

Kampo

**FY2018/3
Financial Results & Corporate Strategy Meeting**

May 23, 2018

 **JAPAN POST INSURANCE**

Agenda

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1

Financial Results for the Fiscal Year Ended March 31, 2018

- I am Mitsuhiro Uehira of Kampo.
- Thank you for joining us today.
- I would like to start with the financial results for the fiscal year ended March 31, 2018, and then explain the Medium-Term Management Plan.
- Please turn to page 3.

Financial Highlights for the Fiscal Year Ended March 2018

- Net income was ¥104.4 billion (+17.9% year on year), which was a historical high, 121.5% of the full year forecast.
- We have revised insurance premiums in a timely manner in response to the changes in business environment. As a result, value of new business and new business margin(5.5%) have improved to historical high levels.
- The year-end dividend will be paid at historical highest of ¥68 per share, adding a special dividend of ¥4 taking into account the financial results, on top of the ordinary dividend of ¥64.

		FY				FY3/2018 Forecast	
		3/2017	3/2018	Change	Achievement	C	
		A	B	B/A	B/C		
Earnings (Financial Accounting)	Ordinary Profit	279.7	309.2	+10.5 %	123.7 %	250.0	
	Net Income	88.5	104.4	+17.9 %	121.5 %	86.0	
Embedded Value (Economic Value)	EV	3,355.6	3,743.3	+11.6 %	—		
	Value of New Business	36.8	226.7	+515.0%	—		
Dividend	Dividends Per Share (Payout Ratio)	¥60.00 (40.6 %)	¥68.00 (39.0 %)	+¥8.00	—	¥64.00	

(¥bn)

Reasons for Changes (Year on year)

- **Ordinary Profit +29.4 bn**
Higher capital gains due to market stability [+\$32.0 bn]
- **Net Income +15.8 bn**
Decrease in provision for reserve for policyholder dividends due to increase in policy riders without dividend [+\$34.8 bn (before tax)]
- **EV +387.6 bn**
Acquisition of new business and changes in economic environment such as the rise in stock price [Approx. +\$320.0 bn]
- **Value of New Business +189.8 bn**
Attributable to revision of insurance premiums, associated changes in the policies mix, and increased interest rates [Approx. +\$165.0 bn]
- **Dividends Per Share +¥8.00**
Adding a special dividend of ¥4 taking into account the financial results, on top of the ordinary dividend of ¥64

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- Let me begin with an overview of our financial results for the fiscal year ended March 31, 2018.
- On a financial accounting-wise, ordinary profit amounted to ¥309.2 billion, up 10.5% year on year, mainly due to higher capital gains, reflecting market stability.
- Net income increased 17.9% year on year to ¥104.4 billion, the highest level since privatization, mainly because the provision for reserve for policyholder dividends decreased due to an increase in Non-participating riders.
- Ordinary profit and net income results were favorable at more than 120% of the full year forecasts.
- From an economic value point of view, the embedded value (EV) and the value of new business improved significantly.
- In particular, the value of new business reached a historical high of ¥226.7 billion, and the new business margin, which is the value of new business divided by the present value of new business premiums, was also the highest ever at 5.5%. This was due to efforts including revising our insurance premiums in a timely manner and working on sales of protection-type products focused on customer needs.
- Taking into account our favorable performance, we increased the dividend to ¥68 per share by adding a special dividend of ¥4 to the ordinary dividend of ¥64.
- As a result, the payout ratio has been around 40% throughout the three-year period of the previous Medium-Term Management Plan, which had set a target of “in the range of 30-50%,” and we achieved a stable shareholder return by raising the ordinary dividend by ¥4 per share each year.
- Please turn to page 4.

Overview of Financial Statements (Consolidated)

Statement of Income				Balance Sheets			
(¥bn)				(¥bn)			
	Year ended Mar-17	Year ended Mar-18	Change		Mar-17	Mar-18	Change
Ordinary income	8,659.4	7,952.9	(706.4)	Assets	80,336.7	76,831.2	(3,505.4)
Insurance premiums and others	5,041.8	4,236.4	(805.4)	Cash and deposits	1,366.0	898.5	(467.5)
Investment income	1,367.9	1,284.5	(83.4)	Money held in trust	2,127.0	2,814.8	687.8
Reversal of policy reserves	2,187.2	2,397.9	210.6	Securities	63,485.2	60,130.9	(3,354.3)
Ordinary expenses	8,379.6	7,643.7	(735.9)	Loans	8,060.9	7,627.1	(433.7)
Insurance claims and others	7,550.3	6,890.0	(660.3)	Fixed assets	322.7	264.1	(58.6)
Investment expenses	160.4	106.0	(54.3)	Deferred tax assets	851.9	954.0	102.1
Operating expenses	560.4	533.4	(26.9)	Liabilities	78,483.5	74,828.1	(3,655.4)
Ordinary profit	279.7	309.2	29.4	Policy reserves	70,175.2	67,777.2	(2,397.9)
Extraordinary profit and loss	(6.8)	(44.3)	(37.4)	Reserve for price fluctuations	788.7	916.7	128.0
Provision for reserve for policyholder dividends	152.6	117.7	(34.8)	Net assets	1,853.2	2,003.1	149.9
Income before income taxes	120.1	147.1	26.9	Total shareholders' equity	1,526.8	1,595.4	68.5
Total income taxes	31.5	42.6	11.0	Total accumulated other comprehensive income	326.3	407.7	81.3
Net income attributable to Japan Post Insurance	88.5	104.4	15.8				

Note: Only major line items are shown.

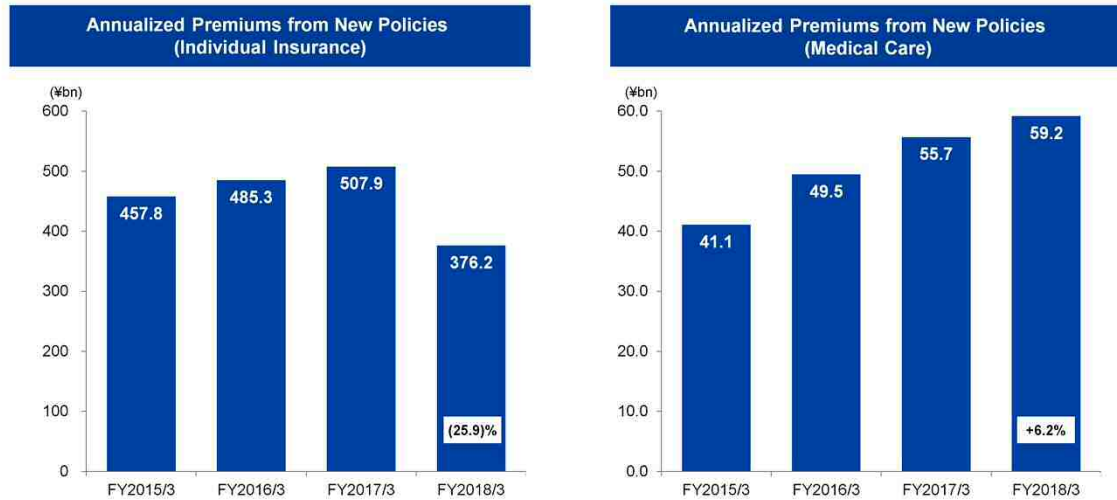
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- This is an overview of our consolidated financial statements.
- Please look at the consolidated statement of income on the left.
- Although ordinary income and ordinary expenses both declined, decreases in investment expenses and operating expenses contributed to a ¥29.4 billion year-on-year increase in ordinary profit to ¥309.2 billion.
- Net income increased by ¥15.8 billion year-on-year to ¥104.4 billion, mainly due to a decrease in the provision for reserve for policyholder dividends.
- Please look at the consolidated balance sheets on the right.
- Assets and liabilities continue to trend downward due to the decline in policies in force.
- Net assets increased by ¥149.9 billion from the end of the previous fiscal year to ¥2,003.1 billion as a result of accumulating retained earnings by securing stable profits, along with firm stock prices and exchange rates owing to a comparatively favorable market environment.
- Please turn to page 5.

Annualized Premiums from New Policies

- Annualized premiums from new policies for individual insurance were ¥376.2 billion, a 25.9% decrease year on year.
- Annualized premiums from new policies for medical care increased by 6.2% year on year to ¥59.2 billion, which was a historical high, indicating the effect of the rider revision in October 2017.



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 FY2018/3 period saw a net increase of ¥13.4 billion in annualized premiums due to a switchover to the rider launched in October 2017 and an additional rider purchase.

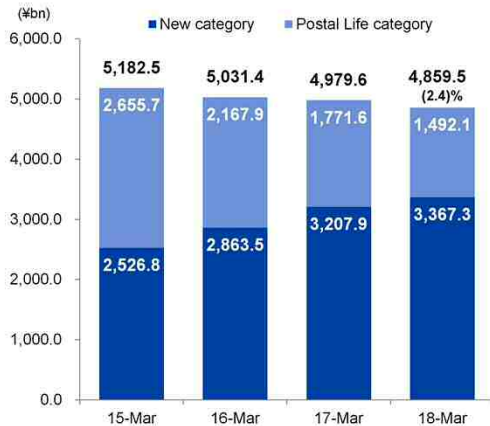
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- Next, I will explain the status of new policies.
- Please look at the graph on the left.
- Annualized premiums from new policies for individual insurance had been trending upward, but declined 25.9% year-on-year to ¥376.2 billion in the fiscal year ended March 31, 2018, mainly due to revisions of insurance premiums.
- Please look at the graph on the right.
- On the other hand, annualized premiums from new policies for medical care continued to trend upward, increasing 6.2% year-on-year to a historical high of ¥59.2 billion in the fiscal year ended March 31, 2018, which indicates the effects of the rider revision and reinforced promotion of products that focus on customers' protection needs.
- We will continue to further enhance our sales capabilities with a focus on protection-type products while working to expand sales volume.
- Please turn to page 6.

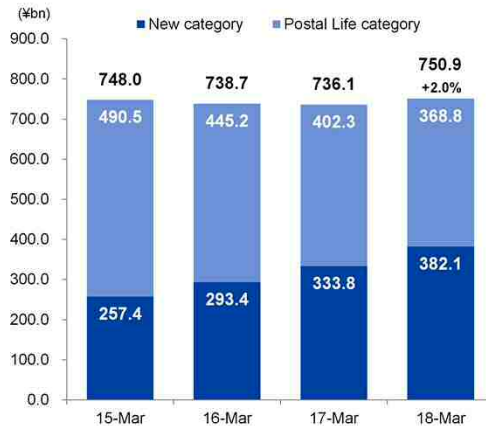
Annualized Premiums from Policies in Force

- Although annualized premiums from policies in force for individual insurance represent a slight decrease from the end of the previous fiscal year, annualized premiums from policies in force for medical care reversed and increased by 2.0% from the end of the previous fiscal year.
- In terms of annualized premiums from policies in force for medical care, the “New category” exceeded the “Postal Life Insurance category”.

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. “Postal Life Insurance category” shows postal life insurance policies reinsured by Japan Post Insurance from the Management Organization for Postal Savings and Postal Life Insurance.

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- Annualized premiums from policies in force are shown in “Postal Life Insurance category” and “New category”.
- Please look at the graph on the left.
- Although annualized premiums from policies in force for individual insurance were on a declining trend, the pace of decline has been slowing, and they amounted to ¥4,859.5 billion at the end of the fiscal year ended March 31, 2018.
- Please look at the graph on the right.
- Meanwhile, annualized premiums from policies in force for medical care, which had been trending downward over all, bottomed out and turned around by the end of the fiscal year ended March 31, 2018, amounting to ¥750.9 billion, an increase of 2.0% from the end of the previous fiscal year.
- Furthermore, by category, results for the “New category” exceeded “Postal Life Insurance category”, from the end of the fiscal year ended March 31, 2016 for individual insurance, and from the end of the fiscal year ended March 31, 2018 for medical care.
- Please turn to page 7.

Investments Asset Portfolio

■ Under historically low interest rate environment, the amount and proportion of return seeking assets such as stocks and foreign bonds reached ¥9,450.4 billion, accounting for 12.3% of total assets. A positive spread of ¥65.8 billion was achieved.

Asset Portfolio						Investment Yield		
(¥bn, %)						(¥bn)		
	Mar-17		Mar-18			Year ended Mar-17	Year ended Mar-18	
	Amount	Share	Amount	Share				
Bonds	57,581.2	71.7	53,395.2	69.5				
Japanese government bonds	42,732.3	53.2	39,589.8	51.5	Positive spread	78.5	65.8	
Japanese local government bonds	9,226.8	11.5	8,513.5	11.1	Average assumed rates of return ¹	1.73 %	1.71 %	
Japanese corporate bonds ³	5,622.0	7.0	5,291.7	6.9	Investment return on core profit ²	1.84 %	1.81 %	
Return seeking assets ¹	7,963.7	9.9	9,450.4	12.3				
Domestic stocks ²	1,626.0	2.0	2,040.6	2.7	Net capital gains (losses)	(51.1)	(19.1)	
Foreign stocks ²	309.0	0.4	342.5	0.4				
Foreign bonds etc. ^{2,3}	6,028.6	7.5	7,010.7	9.1				
Loans	8,060.9	10.0	7,627.1	9.9				
Others	6,730.9	8.4	6,358.3	8.3				
Cash and deposits, call loans	1,516.0	1.9	1,163.5	1.5				
Receivables under securities borrowing transactions	3,520.7	4.4	3,296.2	4.3				
Total assets	80,336.7	100.0	76,831.2	100.0				

1. To further clarify the characteristics of the asset class, items formerly referred to as "risk assets" in the previous Medium-term Management Plan are now renamed as "return seeking assets" in the Medium-term Management Plan commencing from the year ending March 31, 2019.
2. Include assets invested in money held in trust.
3. Foreign bonds etc. include foreign-currency-denominated bonds and investment trusts recorded under Japanese corporate bonds and other securities, respectively, on the balance sheet.

- I will move on to an explanation of our asset management.
- Please take a look at the line for return seeking assets on the chart to the left.
- While asset liability management (ALM) is the core of our asset management strategy, we have diversified our asset portfolio to counter the recent historically low interest rate environment. As a result, the amount and proportion of return seeking assets such as domestic stocks and foreign securities increased to ¥9.4 trillion, which accounts for 12.3% of total assets.
- This result significantly exceeds the expectation of reaching around 10% under the previous Medium-Term Management Plan.
- Please look at the positive spread and return in the chart on the right.
- Although the average assumed rates of return and investment return on core profit both declined, the positive spread, which is the difference between the two, was on the same level as the previous fiscal year, and we secured gains of ¥65.8 billion from positive spread.
- Although net capital losses, which are the total of gains (losses) on sales, hedge costs, etc., amounted to ¥19.1 billion, this represents a significant improvement compared with the previous fiscal year when we were affected by market fluctuations such as interest rates and foreign exchange.
- We will continue efforts to reinforce our asset management system, including ongoing recruitment of external personnel, in order to enhance our investment income capabilities and diversify asset management.
- Please turn to page 8.

Financial Soundness

- Our internal reserves—contingency reserve and price fluctuations reserve—amounted to ¥3,031.0 billion
- Solvency margin ratio, ESR, Credit ratings are sufficient level of soundness compared to competitors

Internal Reserves				Solvency Margin Ratio (Consolidated)			
	Mar-17	Mar-18	(¥bn)		Mar-17	Mar-18	
Contingency reserve	2,254.0	2,114.3	(139.6)	Solvency Margin Ratio (Consolidated)	1,290.6%	1,131.8%	
Postal Life Insurance category	1,838.8	1,665.0	(173.7)	(Reference) ESR	176 %	186 %	
New category	415.2	449.2	34.0	Credit rating status			
Price fluctuations reserve	788.7	916.7	128.0		R&I	JCR	S&P
Postal Life Insurance category	648.4	665.5	17.0	Rating	AA- (Stable)	AA (Stable)	A+ (Stable)
New category	140.2	251.2	110.9	(Reference) Japanese government	AA+ (Negative)	AAA (Negative)	A+ (Positive)
Additional policy reserve	5,961.0	5,930.4	(30.6)	Note: Above ratings fall under insurance financing (rating on insurance benefit solvency)			
Postal Life Insurance Category ¹	5,961.0	5,913.3	(47.6)				
New category ²	-	17.0	17.0				

Notes: "Postal Life Insurance category" shows the amounts generated from the postal life insurance policies, and "New category" shows the figures after deduction of "Postal Life Insurance category" from the total.

1. Including the amount determined to be additionally provided over 10 years from the year ended March 31, 2011 for annuity in the postal life insurance policies (for the year ended March 31, 2018, the amount of additional provision was ¥180.9 bn and the accumulated amount was ¥1,391.3 bn).

2. The amount determined to be additionally provided in a lump sum for single-payment annuity policies among the individual annuities underwritten by Japan Post Insurance.

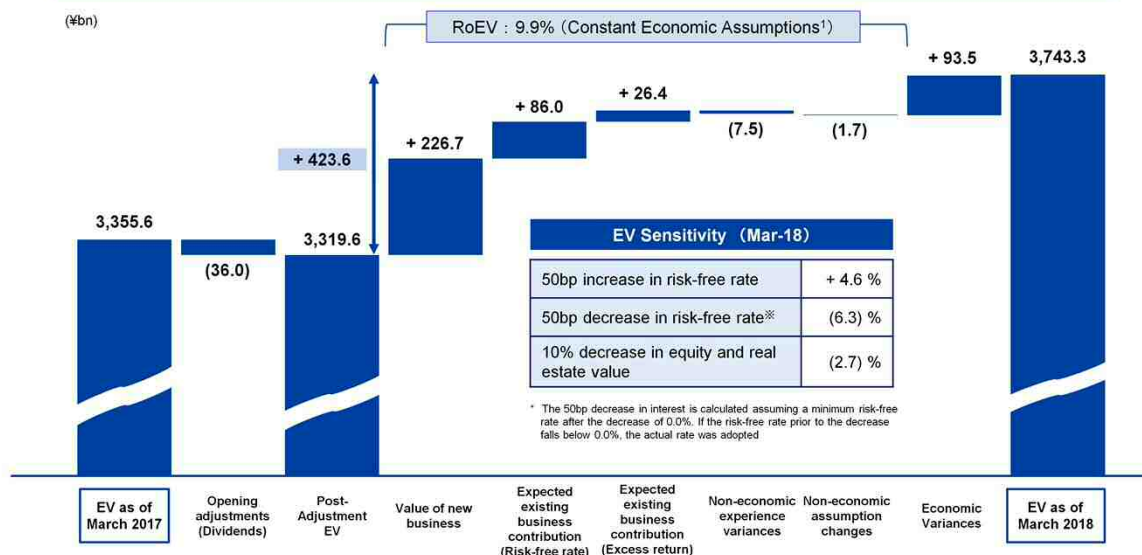
3. Provisions in the period includes the excess provision of ¥133.1 bn exceeding the provision requirements for contingency reserve and price fluctuations reserve.

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- I would like to explain our financial soundness.
- Please look at the internal reserves chart on the left.
- We have accumulated the contingency reserve of ¥2,114.3 billion and the price fluctuation reserve of ¥916.7 billion as a buffer for the risks associated with changes in the business environment.
- Additional policy reserve accumulated to cover mainly potential negative spreads in the future amounted to ¥5,930.4 billion.
- As a result of revising the level of the necessary policy reserve, we accumulated an additional ¥17.0 billion to cover lump-sum single payment annuity policies underwritten by the Company.
- The year-on-year amount is shown in the far right column of the chart.
- Please look at the solvency margin ratio and credit rating status on the right.
- Our consolidated solvency margin ratio, ESR, and credit rating status are at a sufficient level compared with competitors, indicating our strong financial soundness.
- Please turn to page 9.

Change in Embedded Value

- RoEV (constant economic assumptions) is now at 9.9% and our embedded value has been increasing steadily, which is a level higher than 6 to 8% as aimed for the medium- to long-term target.
- New business margin was 5.5% due to two revisions of insurance premiums, achieving the sufficient level.



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- Now I will explain the movement analysis of EV.
- EV as of the end of March 2018 increased by ¥423.6 billion to ¥3,743.3 billion from post-adjustment EV (¥3,319.6 billion) as of the end of March 2017.
- The largest contribution to the increase was ¥226.7 billion in the value of new business. We believe that this clearly indicates the effect of insurance premium revisions carried out in April 2017 to address the historically low interest rate environment.
- RoEV (constant economic assumptions), which is the rate of EV movement excluding the economic variances factor, was 9.9%, which is larger than the annual average of 6-8% aimed for as a medium- to long-term target.
- The new business margin, which is the value of new business divided by the present value of new business premiums, was 5.5%, exceeding levels prior to the start of the negative interest rate policy and marking a historical high.
- Please turn to page 10.

Financial Results Forecasts for the Year Ending March 31, 2019 (Consolidated)

■ We forecast net income for the year ending March 31, 2019 to be around ¥88.0 billion and dividends per share to be ¥68.00.

Financial Results Forecasts(Consolidated)

	Year ended Mar-18 (Actual)	Year ended Mar-19 (Forecast)
	(¥bn)	
Ordinary income	7,952.9	7,580.0
Ordinary profit	309.2	220.0
Net income ¹	104.4	88.0

1. Net income attributable to Japan Post Insurance

Shareholder Return Policy

Dividend policy

■ Aim for a steady increase in dividends per share with a goal of achieving to deliver dividends of ¥76 per share for the year ending March 31, 2021, while considering earning prospects and financial soundness.

Dividends Per Share

(Payout Ratio)

39.6 % 40.6 % 39.0 % 46.3 %



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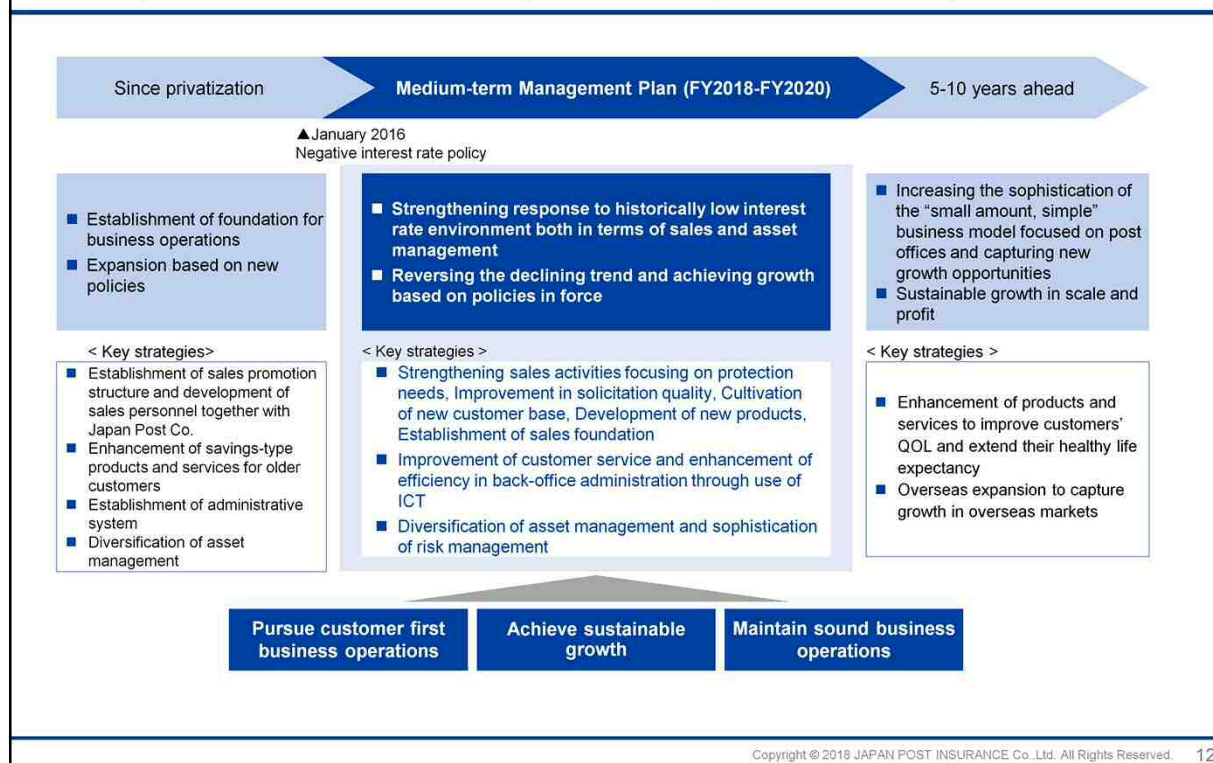
- I would like to explain the consolidated financial forecasts for the fiscal year ending March 31, 2019.
- Net income in the fiscal year ending March 31, 2019 is expected to be ¥88.0 billion, reflecting a decrease in policies in force as well as the impact of the prolonged decline in interest rates.
- As for the year-end dividend for the fiscal year ending March 31, 2019, we plan to increase the ordinary dividend by ¥4 per share to ¥68 per share.
- We seek to steadily increase this return, aiming for a dividend of ¥76 per share for the year ending March 31, 2021, considering earning prospects and financial soundness.
- Please turn to the next page.

2

Medium-Term Management Plan 2020

- Now, I will explain our Medium-Term Management Plan.
- Please turn to page 12.

Concepts of Medium-term Management Plan (FY2018-FY2020)



- Let me start by explaining the concept of our Medium-Term Management Plan.
- Having inherited the social mission of “protecting the means of fundamental livelihood of the public through simple procedures”, Japan Post Insurance has directed its efforts up until the previous Medium-Term Management Plan toward establishing the foundation for business operations and expansion based on new policies, as stated under “Since privatization” on the left side of the page. We have pursued strategies to establish sales promotion structure, to develop sales personnel together with Japan Post Co., to enhance savings-type products and services for older customers, and to establish an administrative systems framework.
- Under the current Medium-Term Management Plan, following on the efforts of the previous plan, we have set pursuing customer-first business operations, achieving sustainable growth, and maintaining sound business operations as the three management principles, as stated in the bottom row. The two major pillars of our efforts are shown in the top row, namely, to increase earnings both in terms of sales and asset management in a historically low interest rate environment, and to reverse the declining trend and achieve growth in annualized premiums from policies in force for individual insurance.
- In order to realize these two major goals, during the next three years we will steadily implement the strategies and measures of the Medium-Term Management Plan, which I will explain later, and further advance this business model to achieve growth five to ten years in the future.
- Please turn to page 13.

Principal numerical target for Medium-term Management Plan

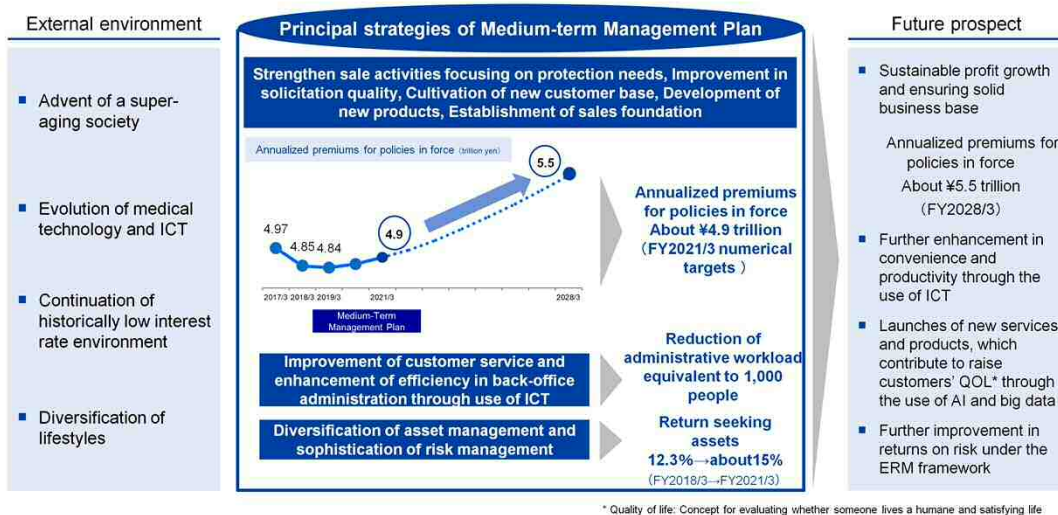
Principal numerical target for Medium-term Management Plan (2020)		Key points
Top Line	Annualized premiums from policies in force(Individual Insurance): Approximately ¥4.9 trillion	<ul style="list-style-type: none"> Aim for growth in new policies while improving quality of sales activities and stronger policy retention <p>reversing the declining trend and achieving growth based on policies in force</p>
Bottom Line	Net income per share: ¥155 (Reference) Consolidated net income: ¥93.0 billion	<ul style="list-style-type: none"> Change bottom line targets to net income per share to indicate our shareholder-focused approach, and aim to ensure stability of the bottom line through various efforts.
Shareholder Return	Aim to increase the dividend per share to ¥76 while ensuring the soundness of operations	<ul style="list-style-type: none"> Change shareholder return target to dividend per share, and implement a stable shareholder dividend regardless of level of bottom line.

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- Next, I will explain the three principal numerical targets of the current Medium-Term Management Plan.
- The first is our top line target, which had been set in terms of contracted monthly premiums from new policies under our previous Medium-Term Management Plan. Under the current Medium-Term Management Plan, we have changed our target to annualized premiums from policies in force in order to clarify that we are aiming for growth based on policies in force.
- Specifically, in addition to securing new policies, we aim to reverse the declining trend and achieve growth reaching ¥4.9 trillion in annualized premiums from policies in force for individual insurance by FY2020 by limiting lapse or surrender of policies through improved quality of sales activities and stronger policy retention.
- Secondly, the bottom-line target, which was based on net income under the previous plan, has been changed to net income per share under the current Medium-Term Management Plan to indicate our shareholder-focused approach, with a target of ¥155 in FY2020.
- Finally, we changed our target for shareholder returns from the target based on payout ratio under the previous plan to dividend per share, aiming for ¥76 by FY2020, to ensure that we meet our shareholders' expectations.
- As a result, we anticipate a payout ratio of 49.0% for FY2020, assuming that the Medium-Term Management Targets are achieved.
- Please turn to page 14.

Principal Strategies of Medium-term Management Plan

- Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being.
- Based on assurance and trust, aim for sustainable profit growth by reserving and growing of policies in force by providing life insurance products corresponding to customers' protection needs.

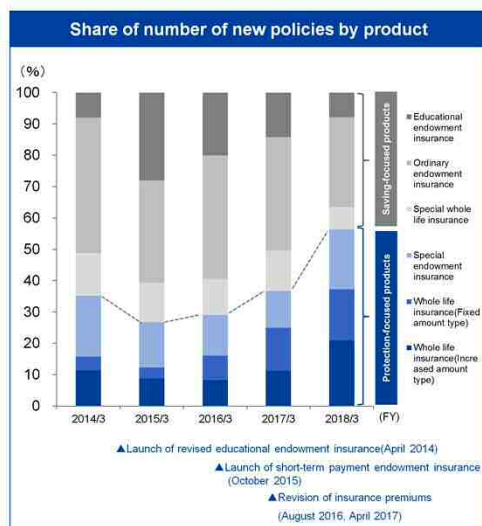


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- Now I would like to explain our principal strategies for achieving the two major pillars of the Medium-Term Management Plan that I mentioned earlier.
- Currently, amid various changes in the external environment, including the advent of a super-aging society, the evolution of ICT, and continuing historically low interest rates, new policies were outpaced by such as those that expire each year and, as a result, policies in force have continued to decline for more than 20 years.
- However, since privatization, the decline in policies in force has slowed gradually, thanks to reinforcement of sales activities together with Japan Post Co.
- Under these circumstances, looking firstly at our sales and products strategy, we will do our utmost to realize the most important theme of our Medium-Term Management Plan, which is “reversing the declining trend and achieving growth in annualized premiums from policies in force.” To that end, we will strengthen sales activities focusing on protection needs by improving the capabilities of sales personnel, improve the quality of solicitation by introducing evaluation of policy retention, cultivate new customer base such as the uninsured and the young and middle-aged, develop new products to diversify protection-type offerings, and enhance the business foundation by introducing new mobile devices for sales.
- Second, in our administrative services strategy, we will make efforts to improve customer services through use of ICT, including claims procedures that use digital technology, while pursuing greater administrative efficiency by digitalizing forms at service centers, etc.
- Third, in our asset management strategy, we will aim to increase investment profitability by promoting diversification of investment based on ALM, while ensuring financial soundness through efforts to sophisticate our risk management.
- By steadily carrying out these strategies during the three years of the Medium-Term Management Plan, we aim for ¥5.5 trillion in annualized premiums from policies in force in FY2027 as our future outlook a decade from now.
- Please turn to page 15.

Sales and Product Strategies

- As a result of sales promotion activities to capture protection needs in response to losing attractiveness of saving-type products under current historically low interest environment, the ratio of protection-type products outweighed 50% in FY2018/3.
- Strengthening of sales activities focusing on protection needs and policy maintenance for the reversal of in-force policies



Main Initiatives of Medium-term Management Plan

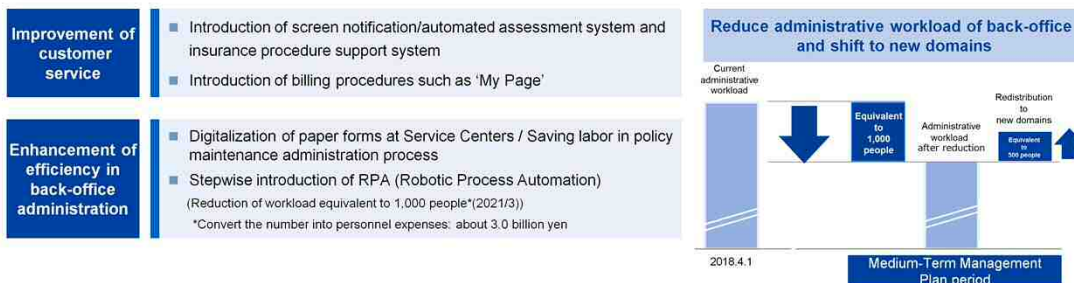
- 1 Strengthening of sales activities focusing on protection needs**
 - Training for post office offsite sales personnel and counter sales personnel
 - Cooperation with other life insurance companies in products supply including commissioned sales, etc.
- 2 Improvement in solicitation quality**
 - Ensuring that solicitation materials are easy to understand
 - Comprehensive measures to improve solicitation quality (introduction of policy maintenance evaluation, etc.)
- 3 Cultivation of new customer base**
 - Cultivate potential customers who are uninsured and young / Strengthen sales activities at worksite, etc
 - Continue "Feel Secure with Kampo" activities / Launch of health promotion services
- 4 Development of new products**
 - Development and diversification of protection-type products including third sector products
(Annualized premiums from new policies (medical care): Up over 20% from 2018/3 (59.2 billion yen))
- 5 Establishment of sales foundation**
 - Introduction of new mobile devices for sales, counter support using TV systems and marketing by utilizing SNS, etc
 - Increase in offsite sales personnel at post office (Number of offsite sales personnel: around 18 thousands (FY2021/3))

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- Next, I would like to talk in detail about our sales and product strategy.
- Please look at the graph on the left. Looking at the trend in share of number of new policies by product at Japan Post Insurance, the share of products with strong protection features rose to over 50% in FY2017. This was the result of focusing on sales of protection-type products as the appeal of savings-type products diminished under the impact of low interest rates. We believe that customer needs have shifted to protection-type products with respect to our lineup.
- Please look at the chart on the right. In light of the current situation, the first of the specific measures under our sales and product strategy is strengthening sale activities focusing on protection needs. We will implement finely-tuned training in an effort to enhance the capabilities of sales personnel to offer proposals in line with customers' wishes.
- With regard to the second point, improving in solicitation quality, we will implement comprehensive measures such as ensuring that all sales materials are easy to understand and introducing the policy persistency rate as one of the evaluation criteria for sales personnel. In this way, we will build even stronger relationships with our customers and enhance the confidence and trust they have in us.
- As for the third point, cultivating new customer base, we will cultivate the uninsured and the young and middle-aged in addition to our mainstay older customers, while strengthening workplace sales.
- Fourth, with regard to development of new products, we aim to develop and enhance protection-type products in areas such as medical care to adequately meet the needs of customers including the young and middle-aged. As a result, combined with the effect of improving the capabilities of sales personnel, we plan to expand annualized premiums from new policies for medical care by more than 20% from the historically high level in FY2017 (¥59.2 billion) during the term of the current Medium-Term Management Plan.
- Finally, in terms of establishing the sales foundation, we will strengthen sales support on the systems front by providing new mobile devices to sales personnel. Meanwhile, in cooperation with Japan Post Co., we will increase the number of offsite sales personnel at post offices to 18,000 to help build the foundation for our business.
- By implementing these initiatives, we aim to reverse the declining trend and achieve growth in annualized premiums from policies in force.
- Please turn to page 16.

Administrative Services Strategies

■ Improve our customer services and enhance the efficiency in back-office administration through use of ICT



<Reference>Investment plan(primary investments out of the total investment amount of ¥150billion)

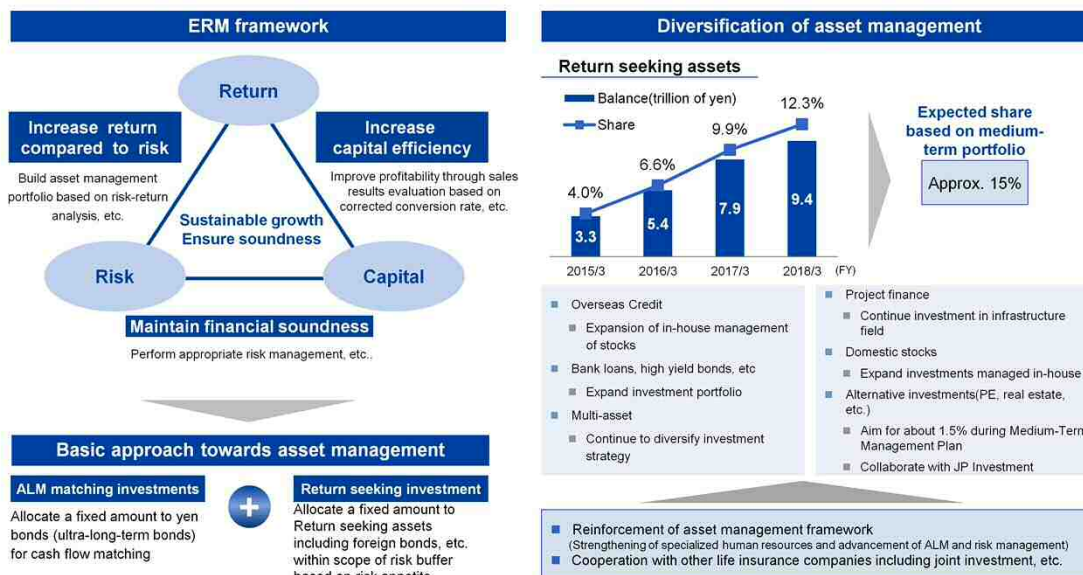
Details of investment	Investment amount (FY2019/3 to FY2021/3 total)	Investment effect
Construction of next generation open system	¥49 billion	Improvement of system infrastructure for utilization of ICT
Development of core systems	¥41 billion	Improvements in customer convenience through providing new product and services, operation efficiency
Introduction of new mobile devices for sales	¥12 billion	Improvements in customer convenience, operation efficiency

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- Next, I would like to present the details of our administrative service strategy.
- Please look at the middle row on the page. With the aim of improving customer service, we will make efforts to provide high quality services that satisfy our customers through the utilization of ICT, including the introduction of a screen notification/automated assessment system via mobile devices carried by our sales personnel and reception of various claims online.
- In addition, we will strive to reduce the administrative workload to improve the efficiency of back-office administration.
- Please look at the graph on the right. Japan Post Insurance has some 5,000 employees assigned to service centers to process various claims received from customers.
- We have promoted a shift to digitalization and paperless administration in areas such as payment of insurance benefits, but there are still some areas handled manually, such as contract preservation. During the term of the Medium-Term Management Plan, we will implement automation and labor-saving in data entry operations through the use of Robotic Process Automation(RPA) and digitalize various forms.
- Through these efforts, combined with administrative efficiency measures including improvement of existing administration, we will reduce the volume of back-office administration by approximately 20%. As a result, we expect efficiency effects equivalent to approximately 1,000 people in terms of personnel, or ¥3.0 billion in terms of costs.
- With regard to this personnel reduction, we expect natural attrition in the range of 500 people due to limited hiring, including contract employees, and are considering reassigning the remaining 500 from administration to new areas connected to customer service improvement or focus areas such as sales support.
- The chart at the bottom shows our medium-term investment plan. We intend to establish a competitive business foundation by investing approximately ¥150.0 billion over the three years of the Medium-Term Management Plan, focusing on system investment.
- Please turn to page 17.

Asset Management Strategies

- Aim to increase return on risk and increase capital efficiency while ensuring financial soundness under an ERM framework
- With regard to asset management, aim to maintain financial soundness and increase profitability by steadily promoting diversification of asset management within the scope of the risk buffer while focusing on ALM

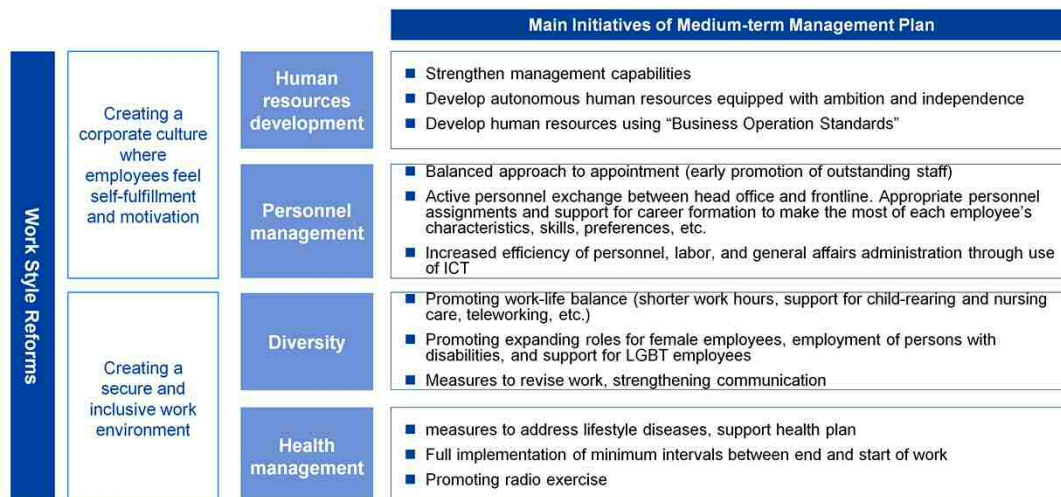


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- I will now outline our asset management strategy.
- Please look at the left side of the page. We seek to realize increased return on risk, enhanced capital efficiency while ensuring financial soundness through efforts to sophisticate our risk management based on an ERM framework.
- Under this ERM framework, we will steadily promote diversification of investment with the aim of increasing the profitability of our asset management, within the scope of our risk tolerance, guided by our risk appetite policy and based on ALM.
- Please look at the right side of the page. We are allocating investment among return seeking assets such as foreign bonds, domestic and foreign stocks, and alternative investments, within scope of risk buffer. We expect the percentage of return-seeking assets among total assets to increase to around 15% by FY2020 (from 12.3% in FY2017).
- We plan to build up the balance of alternative assets to around 1.5% of total assets during the Medium-Term Management Plan.
- Please turn to page 18.

Human Resources Strategies

- In order to provide better service for customers and enhance our corporate value, we will pursue work style reforms that allow all employees develop their capabilities to the fullest and grow together with the company, with the aim of being a company where everyone participates cheerfully and enthusiastically while feeling a sense of self-fulfillment and motivation.
- Enhance internal communications with frontline to promote the creation of an open organization that can share management issues



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- Let me move on to our human resources strategy.
- Under the Medium-Term Management plan, we will expand our work style reforms companywide, and enhance communication through measures such as active personnel exchange between head office and the frontline to create an open organization where management issues can be shared collectively by the entire "Team JP".
- Through these work style reforms, in addition to reducing overtime, we will strengthen our management capabilities and develop autonomous human resources who create added value, which will lead to higher productivity. At the same time, by creating an environment where all employees feel a sense of self-fulfillment and motivation and participate enthusiastically, we will ensure the growth of Japan Post Insurance as an attractive company that is chosen by more customers.
- In addition, we will continue our efforts to establish an environment where diverse human resources can participate fully, through measures to ensure work-life balance and active roles for female employees, while also working on health management.
- Please turn to page 19.

Initiatives for ESG

- Actively embrace the challenges of sustainably increasing corporate value and achieving social development through ESG efforts aimed at resolving the issues facing society

Environment

- Carry out ESG investment in line with the United Nations Principles for Responsible Investment (PRI)
 - Invest in green bonds, invest in mega-solar projects
- Start up a new fund which applies "unique ESG scoring" for stock selection
 - Invest in "ESG Fund" which introduces evaluation of enterprises' effort for ESG into stock selection process
- Promote paperless operations
 - Consolidate/eliminate and digitize SC forms

Social

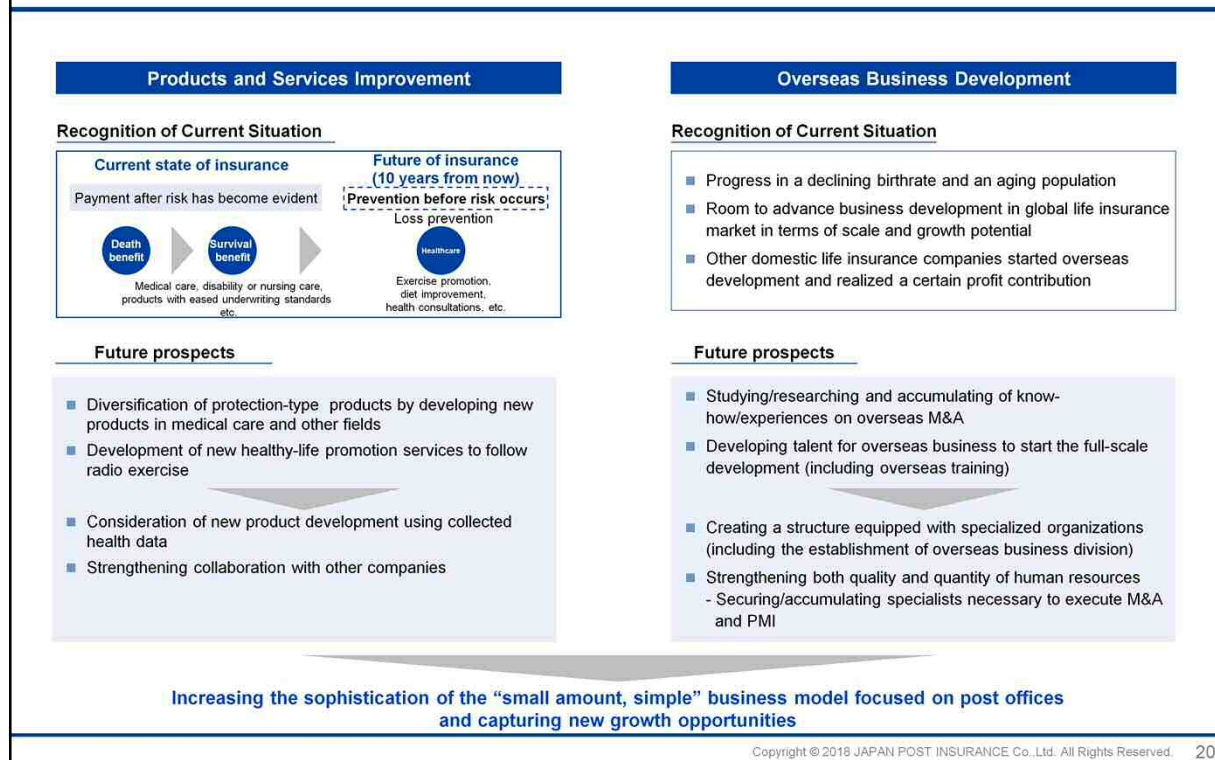
- Diversify protection-type products to supplement "social security for all generations" with a view to the era of 100-year lifespans
- Continue with health plans and other events, focused on radio exercise, develop healthy-life promotion services, promote Kampo Platinum Life Services
- Promote diversity and work style reforms

Governance

- Promote initiatives for increasing corporate value pursuant to Corporate Governance Code
- Reinforce corporate governance by making the best use of the committee system
- Setting a Responsible Investing Advisory Committee and reinforce purposeful dialogue(engagement) in accordance with the Stewardship Code

- Next, I would like to talk about our initiatives for ESG.
- On the environmental front, we promoted ESG investment by signing the United Nations Principles for Responsible Investment (PRI), and will promote paperless operations by digitalizing forms at service centers.
- In terms of society, we will continue our efforts to address Japan's social challenge of extending healthy life expectancy by promoting the radio exercise, as well as through healthy-life promotion services and Kampo Platinum Life services.
- As for governance, we will strive to enhance our corporate governance based on our Basic Policy Regarding Corporate Governance, while implementing the PDCA cycle. We will also strengthen purposeful dialogue based on the Stewardship Code.
- We will continue to actively pursue ESG initiatives with the aim of achieving sustainable growth and generating medium- to long-term corporate value.
- Please turn to page 20.

New Business Development Aimed at Growth into the Future



- Finally, I would like to talk about new business development aimed at growth into the future.
- Please look at the left side of the page. Customer needs with respect to life insurance products and services are shifting away from traditional death benefits and expanding into protection for medical treatment, nursing care, and so on, during the customer's life. As we move into an era of 100-year lifespans, services are expected to broaden into areas such as protection that allows people to enjoy healthier, more prosperous lifestyles, and preventive services.
- Focusing on these changes, Japan Post Insurance will enhance its living benefit products such as medical care, and nurture new healthy-living promotion services into a second radio exercise business by providing healthy-life promotion applications and other services. In the future, we will consider developing products and services that use the data from such services to help improve customers' quality of life (QOL).
- Please look at the right side of the page. With regard to overseas business expansion, life insurers are aggressively conducting M&A with insurance companies in other countries in order to capture international markets. In this context, we believe that it is essential to prepare for various possibilities with a view to future deregulation, and will therefore carry out surveys and research on overseas businesses as well as human resource development.
- That is the overview of our Medium-Term Management Plan. I am committed to achieving the plan, and we greatly appreciate your ongoing support.
- This concludes my presentation. Thank you for your attention.

3

APPENDIX

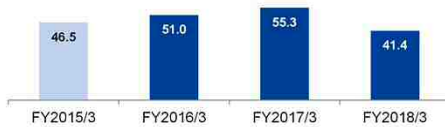
Achievement Status of Medium-term Management Plan (FY2015 to FY2017)

- Achieved target levels for contracted monthly premiums for new policies/net income/a payout ratio which were set forth in Medium-term Management Plan
- Evaluated these three years that a management foundation as a listed company has been developed and satisfied results have been obtained for sustainable improvement of corporate value

Target Figures (FY2015-FY2017)	【Contracted monthly premiums from new policies】 Achieve 50 billion yen in FY2017/3 and Make them grow further	【Net income】 Assuming no drastic change in the market environment, secure around 80 billion yen in net income.	【Payout ratio】 Aim for a steady increase in dividends per share, while maintaining a dividend payout ratio within the range of roughly 30% to 50% of our consolidated net income.
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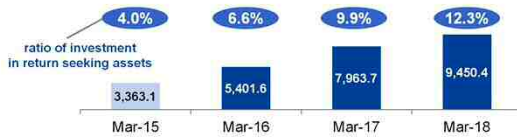
Contracted Monthly Premiums from New Policies

Achieved ¥50.0 billion in new policies in FY2016/3 and FY2017/3 ahead of schedule



Expanded Investment in Return seeking Assets

Increased amount and ratio of investment in return seeking assets



Net Income, DPS (Payout Ratio)

Secured net income of ¥80.0 billion throughout the period of the Medium-term Management Plan / Steady growth in dividend per share



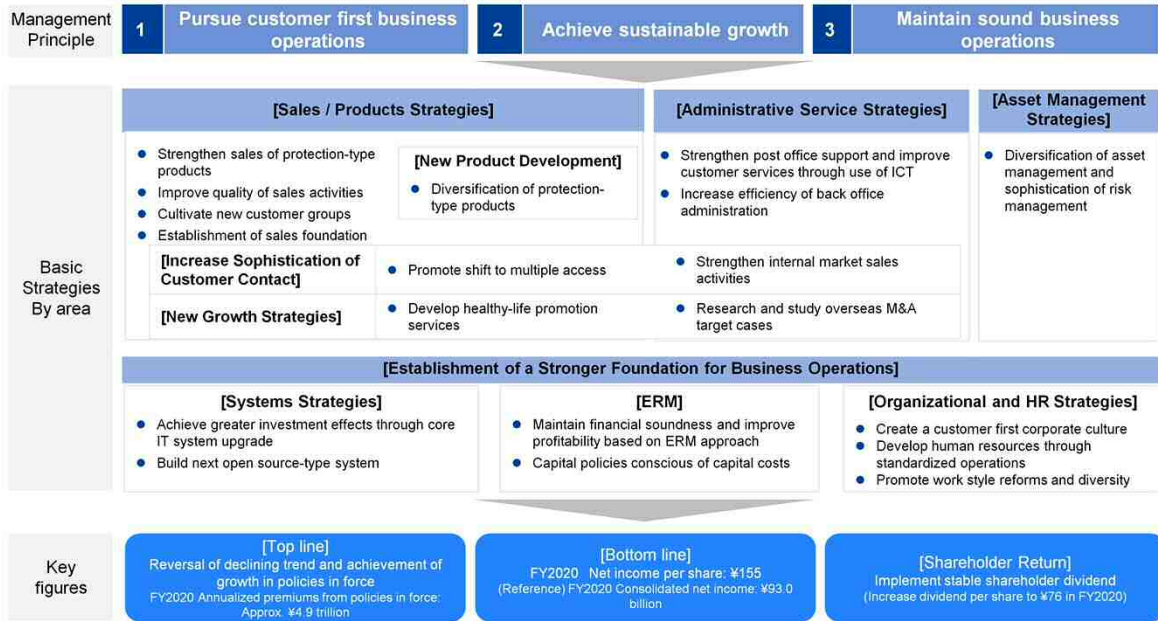
EV, Value of New Business

Secured EV through revision of insurance premiums and sales of protection-type products



RoEV 6.3%(Constant Economic Assumptions)

Overview of Medium-term Management Plan



Reversal and growth of in-force policies

- Reverse annualized premiums for policies in force during the Medium-Term Management Plan

Securing new policies

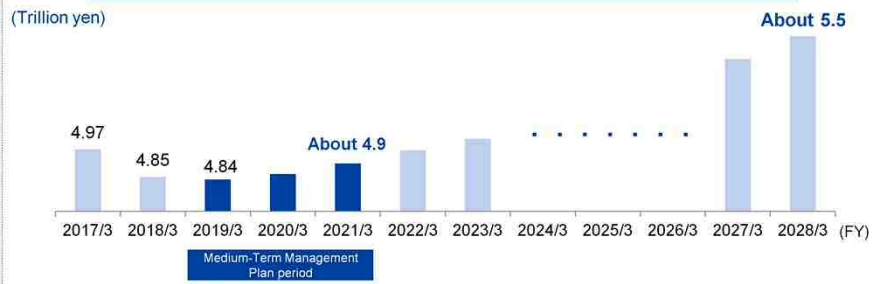
- Securing of new policies through sales activities focusing on protection needs, cultivation of new customer base, etc.



Strengthening policy maintenance

- Strengthening of policy maintenance through improvement in solicitation quality, etc.

Reversal and growth of annualized premiums for policies in force



History and Outline of Kampo

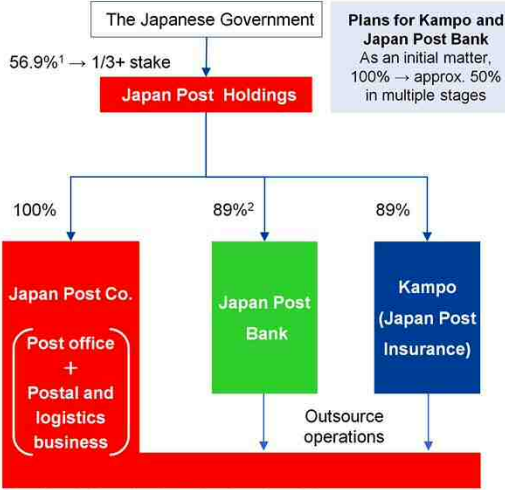
■ Since Postal Life insurance service was established, we have transformed our entity in the following order: Ministry of Communications, the Ministry of Posts and Telecommunications, Postal Services Agency, Japan Post Corporation, and now the stock company through the framework of privatization.

History		Outline (FY2018/3)	
April 1871	Modern postal service established	• Insurance premiums and others (bn ¥)	4,236.4(Consolidated)
May 1875	Postal savings service established	• Total Assets (bn ¥)	76,831.2(Consolidated)
December 1885	Ministry of Communications established	• Number of policies in force(mn)	3,040 ※including Postal Life Insurance policies
October 1916	<u>Postal life insurance service established</u>	• Paid-in Capital(bn ¥)	500.0
June 1949	The Ministry of Posts and Telecommunications established	• Major Shareholder	Japan Post Holdings Co., Ltd (89.0%)
January 2001	Postal Services Agency established as part of realignment of government ministries	• Number of employees(persons)	7,490 ※As of March 31,2018
April 2003	Japan Post Corporation(<i>nippon yusei kosha</i>) established	• Agency sales channel(offices)	20,627 ※As of March 31,2018 (Post Offices:20,047, Contracted Post Offices:580)
October 2005	Postal Service Privatization Act was enacted	• Directly-managed wholesales channel(offices)	Head Office: Whole sales Department(1) Branch: Whole sales Divisions(76)
October 2007	Japan Post Group established with Japan Post Holdings Co., Ltd., Japan Post Service Co., Ltd., Japan Post Network Co., Ltd., Japan post Bank Co., Ltd., and Japan Post Insurance Co., Ltd.		
April 2012	Act for Partial Revision of the Postal Service Privatization Act and others was enacted		
October 2012	Japan Post Service and Japan Post Network merged, and Japan Post Co., Ltd. established		
November 2015	Listed common stock on the First Section of the Tokyo Stock Exchange		

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

Postal Service Privatization Act

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

Additional Restrictions under the Postal Service Privatization Act

- Additional regulatory restrictions relating to new businesses under Postal Service Privatization Act will change from an approval system to a prior 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 in cabinet order, and any revision will require a hearing at the Postal Services Privatization Committee

Category	Contents
<p>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"> ■ Prior notification to competent ministers (obligation to consider competitors, notification to Postal Service Privatization Committee is required) <p>【After designated date】</p> <ul style="list-style-type: none"> ■ No regulations under Postal Service Privatization Act (regulations under Insurance Business Act will continue)
<p>Limit on coverage amount</p>	<ul style="list-style-type: none"> ■ Prescribed in 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 ¥13 mn after 4 years have elapsed since start of coverage (age 20-55) <p>【After designated date】</p> <ul style="list-style-type: none"> ■ No regulations based on Postal Service Privatization Act <p>April 1, 2016~ Increased to a total of ¥20 mn after 4 years have elapsed since start of coverage (age 20 – 55)</p>

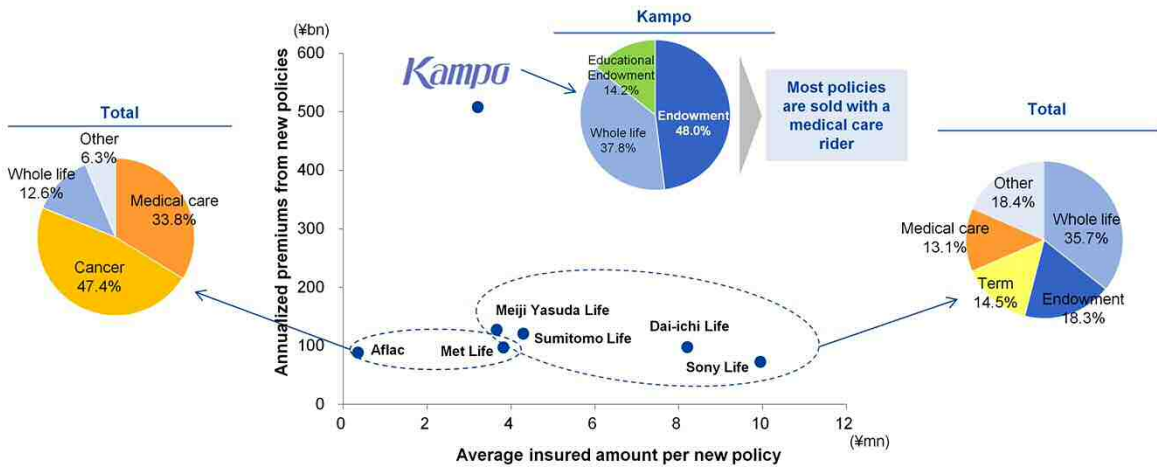
1. Specified ministers: Prime Minister (Commissioner of the Financial Services Agency) and Minister of Internal Affairs and Communications

2. Designated date: 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

Differentiated Product Mix

- Kampo has a differentiated product mix by focusing on endowment and whole life insurance with relatively small amounts of death benefits

Mapping of the Product Mix in Japanese Life Insurance Market(New Policies, FY2017/3)



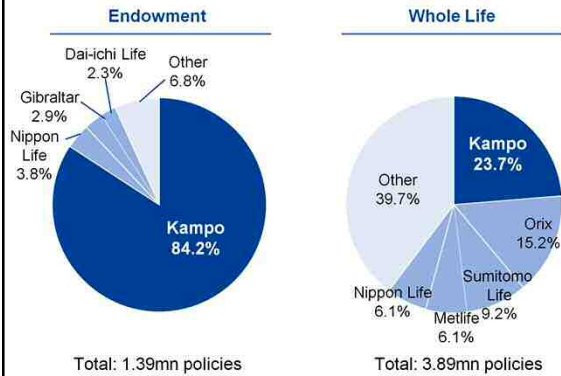
Source: Summary of Life Insurance Business in Japan(2016), Statistics of Life Insurance Business in Japan (2017)
 Note: Product Mix(Pie Chart) is based on number of new policies.

Endowment and Whole Life with Medical Care Riders

- Kampo's core products hold top shares in respective product segments
- Our basic strategy is to sell universal service products with medical care riders

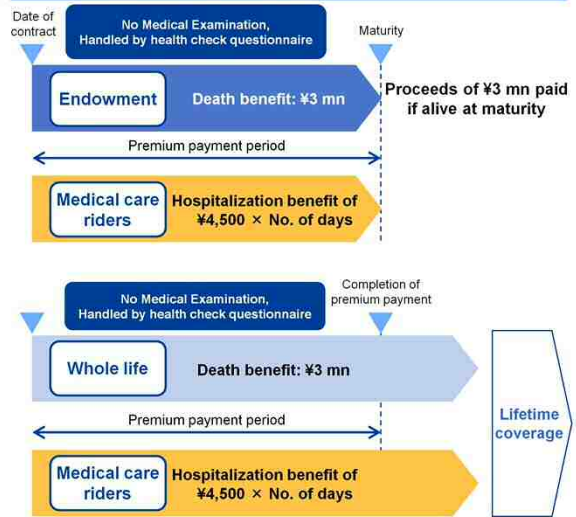
Market Share (Number of New Policies, FY2017/3)

Endowment and Whole Life Insurance are Designated as Universal Service Products



Source: Statistics of Life Insurance Business in Japan (2017)

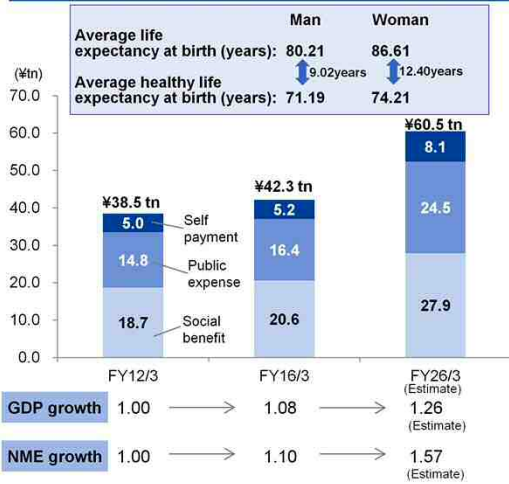
Typical Examples of Kampo's Products



Growth of the Medical Care Insurance Market

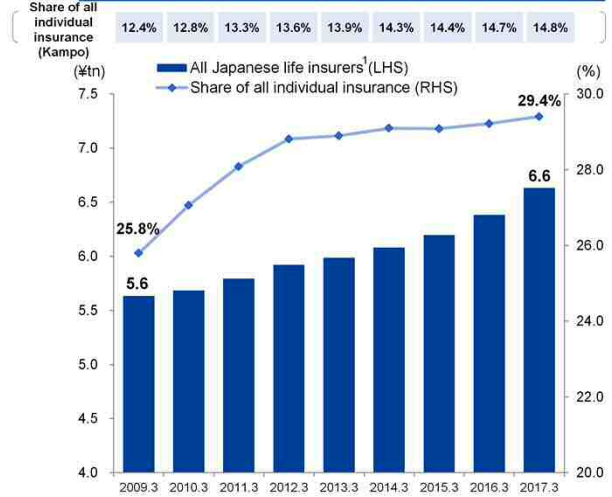
- As national medical expenditures continue to increase due to the aging population, private-sector health insurance is playing a more important role to supplement self-pay medical cost
- As the cost of medical care increases, Japan's medical care insurance market continues to grow

The Rising National Medical Expenditure ("NME")



Source: Ministry of Health, Labour and Welfare ("MHLW"), Cabinet Office, "Overview of Interim Report of the Next Generation Health Care Industry Commission" (METI, June 5, 2014)
 Note: Figures are estimated amount at official announcement.

Annualized Premiums from Policies in Force (Medical Care)



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

Performance of Our Medical Care Insurance as a Policy Rider

- Although we offer medical care insurance only in the form of rider, our market share exceeds 10%
- Our medical care riders provide coverage for hospitalization, surgery and extended hospital stays for a variety of diseases

Market Share of Medical Care

Rank	Company	Annualized Premiums from Policies in Force (¥bn)	Share (%)
1	Aflac	1,054.7	15.9
2	Kampo	736.1	11.1
3	Nippon Life	622.3	9.4
4	Dai-ichi Life	606.3	9.1
5	Sumitomo Life	532.6	8.0
6	Meiji Yasuda Life	382.2	5.8
7	MetLife	364.5	5.5
8	NN	269.5	4.1
9	Gibraltar	218.2	3.3
10	Axa	206.3	3.1
	Life insurance total (41 companies)	6,630.9	100.0

Source: Company disclosures, The Life Insurance Association of Japan: Summary of Life Insurance Business in Japan (2016)

Note: Figures for Kampo include reinsured postal life insurance policies.

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 benefit²) 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)

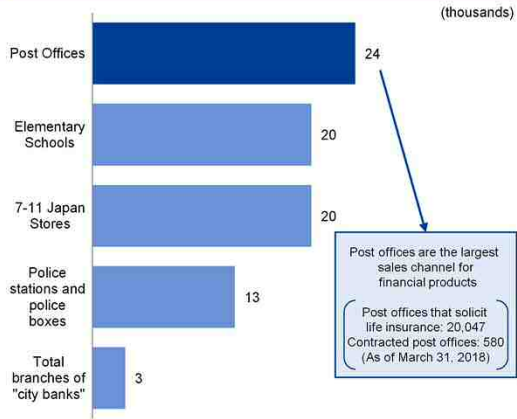
Coverage amount is determined and Kampo is not responsible for increases in the cost of medical care

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

Expansive Nationwide Distribution Network

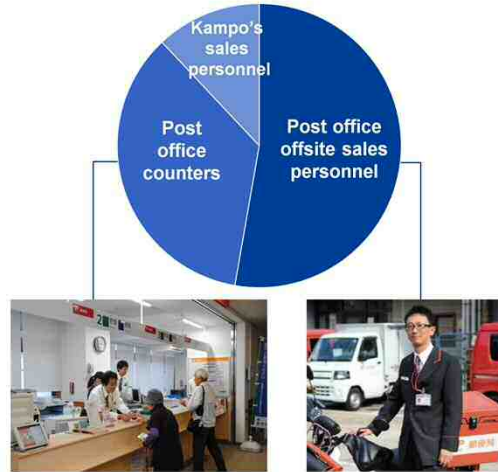
- Nationwide, comprehensive network of post offices is Kampo's core sales channel
- New policies are mainly acquired through post office offsite sales personnel and post office counters

Number of Locations



Source: Ministry of Education, Culture, Sports, Science and Technology / Statics Bureau, Ministry of Internal Affairs and Communications / Japanese Bankers Association / company disclosure

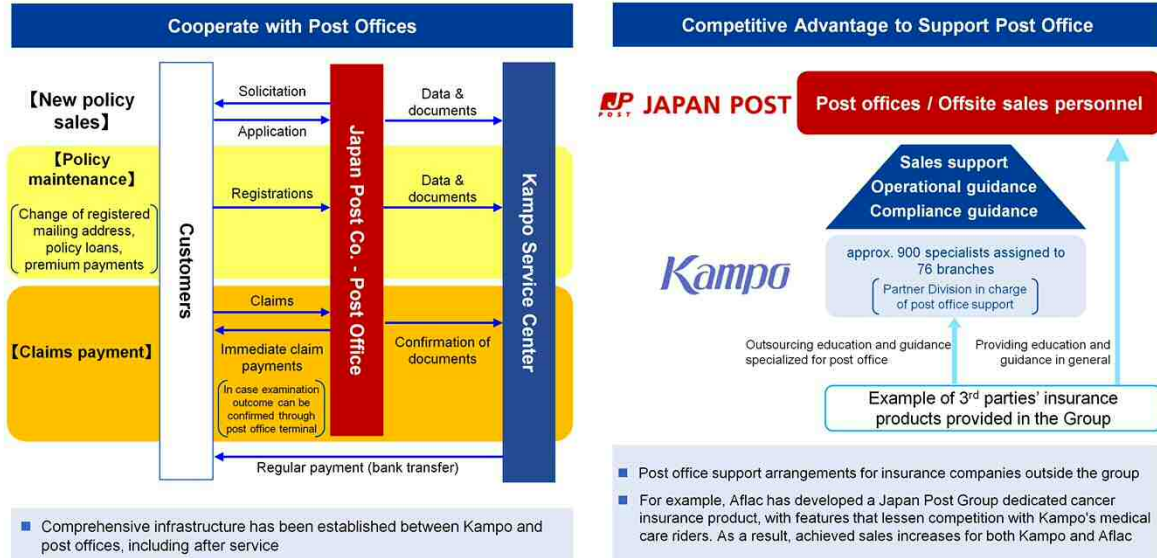
Breakdown of New Policy Sales¹ by Channel (FY2017/3)



1. Calculated based on the contracted monthly insurance premiums of each policy sold in the FY2017/3.

Strong Support for Highly Convenient Post Office Channel

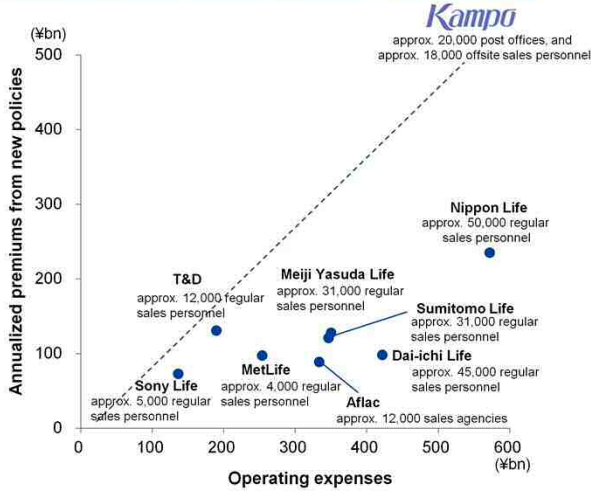
- High customer convenience as policy maintenance and claims payment procedures as well as new policy sales are handled by nationwide post offices
- Assign specialists across the county to support post offices and have established a closer partnership with post offices



Operational Efficiency

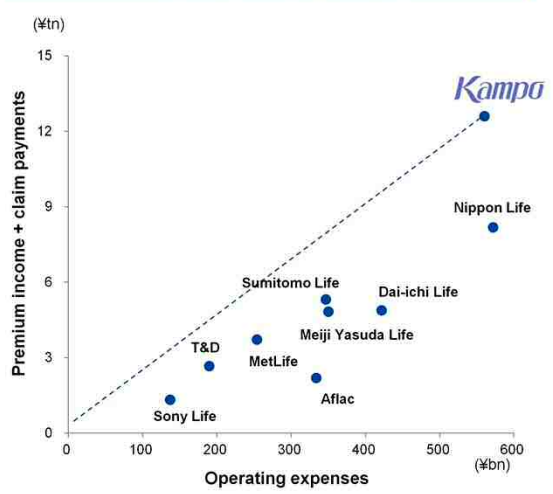
Efficient business operations compared to other life insurers

Operating Expenses and Annualized Premiums from New Policies (Individual Insurance) (FY2017/3)



Source: Company disclosures
 Note: Figures for T&D include life insurance subsidiaries within the groups.

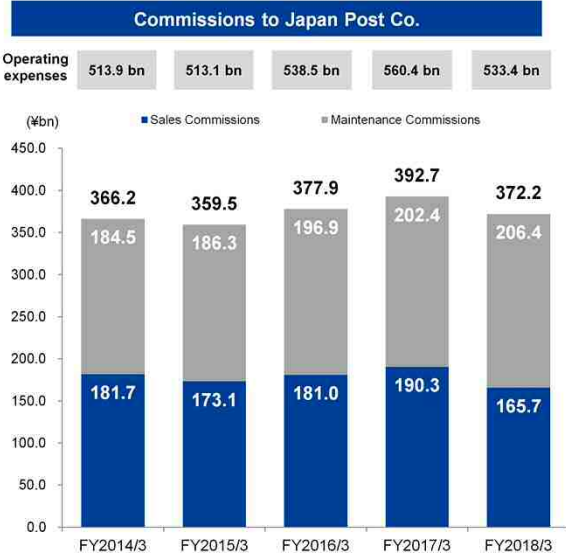
Operating Expenses and "Premium Income + Claim Payments" (FY2017/3)



Source: Company disclosures
 Note: Figures for T&D include life insurance subsidiaries within the groups.

Operating Expenses

- Commissions to Japan Post Co. occupy approximately 70% of our 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 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 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 based on the number of policies in force and the after service activities. Another part is based primarily on the number of post offices

Level of Commissions

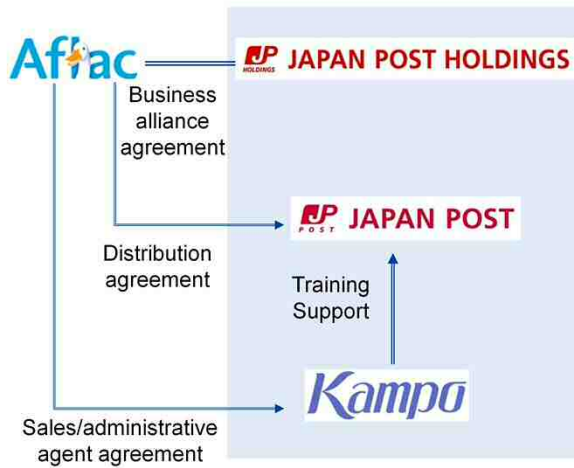
Examples			
Type of Insurance	Insurance Amount	Total Insurance Premiums	Sales Commission Rates ¹
Endowment Insurance <u>[With medical care rider]</u>	Ordinary endowment insurance ¥2 mn Policyholder: 40-year-old woman Insurance period: 10-year	¥2.27 mn	Approx. 3%
Whole Life Insurance <u>[With medical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

1. Sales commission rates are the ratio of sales commissions ((1) applicable sales commission rate for the type of policy and (2) incentive bonuses, which are payable if Japan Post Co. meets certain sales targets, divided by number of new policies acquired (Based on FY2018/3 actual results).) over insurance premium. The level of sales commission may vary as the incentive fee fluctuates.

Business Alliance with Aflac

- In July 2013, Japan Post Group and Aflac entered into a business alliance agreement to provide cancer insurance
- We have established a win-win relationship with Aflac

Business Alliance Structure



Scope of Business Alliance

- 1 Offer Aflac's cancer insurance through the nationwide network of 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 care riders
- 3 Kampo's directly-managed offices to offer Aflac cancer insurance and provide supports to post office channels

Strategic Business Alliance with Dai-ichi Life Holdings

- Kampo and Dai-ichi Life Holdings have established a comprehensive strategic business alliance with the primary goals of leveraging its respective strengths to develop business and contribute to society【March 2016】
- 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 in 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 of Vietnam Post. 【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"> ■ Commenced commissioned sales of Dai-ichi Life's insurance product for Management and Officers such as Top Plan Exceed U(periodical fixed benefit for disability) 【June 2017】 ■ 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】

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

		FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3
Total assets	¥mn	87,088,626	84,911,946	81,543,623	80,336,414	76,832,508
Postal Life Insurance category		67,560,915	61,703,013	55,832,787	51,447,550	46,684,937
New category		19,527,711	23,208,932	25,710,836	28,888,864	30,147,570
Number of policies in force	(000)	34,864	33,489	32,323	31,562	30,405
Postal Life Insurance category (insurance)		23,195	19,949	16,972	14,411	12,484
New category (individual insurance)		11,668	13,539	15,350	17,150	17,921
Insurance premiums and others	¥mn	5,911,643	5,956,716	5,413,862	5,041,868	4,236,461
Postal Life Insurance category		2,155,398	1,697,140	1,322,308	1,002,816	755,221
New category		3,756,245	4,259,576	4,091,554	4,039,051	3,481,240
Ordinary profit	¥mn	463,506	493,169	413,023	279,347	308,845
Postal Life Insurance category		382,325	377,145	258,059	185,250	137,074
New category		81,181	116,024	154,963	94,097	171,771
Net income	¥mn	63,428	81,758	86,338	88,520	104,309
Postal Life Insurance category		43,689	36,969	32,850	26,044	16,878
New category		19,739	44,789	53,487	62,475	87,430
Contingency reserve (reversal) provision	¥mn	(94,807)	(90,087)	(123,864)	(120,819)	(139,678)
Postal Life Insurance category		(164,732)	(167,144)	(171,199)	(172,881)	(173,722)
New category		69,924	77,057	47,335	52,061	34,043
Price fluctuations reserve (reversal) provision	¥mn	91,360	97,934	70,100	6,444	128,031
Postal Life Insurance category		73,857	72,126	8,957	12,625	17,090
New category		17,502	25,808	61,143	(6,181)	110,940
Additional policy reserve (reversal) provision	¥mn	(77,134)	(68,347)	(55,533)	(50,454)	(30,648)
Postal Life Insurance category		(77,134)	(68,347)	(55,533)	(50,454)	(47,674)
New category		-	-	-	-	17,025

Note: "New category" shows the figure after deduction of "Postal Life Insurance category" from the total.

Major Financial Results (Consolidated)

	(#bn)				
	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3
Insurance premiums and others	5,911.6	5,956.7	5,413.8	5,041.8	4,236.4
Ordinary profit	462.7	492.6	411.5	279.7	309.2
Provision for reserve for policyholder dividends	242.1	200.7	178.0	152.6	117.7
Net income	62.8	81.3	84.8	88.5	104.4
Net assets	1,538.1	1,975.7	1,882.9	1,853.2	2,003.1
Total assets	87,092.8	84,915.0	81,545.1	80,336.7	76,831.2
Return on equity	4.2%	4.6%	4.4%	4.7%	5.4%
Return on shareholders' equity	4.7%	5.9%	5.9%	5.9%	6.7%
Dividends to shareholders	16.8	24.5	33.6	36.0	40.8
Payout ratio	26.8%	30.2%	39.6%	40.6%	39.0%
[Reference] Core profit (Non-consolidated)	482.0	515.4	464.2	390.0	386.1

<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.

Postal Life Insurance does not accept new applications for insurance policies on and after October 2007. In addition, unlike Postal Life Insurance policies, no government guarantee is given to insurance policies currently underwritten by Japan Post Insurance Co., Ltd. with regard to benefit payments, etc. For Postal Life Insurance policies entered into before September 2007, Japan Post Insurance Co., Ltd. is entrusted by Management Organization for Postal Life Insurance which succeeds the rights and obligations of the insurance policies, to provide services concerning benefit payments and receipt of insurance premiums, etc.