

**Financial Results Meeting
for the Six Months Ended September 30, 2017
Summary of Q & A**

Date & time: November 20, 2017, 2:00 to 2:50 p.m.

Location: JP Tower Conference Room

* The statements have been partially edited for clarity.

[Policy on Management]

Q: In regard to changes in the management structure, I think that Japan Post Insurance will follow the general strategy it has pursued thus far, but how does President Uehira plan to add his own distinctive mark?

- I (President Uehira) don't draw any particular distinctions between the way management has been structured in the past and the vision for the future. Although I think that the distinctive marks of the members of management, myself included, will emerge, I would like to manage in a consistent manner, keeping the emphasis on the three major pillars that I mentioned before: Pursue customer first business operations, achieve sustainable growth, and maintain sound business operations.
- The life insurance business has faced challenges in the recent low interest rate environment, but we intend to overcome those challenges by working closely with Japan Post Co.

Q: What, specifically, does "an increase in corporate value" refer to? It presumably refers to EV, RoEV, market capitalization, dividends, etc., but which points will you concentrate on in plotting future growth?

- We anticipate achieving growth in EV and RoEV and raising dividends per share in a stable manner to improve corporate value.

- Strengthening the selling capabilities of the post office and further refining the ability to manage in a customer first manner are important points in successfully increasing corporate value. We think that these actions will lead to growth in EV and net income.

Q: You say you are going to accelerate and evolve reform. What are the potential obstacles for Japan Post Insurance in pursuing reform?

- In terms of comparison to other companies, we differ in many ways due to its unique characteristics (Postal Service Privatization Act, alliances with group companies, etc.).
- We recognize that we face the same need to respond in earnest to problems that need to be resolved, despite some differences in our circumstances compared to other companies.

Q: Please tell us your views on establishing subsidiaries and M&A.

- We are prohibited from taking domestic and foreign insurance companies as subsidiaries due to additional regulatory restrictions under the Postal Service Privatization Act. This restriction will remain in place until the government decides that the additional restrictions are no longer needed from the standpoint of competition and other factors.
- Various life insurance companies are actively engaging in M&A to acquire overseas insurance companies to capture the overseas market since they expect the market in Japan to shrink. We will also make sure that it does not neglect research on and preparation for overseas business, with sights set on the future easing of restrictions. However, we will not rush into this in a haphazard and will be meticulous in its preparations.

Q: In regard to systems investment, you have completed investment of around 120 billion yen. What level of investment are you planning in the next medium-term management plan, and in what areas?

- We think we need to improve frontline systems in the next medium-term management plan to improve business efficiency and provide greater convenience for customers.
- Specifically, we are thinking of prioritizing investment in areas that will provide high cost-benefit, such as administrative tasks related to policy solicitation and maintenance. In regard to the scale of investment, we are currently at the stage of amassing the necessary employee hours and examination.

[Product Strategy]

Q: Offering whole life insurance is obligatory as a service that is part of universal services. Won't that hinder "improvement in the quality of insurance liabilities" that the Financial Services Agency states as its financial administrative policy for fiscal year 2017?

- In regard to underwriting ultra long-term interest rate risk with whole life insurance, etc. stated in the financial administrative policy, we will continue to consider this from the unique systemic perspective of our company, including the fact that whole life insurance is a considered part of the universal services, and from the viewpoint of customer needs and convenience.
- At present, we have the capital required based on ALM, and do not anticipate any immediate problems with soundness. However, we will consider the marketability of ultra long-term and fixed rate products as we keep an eye on future industry trends.

Q: If interest rates begin to rise in the future, will raising the assumed rates of return without waiting for a change in the standard assumed yield be an option?

- We will consider raising the assumed rates of return without linking it to the standard assumed yield with an eye toward maximizing profits for the company. Two factors need to be considered in doing so: The impact on finances that the provisioning of reserves will have, and the impact that lowering insurance premiums will have on

product sales.

- We did lower the assumed rates of return in April of this year, and we do not anticipate any change.

【Capital Level (Economic Solvency Ratio (ESR))】

Q: How are you monitoring the capital surplus? What action (such as return to shareholders, etc.) can you take if you feel that the surplus is growing too large?

- To determine the targeted level of capital surplus, we take the amount of risk and the risk buffer, which are calculated internally, into collective consideration along with ESR and the solvency margin ratio currently required.
- In regard to shareholder return, the following three points is considered collectively based on these indicators: 1) earning prospects, 2) financial soundness, and 3) the balance between shareholder and policyholder dividends. For the time being, we would like to focus on steadily raising dividends per share.

Q: How do you plan to manage the risk of substantial changes in ESR in response to fluctuation in interest rates and in interest rate volatility?

- The numbers based on economic value are heavily impacted by fluctuation in interest rates, so we look at ESR as a long-term indicator, and do not get hung up on short-term fluctuations.
- In the case of Japan Post Insurance, 80% of profits from the Postal Life Insurance Category is distributed to policyholders, and 20% contributes to an increase in EV. If profits under the Postal Life Insurance Category are negative, the company must assume the entire amount of the loss, so EV fluctuates substantially under falling interest rates.
- However, the recent revisions in insurance premiums (in August 2016 and April 2017) have increased the resilience to fluctuation in interest rates, and the number of policies under the Postal Life Insurance Category will gradually decline, so we expect this to stabilize ESR.

[Secondary Offering]

Q: Eliminating additional restrictions is presumably essential to accelerating long-term growth. Is it possible for Japan Post Insurance to proactively advocate for a secondary offering of Japan Post Insurance shares? Please tell us your views on eliminating additional restrictions.

- Even under the current additional restrictions, we are obtaining the necessary product approvals with acquiring the understanding of authorities. We would like to introduce the right products at the right timing in the future as well.
- On the other hand, the degree of freedom in management would increase if the additional restrictions are eliminated in the future, so we will prepare so that we can respond flexibly while coordinating with the basic views on shareholding and divestiture in the group as a whole.

Q: What does preparation for a secondary offering refer to?

- We are steadily doing what it needs to do to increase corporate value in an environment in which we have more restrictions placed on it than other companies, such as limitation on coverage amount, limitation on new business, etc.
- We will be diligent in doing what we can within the specified limits in the future as well, and understand that increasing the trust of stakeholders in the company means preparing for a secondary offering.

<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.