

**Conference Call on  
Financial Results for the Fiscal Year Ended March 31, 2020  
Summary of Q&A**

Date & Time: Friday, May 15, 2020, 5:45 to 6:26 p.m.

\* The statements have been partially edited for clarity.

**<Financial Results Forecasts>**

**Q: What factors will reduce profits in the fiscal year ending March 31, 2021?**

- In the fiscal year ending March 31, 2021, ordinary profit is expected to decrease by approximately 85.0 billion yen due to higher capital loss caused by the deterioration of the market environment and to decreased core profit.
- Core profit is expected to decrease in both core profit attributable to life insurance activities and positive spread. Core profit attributable to life insurance activities are expected to decrease from the fiscal year ended March 31, 2020, mainly due to lower projected expenses for policy administration resulting from decreased policies in force and other factors, despite the fact that we expect a decrease in operating expenses, etc. resulting from fewer new policies. As for positive spread, we mainly expect a decrease in interest, dividend and other income, due to the deterioration of the market environment.

**Q: Based on your financial results forecast for the fiscal year ending March 31, 2021, how many new policies do you expect to acquire?**

- For the fiscal year ending March 31, 2021, we have decided not to set any sales targets nor to manage progress, so we expect new policies to recover moderately even after the restart of sales activities.
- We, therefore, expect new policies in the fiscal year ending March 31, 2021 to be at a level below the results of new policies in the fiscal year ended March 31, 2020.

Q: How much do you expect commissions to decrease in the fiscal year ending March 31, 2021?

- As mentioned on page 17 of the conference call material, the commissions for the fiscal year ending March 31, 2021 are expected to decrease by 51.5 billion yen from the fiscal year ended March 31, 2020.

Q: What are the factors behind the expected decline in interest, dividend and other income for the fiscal year ending March 31, 2021?

- In the fiscal year ended March 31, 2020, we were able to secure more positive spread than we expected, due to increased dividends from stocks and distributions from overseas credit funds resulting from a favorable market environment.
- In the fiscal year ending March 31, 2021, we forecast a decrease in interest, dividend and other income mainly from these assets as the market environment deteriorates.

#### <Shareholder Return>

Q: The forecast for dividends per share for the fiscal year ending March 31, 2021 remains unchanged from the actual dividends in the fiscal year ended March 31, 2020. Is this because you need to determine the impact of the novel coronavirus infection?

- Life insurance is a stock business, so revenue and profit for the current fiscal year largely come from the policies in force that had been accumulated until the previous fiscal year. Considering that we can forecast full-year financial results with a degree of certainty, we have announced our financial results forecast.
- In order to meet the expectations of shareholders by paying stable annual dividends to them, we have set a year-end dividend forecast of 76 yen per share, the same amount as the target for the final year of our medium-term management plan.
- We will inform shareholders of our policy on shareholder returns for the fiscal year ending March 31, 2022 onwards, according to the examination of the next medium-

term management plan.

**<Policy Investigation>**

**Q:** How much provisions did you reserve for the additional investigations?

- We have been conducting additional investigations since around February 2020. As for the financial results for the fiscal year ended March 31, 2020, some of the investigation results as of the end of March were identified. Based on those results, we reserved provisions. The provisions reserved as of the end of March 2020 was 29.7 billion yen.

**Q:** The Company expected policy investigation expenses for the fiscal year ended March 31, 2020 to be approximately 9.0 billion yen. How much are the actual expenses?

- We budgeted policy investigation expenses as much as we expected, but there are other budgets that remain unused. The overall expenses for measures were within the initial budget.
- Meanwhile, commissions have fallen sharply in the fourth quarter. This is due to the facts that business performance was weaker than what had been assumed in the financial forecast, and commissions were reduced by the occurrence of violation of law related to policy rewriting issues in post offices.
- In any case, we ask shareholders to understand that the policy investigation is still under way, and two items mentioned above may change in the future.

**Q:** The Company has been refraining from sales activities. Is this still because of problems related to the solicitation quality or because of the influence of the novel coronavirus infection?

- This is not because of the influence of the novel coronavirus infection. It is the Group's decision to refrain from sales activities. Considering factors including the status of responses to customers, disciplinary action against sales personnel and the establishment of a checking system comprehensively, the Japan Post Group will make

a careful decision about when to restart sales activities.

**<Actual Financial Results for the Fiscal Year Ended March 31, 2020>**

Q: Commissions including contributions decreased by more than 50.0 billion yen compared to the fiscal year ended March 31, 2019. Why does page 19 of the conference call material says that the impact of decreases in operating expenses, etc. is only approximately 27.0 billion yen?

- As described at the bottom of page 19 of the material, the operating expenses, etc. mentioned here is the difference of the total operating expenses and other ordinary expenses in the statement of income calculated from the figures of the previous fiscal year. Provisions for additional investigations were recorded in other ordinary expenses, so this includes their impact as well.

Q: Was the mortality rate margin impacted by the spread of the novel coronavirus infection?

- The impact for the mortality rate margin by the spread of the novel coronavirus infection is immaterial.

**<Others>**

Q: EV and ESR are supposed to be disclosed on May 25, but I understand the measurement of EV requires assumptions for new policies in the future. Was the Company able to make assumptions?

- We prepare to disclose EV after obtaining third-party opinions. The Company ask you to refer the details from the materials that we will issue on May 25. We are considering making reasonable assumptions for new policies necessary for measurement of EV based on discussion with the management.

Q: The market environment is currently deteriorating. Have any changes been made to the Company's investment policy for return-seeking assets?

- Within the ALM framework, Japan Post Insurance has a policy of investing in return-seeking assets within the scope of risk allowance, based on ERM matching, and no changes have been made to that policy.

Q: Is it correct to assume that when you finish accumulating additional policy reserve for whole life annuity, etc. in postal life insurance policies, you will also finish the reversal of contingency reserve for them?

- That is correct.

<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 the disclosure. Please note that actual results may differ from the forecast figures due to various factors including changes in assumptions regarding the operating environment.