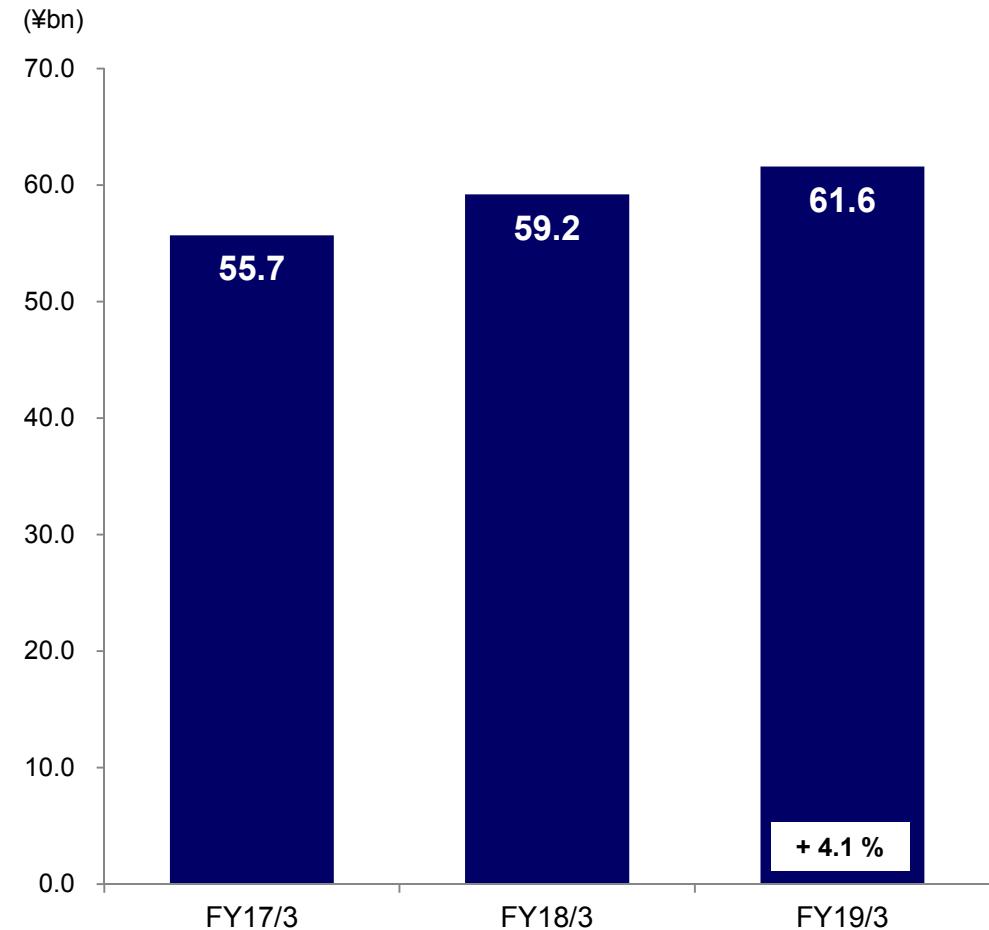
Note: "New category" shows individual insurance policies underwritten by Japan Post Insurance. The "Postal Life Insurance category" shows postal life insurance policies reinsured by Japan Post Insurance from the Postal Management and Support Organization (until March 31, 2019, known as 'the Management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

Annualized Premiums from New Policies

Annualized Premiums from New Policies
(Individual Insurance)



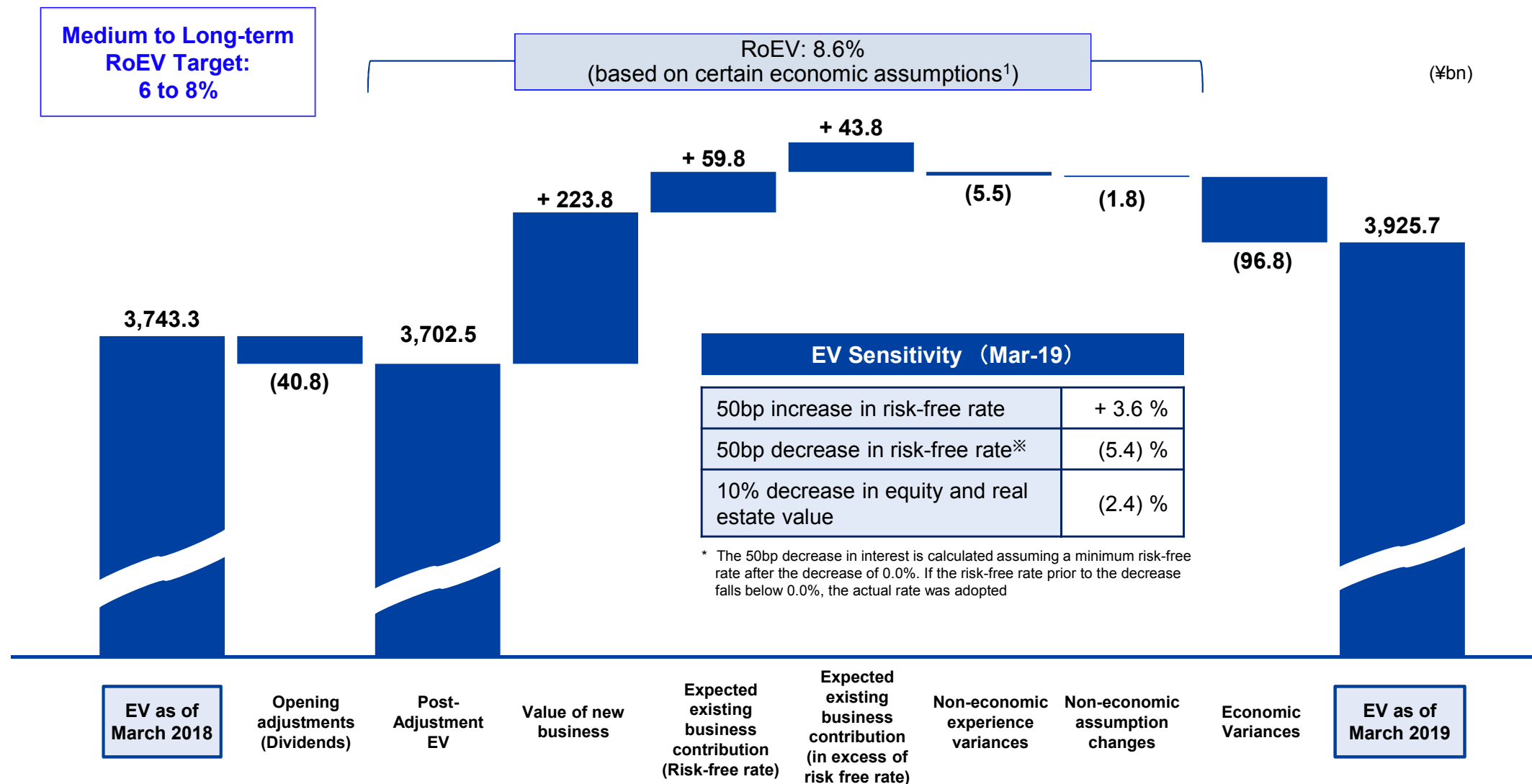
Annualized Premiums from New Policies
(Medical Care)



Note 1: 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.

Note 2: In addition to the above, the FY19/3 period saw a net increase of ¥ 4.9billion in annualized premiums due to a switchover to the rider launched in October 2017 and an additional rider purchases.

Movement Analysis of EV

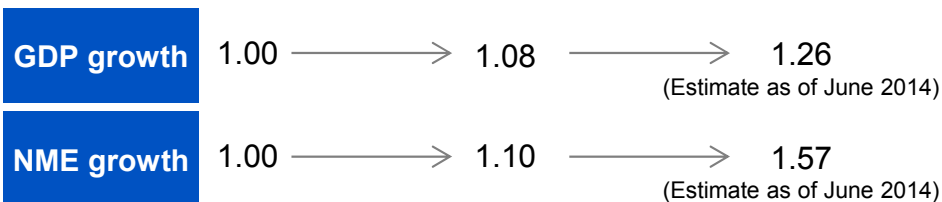
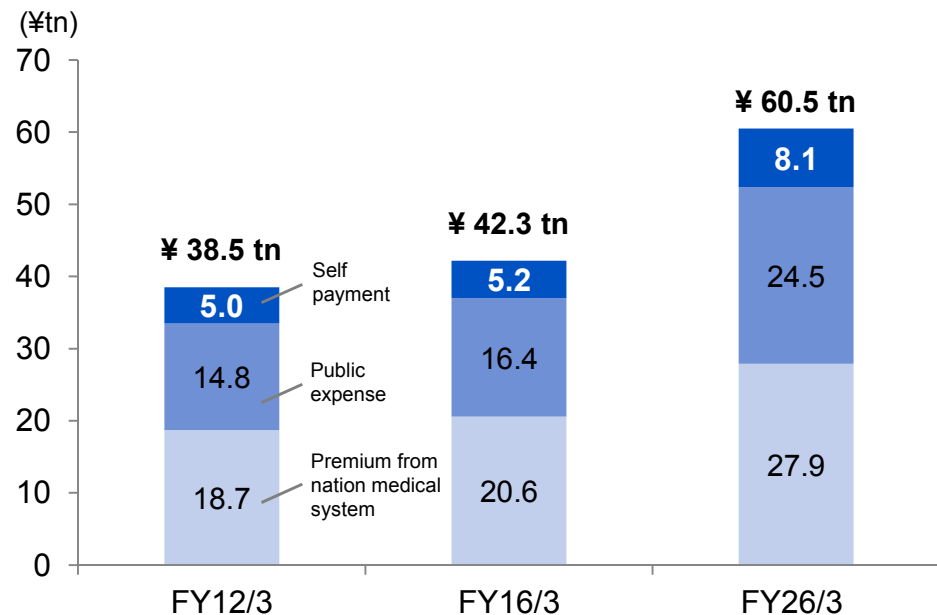


1. Constant economic assumption rate excludes economic variance factor.

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

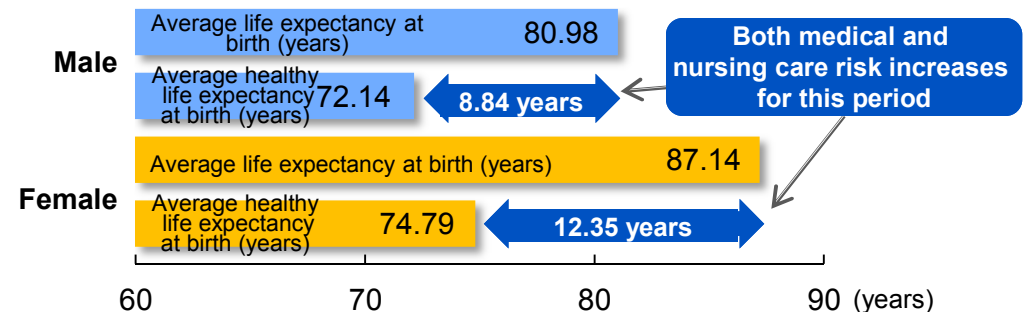
Increase in National Medical Expenditure(NME)



Sources: Ministry of Health, Labor and Welfare ("MHLW"), Cabinet Office, "Overview of Interim Report of the Next Generation Health Care Industry Commission" (Ministry of Economics, Trade and Industry, June 5, 2014)

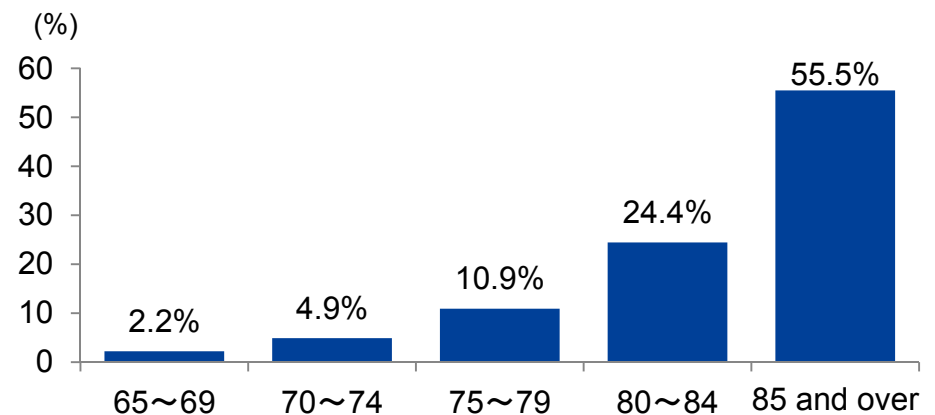
Note: Figures at FY26/3 are estimated amount at official announcement. GDP growth and NME growth are rates in comparison to FY12/3

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, Labour and Welfare in 2014)

ESG Initiatives – Environmental / Social

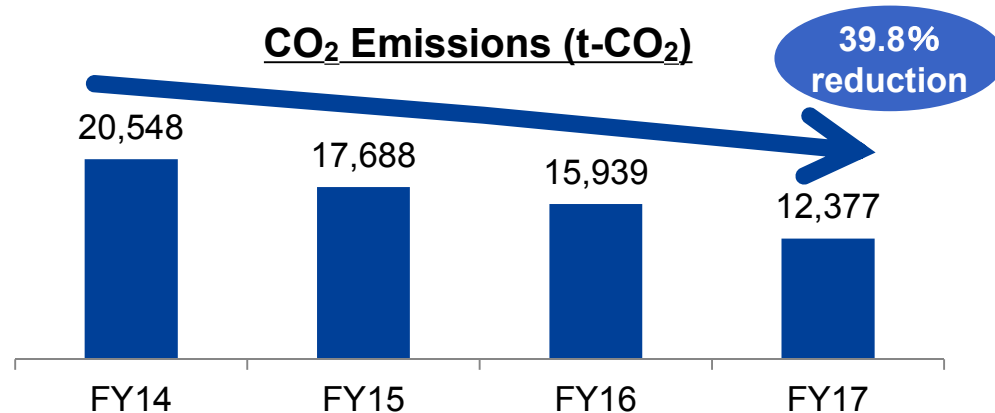
- Expressed support for the proposal of the Task Force on Climate-related Financial Disclosures (TCFD) on April 22, 2019
- Strive to save energy actively to lower carbon dioxide emissions markedly
- Assist promoting health and forming a diversity society as a contribution to local communities and society

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

Energy-saving Initiatives

- We target reduced CO₂ emissions from our facilities by saving energy as one means of combatting global warming.



Note: Emissions from our facilities

Contribute to local community and society

■ Popularize radio exercise

- Assist local community-society citizens in promoting health, by popularizing radio exercise.
- Approx. 5,000 persons participated in the 57th 10 million People’s Radio Exercise and *Minna-no Taiso* (“Exercise for Everyone”) festival.



August 5, 2018 in Kurashiki City, Okayama Prefecture



Radio exercise
90th anniversary logo

■ Top partner of the Japan Wheelchair Tennis Association (JWTA)

- Work to build a diversity society through promoting the employment of persons with disabilities and assisting wheelchair tennis



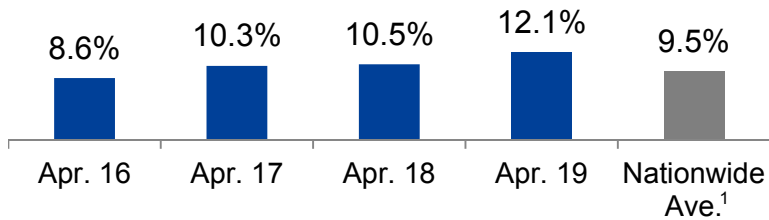
ESG Initiatives – Social

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

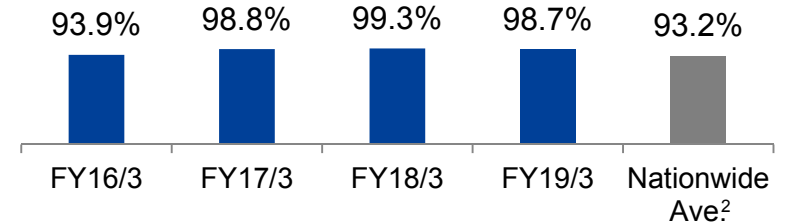
- Hold seminars and training for women who are candidates for management positions



1. Ratio of female managers for companies with 5,000 employees or more (2017 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.

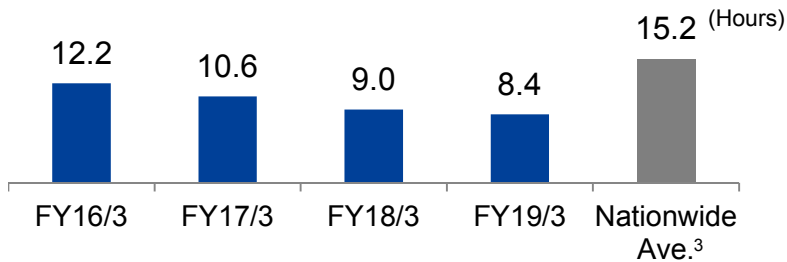


2. Return-to-work rate of employees who took childcare leave (2015 Basic Survey of Gender Equality in Employment Management, MHLW)

Work-Life Balance

Monthly average amount of overtime

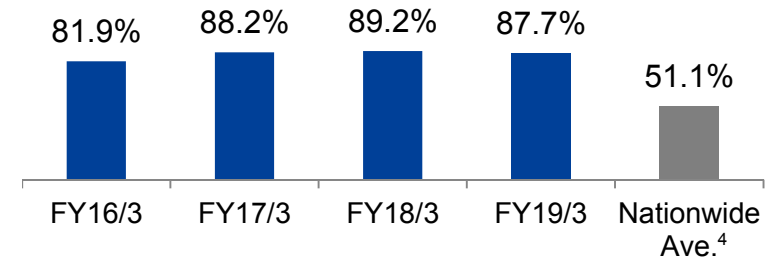
- Promote initiatives in work style reform and aim to decrease the average overtime per month/per employee



3. Overtime work hours (excluding part-time work) (Monthly Labour Survey, Dec. 2017, 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)

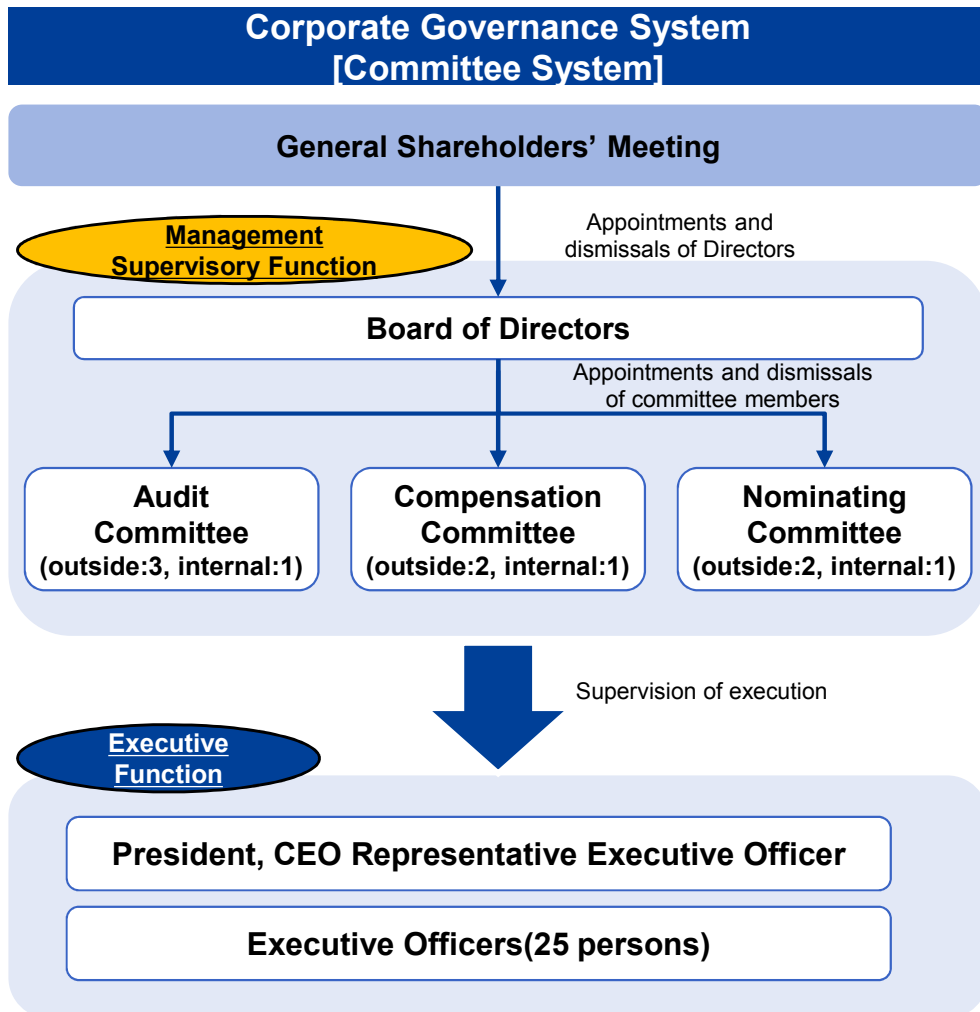
ESG Initiatives – Social

■ Strive to be a company where employees find attractiveness because they are able to achieve self-actualization and job satisfaction, and be proactive in acquiring external ratings relating to diversity (certifications, awards, etc.)

	Description	Certifying Body	Basis
Childcare Support	Kurumin Certified A system under which the Minister of Health, Labour and Welfare awards certification as a company that supports childcare 	Ministry of Health, Labor and Welfare	Act on Advancement of Measures to Support Raising Next-Generation Children
	Platinum Kurumin Certified The Minister of Health, Labour and Welfare awards the Platinum Kurumin mark to companies that have already acquired the Kurumin mark, have introduced and made progress on the significant use of support that enables employees to both work and raise children. 		
Expanding Roles for Female Employees	Nadeshiko Challenge Enterprise Certified A system for selecting enterprises excelling in the promotion of women's success in the workplace from among Tokyo Stock Exchange listed companies.	Ministry of Economy, Trade and Industry Tokyo Stock Exchange, Inc.	—
Health Management	White 500 Certified A system for presenting awards to have demonstrated special excellence in health management, based on initiatives that promote better health in line with local health issues 	Ministry of Economy, Trade and Industry	Certification system for Health & Productivity Management
LGBT	Gold Certified Evaluates the efforts of companies and other organizations in regard to LGBT 	voluntary association "work with Pride"	PRIDE Index

ESG Initiatives – Governance

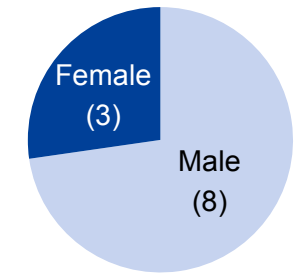
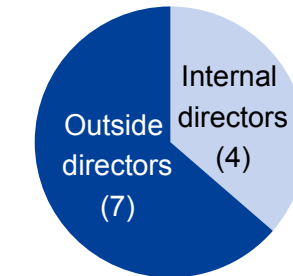
- Strengthened corporate governance and enabled faster decision-making by adopting the corporate structure of a company with a Nominating Committee and other committees, and clearly separate the business execution and supervisory functions
- Our Board of Directors is composed of seven outside directors, 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



Board of Directors Structure (As of April 1, 2019)

Board of Directors Composition

Ratio of Female Directors



Outside directors: 64%

Female directors: 27%

Shinji Hattori <small>Chairman and Group CEO of Seiko Holdings Corporation</small>	Masako Suzuki <small>Director and Vice President of Benefit One Inc.</small>	Tamotsu Saito <small>Chairman of the Board of IHI Corporation</small>	Michiaki Ozaki <small>Lawyer Of Counsel of URYU & ITOGA</small>
Meyumi Yamada <small>Director of istlye Inc.</small>	Yoshie Komuro <small>President of Work-Life Balance Co., Ltd.</small>	Kazuyuki Harada <small>President and Representative Director of Keikyu Corporation</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.

Note: As of April 1, 2019

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. ¥ 60.0 bn
From January 2017	Solar power generation (project financing)	Approx. ¥ 15.0 bn

■ ESG integration²

Period	Item	Size ³
From November 2016	Japanese stocks (in-house investment)	Approx. ¥ 200.0 bn
From March 2017	Japanese stock ESG fund (external mandate)	Approx. ¥ 5.0 bn

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

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

3. Market value balance as of March 31, 2019

Our Policies on Japan's Stewardship Code (excerpt)

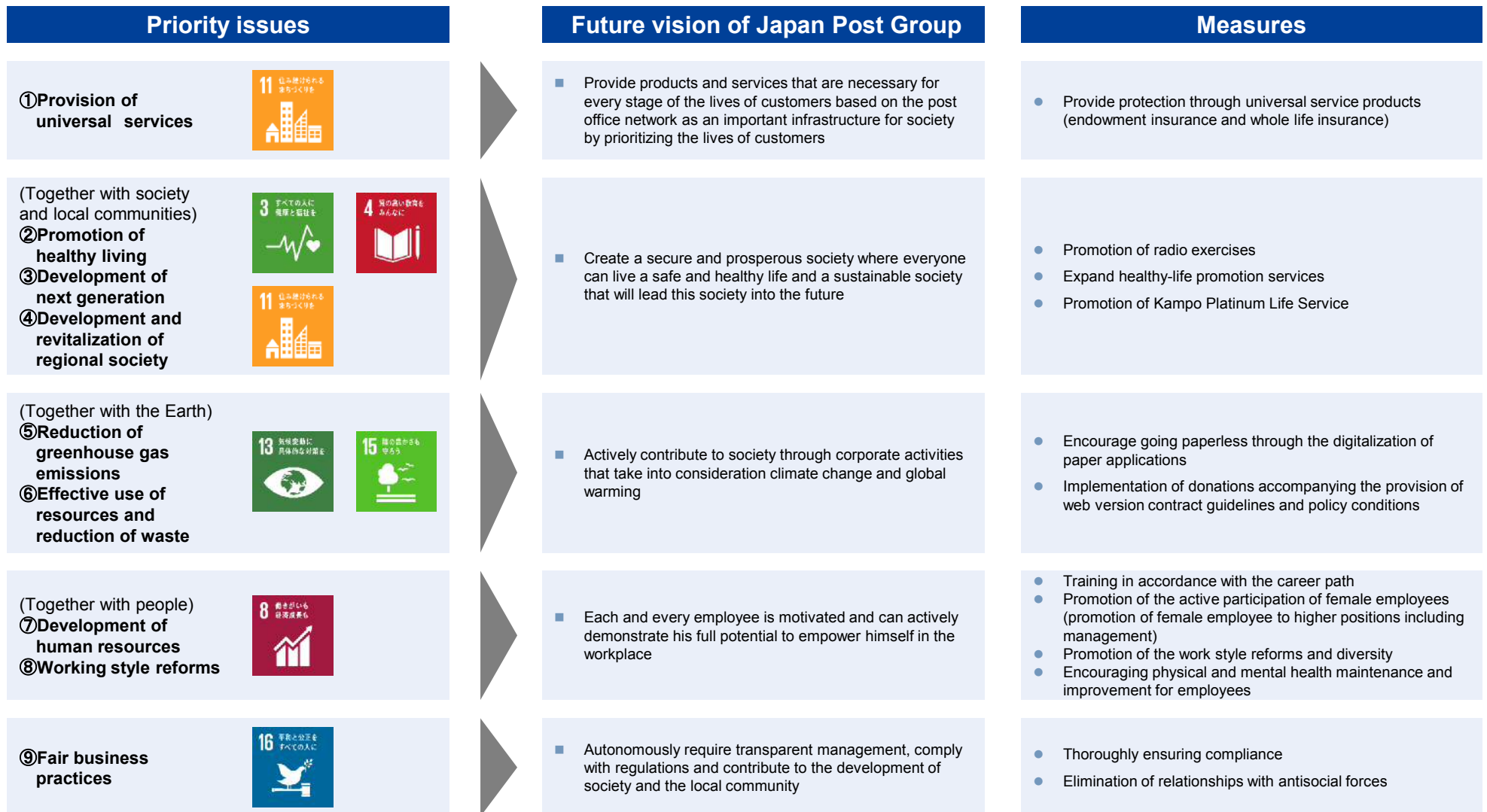
- For our in-house investments in Japanese stocks, we will invest in stocks from a medium- to long-term viewpoint, thereby we fulfill stewardship to promote the medium- to long-term enhancement of corporate value of investee companies through understanding their circumstances, engaging purposeful dialogue 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

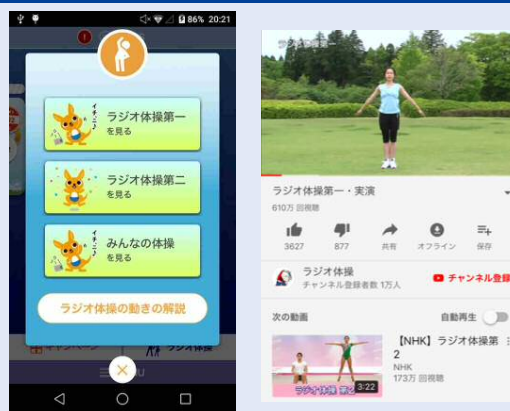
- Starting from January 15, 2019, we began to provide health promotion app “Sukoyakanpo” free of charge as the first step in the “Kampo Sukoyaka Project Hirogaru Sekai-no Wa”
- Starting from April 15, 2019, as the second step of the project, we began to provide premium menu items to our policyholders, insured and policyholder-family members

From January 2019

Provide step logging and management function and incentive



Radio exercise videos



From April 2019

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

“My Checkup Advice”



Provide advice in accordance with the user's health condition

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

“My Recipe”



Support the user's dietary life

App provides a recipe and video supervised by a nutritionist

Illness risk check



Shows future illness probability

App displays five illness risks according to answers to question

“My Calorie Check”



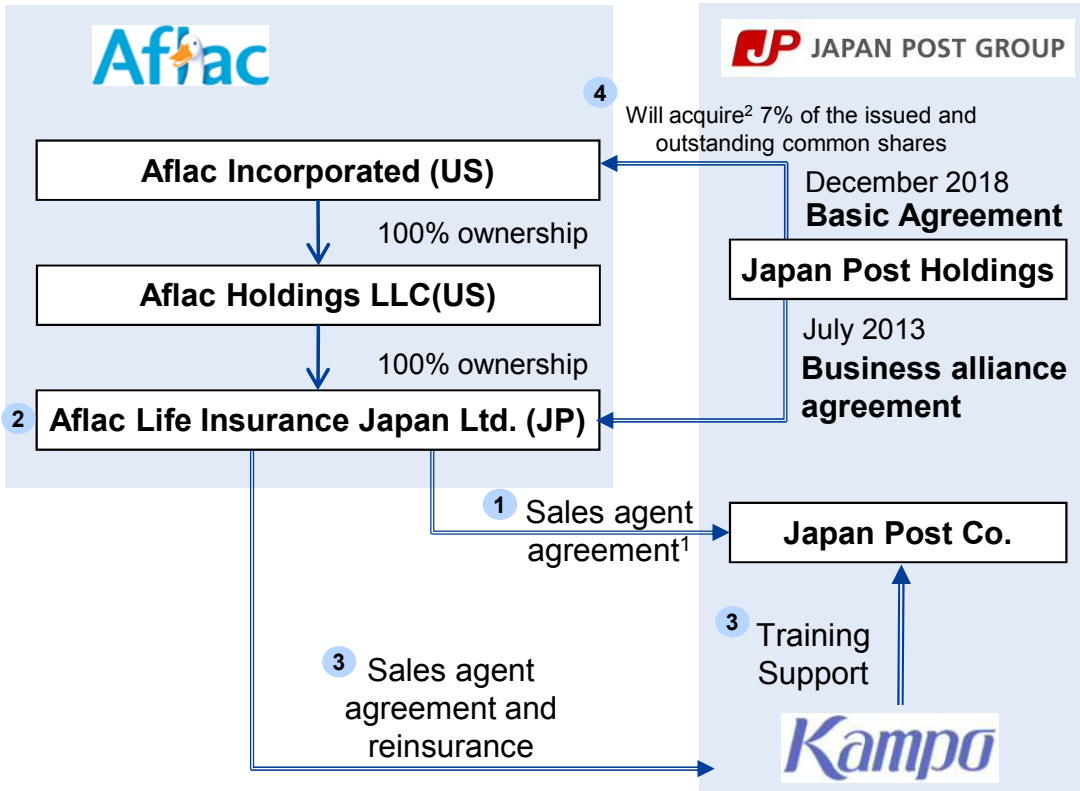
Photographing food reveals the calorie

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

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

Strategic Business Alliance with Dai-ichi Life Holdings

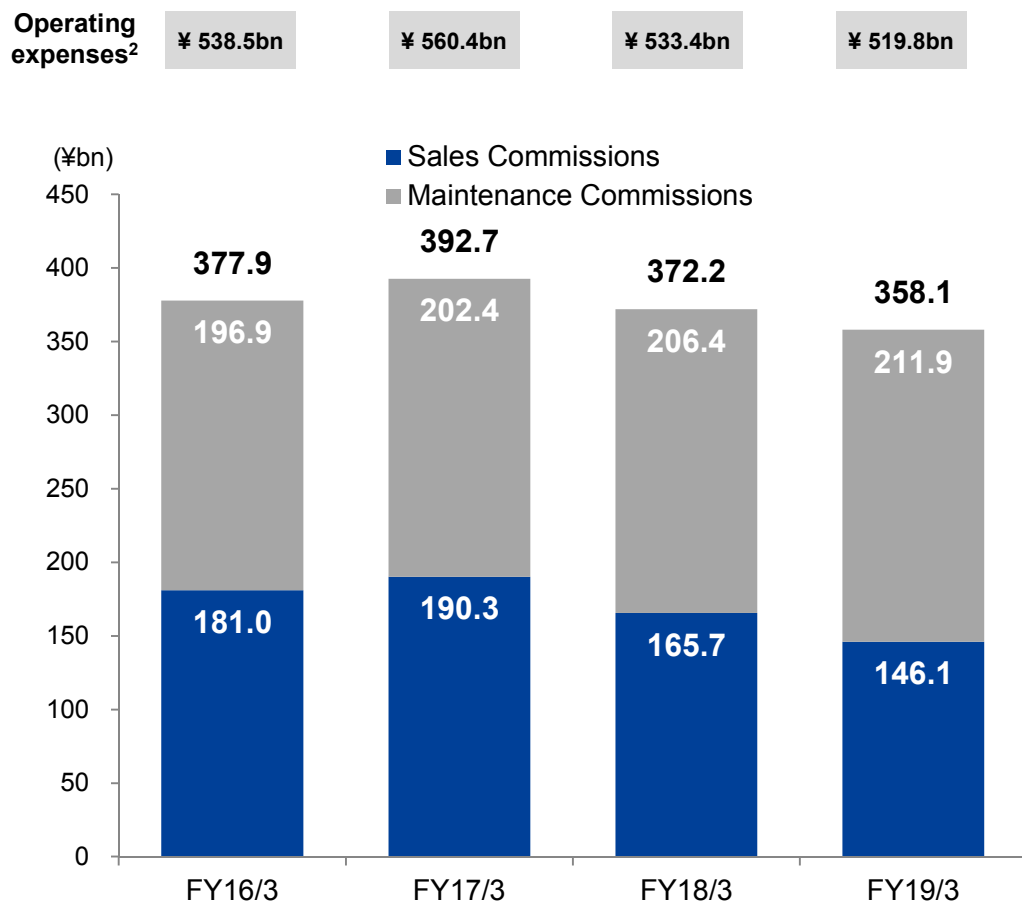
- In March 2016, Kampo and Dai-ichi Life Holdings established a comprehensive strategic business alliance with the primary goals of leveraging their respective strengths to develop business and contribute to local society
- Implementing various measures in three areas: overseas life insurance business, asset management business and joint research on domestic life insurance business

	Cooperation Measures	Outcomes of Business Alliance
Overseas Life Insurance Business	<ul style="list-style-type: none"> ■ Cooperation for developing life insurance operations overseas 	<ul style="list-style-type: none"> ■ As supporting for the distribution of life insurance through Vietnam Post, we implemented a training session for the Post Office Managers in Vietnam 【July 2017】
Asset Management Business	<ul style="list-style-type: none"> ■ Cooperation for making asset management approach more diversified and sophisticated in a low interest rate environment 	<ul style="list-style-type: none"> ■ Sharing of asset management administration platform by a joint investment in Trust & Custody Services Bank 【October 2016】 ■ Forming investment fund through utilizing asset management company ■ Joint investments in mega-solar project in Japan
Research on Domestic Life Insurance Business	<ul style="list-style-type: none"> ■ Joint research for developing new products and information technology 	<ul style="list-style-type: none"> ■ Collaborated with QOLeap Co., Ltd. (a subsidiary of Dai-ichi Life Holdings, Inc.) on developing and disclosing a health app to help improve our customers' quality of life 【from January 2019】 ■ Holding a business contest among Japan Post Insurance, Dai-ichi Life and NTT DATA as advancing initiatives to create innovations in life insurance business 【March 2017,May 2019】

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



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

1. Beginning with FY20/3, we and Japan Post Bank will be 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 will revise our commissions paid to Japan Post Co. based on operating agreement

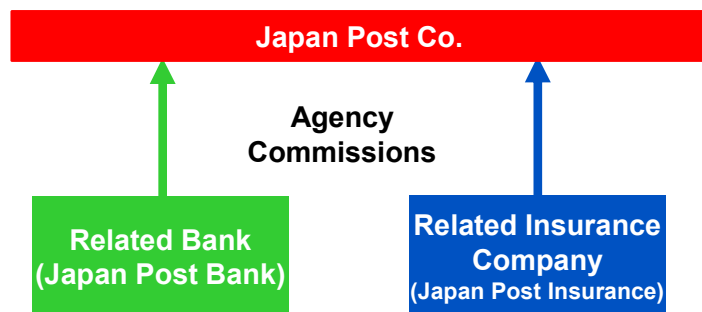
2. Consolidated basis

Overview of Funds and Contributions

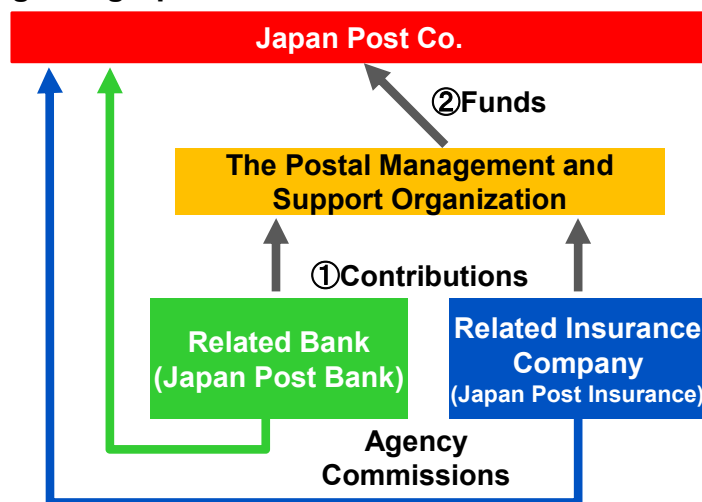
- Amendments to the Act on the Management Organization for Postal Savings and Postal Life Insurance have taken effect since December 1, 2018
- From April 2019, we and Japan Post Bank will be required to contribute to The Postal Management and Support Organization which will pay the fundamental necessary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

System of Funds and Contributions

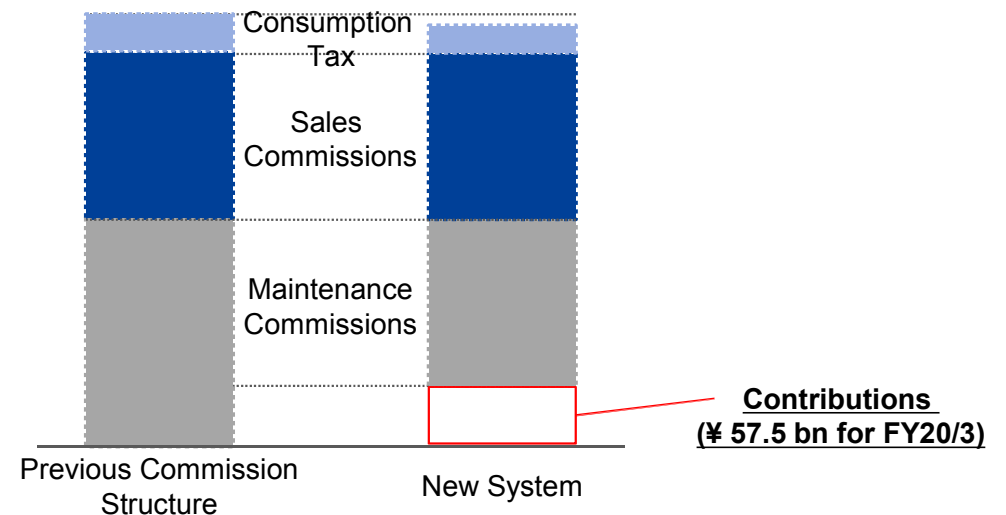
【Until March 2019】



【Beginning April 2019】



Previous Commission Structure vs. New System¹



- Along with the establishment of the system of funds and contributions, we will revise 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

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)

	FY15/3		FY16/3		FY17/3		FY18/3		FY19/3	
	New	Postal Life	New	Postal Life	New	Postal Life	New	Postal Life	New	Postal Life
Ordinary income ¹	4,553.4	8,879.2	4,431.7	8,039.6	4,464.2	6,889.2	3,938.8	5,489.2	3,814.7	4,374.4
Insurance premiums and others	4,259.5	1,697.1	4,091.5	1,322.3	4,039.0	1,002.8	3,481.2	755.2	3,369.5	590.3
Investment income ¹	291.7	1,169.0	337.6	1,017.3	422.8	945.0	454.6	830.3	440.1	764.3
Other ordinary income ¹	2.1	6,013.1	2.5	5,700.0	2.3	4,941.3	3.0	3,903.7	4.9	3,019.8
Ordinary expenses ¹	4,437.4	8,502.1	4,276.8	7,781.6	4,370.1	6,704.0	3,767.1	5,352.2	3,663.5	4,260.4
Insurance claims and others	851.3	8,208.1	1,031.6	7,518.7	1,136.5	6,413.7	1,765.6	5,124.3	2,837.9	4,030.9
Provision for policy reserves and others ¹	3,263.7	1.3	2,865.7	-	2,694.0	-	1,474.7	-	272.5	-
Investment expenses ¹	1.1	9.8	3.8	5.8	103.8	56.5	78.5	27.9	99.1	46.8
Operating expenses	269.9	242.4	318.0	219.0	366.5	193.6	372.8	159.9	376.2	142.1
Other ordinary expenses	51.2	40.3	57.4	37.9	69.0	40.0	75.2	39.8	77.7	40.4
Ordinary profit	116.0	377.1	154.9	258.0	94.0	185.2	171.7	137.0	151.1	113.9
Extraordinary gains and losses ²	(27.2)	(72.1)	(62.4)	(8.9)	5.7	(12.6)	(27.2)	(17.0)	13.8	3.6
Provision for reserve for policyholder dividends	10.3	190.3	7.5	170.4	15.6	137.0	21.6	96.1	19.6	92.1
Income before income taxes	78.4	114.6	84.9	78.6	84.2	35.5	122.9	23.8	145.3	25.5
Total income taxes	33.6	77.6	31.4	45.7	21.7	9.5	35.4	6.9	41.1	8.7
Net income	44.7	36.9	53.4	32.8	62.4	26.0	87.4	16.8	104.1	16.7

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.: FY19/3, ¥241.8billion 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)

		FY15/3	FY16/3	FY17/3	FY18/3	FY19/3
Total assets	¥mn	84,911,946	81,543,623	80,336,414	76,832,508	73,904,576
Postal Life Insurance category		61,703,013	55,832,787	51,447,550	46,684,937	41,354,076
New category		23,208,932	25,710,836	28,888,864	30,147,570	32,550,500
Number of policies in force	(000)	33,489	32,323	31,562	30,405	29,143
Postal Life Insurance category (insurance)		19,949	16,972	14,411	12,484	11,048
New category (individual insurance)		13,539	15,350	17,150	17,921	18,095
Insurance premiums and others	¥mn	5,956,716	5,413,862	5,041,868	4,236,461	3,959,928
Postal Life Insurance category		1,697,140	1,322,308	1,002,816	755,221	590,340
New category		4,259,576	4,091,554	4,039,051	3,481,240	3,369,588
Ordinary profit	¥mn	493,169	413,023	279,347	308,845	265,143
Postal Life Insurance category		377,145	258,059	185,250	137,074	113,981
New category		116,024	154,963	94,097	171,771	151,162
Net income	¥mn	81,758	86,338	88,520	104,309	120,958
Postal Life Insurance category		36,969	32,850	26,044	16,878	16,763
New category		44,789	53,487	62,475	87,430	104,195
Contingency reserve (reversal) provision	¥mn	(90,087)	(123,864)	(120,819)	(139,678)	(151,592)
Postal Life Insurance category		(167,144)	(171,199)	(172,881)	(173,722)	(173,590)
New category		77,057	47,335	52,061	34,043	21,997
Price fluctuations reserve (reversal) provision	¥mn	97,934	70,100	6,444	128,031	(19,251)
Postal Life Insurance category		72,126	8,957	12,625	17,090	(3,686)
New category		25,808	61,143	(6,181)	110,940	(15,564)
Additional policy reserve (reversal) provision	¥mn	(68,347)	(55,533)	(50,454)	(30,648)	(50,292)
Postal Life Insurance category		(68,347)	(55,533)	(50,454)	(47,674)	(46,698)
New category		-	-	-	17,025	(3,594)

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)

	FY15/3	FY16/3	FY17/3	FY18/3	FY19/3
Insurance premiums and others	5,956.7	5,413.8	5,041.8	4,236.4	3,959.9
Ordinary profit	492.6	411.5	279.7	309.2	264.8
Provision for reserve for policyholder dividends	200.7	178.0	152.6	117.7	111.8
Net income	81.3	84.8	88.5	104.4	120.4
Net assets	1,975.7	1,882.9	1,853.2	2,003.1	2,135.1
Total assets	84,915.0	81,545.1	80,336.7	76,831.2	73,905.0
Return on equity	4.6 %	4.4 %	4.7 %	5.4 %	5.8 %
Return on shareholders' equity	5.9 %	5.9 %	5.9 %	6.7 %	7.4 %
Dividends to shareholders	24.5	33.6	36.0	40.8	43.2
Total Return Ratio	30.2 %	39.6 %	40.6 %	39.0 %	118.9 % ¹
Core profit (Non-consolidated)	515.4	464.2	390.0	386.1	377.1
Core profit attributable to life insurance activities	448.4	366.8	311.4	320.3	318.7
Spread (positive/negative spread)	66.9	97.4	78.5	65.8	58.4

1. Total return ratio including share repurchase (approx. ¥100.0bn) on April 8, 2019.

<Disclaimer>

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

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