

**Conference Call on
Financial Results for the Six Months Ended September 30, 2016:
Summary of Q&A**

Date: November 14, 2016, 6:00-6:40 p.m.

*The details have been partially rewritten and revised for easier understanding.

Investments

Q. Assuming the present level of interest rates and exchange rates, will risk assets continue to be accumulated at the current pace?

- As of the end of the first half of this fiscal year, risk assets have exceeded 50% of the estimated amount of the entire investment capital of risk assets for this fiscal year. The ratio of risk assets is expected to reach around 10% of our total assets as of the end of this fiscal year although the progress will slow down slightly in the second half.

Q. For the investment policy in the second half, although I believe that domestic bonds are to be decreased, what percentage of return will be considered acceptable in making investments in Japanese government bonds?

- For the investment in yen-denominated interest-bearing assets in this fiscal year, our policy is to limit investments to adjusting the duration of policy-reserve-matching bonds.
- We will examine the acceptable level in making future investments by referring to, among other factors, the assumed rates of return in April 2017 when the standard assumed yield is scheduled to decrease.

Q. Please indicate the investment targets (currency/region/product) for the increased amount in foreign securities.

- The main currency is U.S. dollars and the main region is the U.S. In terms of products, we position credits and mortgages as the main targets, and the portion of bank loans, which we

position as alternatives, is increasing as well.

Q. Please indicate the purpose and background of selling a portion of foreign bonds while increasing the total amount of them.

- In order to lengthen the duration, we are selling (shuffling) U.S. dollar-denominated and euro-denominated bonds. In addition, a portion of the bonds impaired in the first quarter is sold as well.

Q. What is the duration of foreign bonds?

- The duration of assets as a whole is 9.5 years and that of liabilities is 14 years. The duration of foreign bonds is a little shorter than that of assets as a whole.

Q. Please indicate the portion and hedging ratio for foreign securities both in New and Postal Life Insurance categories.

- In regards to the New and Postal Life Insurance categories, we would like to refrain from making a detailed disclosure here.
- The hedging ratio is roughly 60% among the foreign securities as a whole and this percentage is increasing since, for the current fiscal year, we are making investments mainly in hedged foreign bonds.

Products and Sales

Q. Please indicate the monthly sales trend following the revision of insurance premiums in August.

- We do not disclose sales results by month. Please refer to the quarterly results.
- In regards to the results of new policies, although the cumulative growth rate in the first six months slightly declined compared to that in the first quarter due to the impact of the revision of insurance premiums in August, medical care that was falling behind in the first quarter has grown

in the second quarter, switching to positive year on year.

- For the second half as well, we will continue to cooperate with Japan Post Co. to further focus on the sales of policies with medical care riders that can satisfy customers' protection needs.

Q. How do you evaluate the actual sales performance after the revision of insurance premiums compared with the companies' prior estimates?

- The value of new business during August and September (after the revision of insurance premiums) is around ¥12.5 billion under the economic assumptions as of the end of September, while it was negative before the revision. The revision was announced at the beginning of June and was implemented in August, and the strong demand for savings products became tangible especially in June and July. Sales of discounted protection type products have progressed since August and the annualized premiums from new policies for medical care have increased, leading to overall results close to expectation.
- Although the margin has increased after the revision, it is not yet considered to be sufficient. We will examine further revision of insurance premiums corresponding to the decrease of standard assumed yield in April 2017 based on customer's reactions to this second quarter revision and the relation with Japan Post Co.

Q. Under the current regulatory environment, to what extent do you expect the sales of medical care products be increased in the future?

- Currently, we are selling endowment and whole life insurances with medical care riders. Most of our major customers (i.e. older adult and female customers) prefer products with refunds rather than non-refundable ones. Our policy for the time being is therefore to enhance sales in cooperation with post offices using the current method.
- We recognize the need for revision to medical care products since the last revision of riders was back in 2008. However, since a renewal of our core IT system is scheduled in January of this fiscal year, we plan for the revision from the next fiscal year onwards, with an eye to gaining further market share in medical care.

EV and Shareholder Returns

Q. Did any change in assumptions other than economic assumptions have an impact on the movements in EV from the end of March?

- There is no significant change other than economic assumptions, and the same assumptions as of the end of March are used for mortality rates and others.

Q. Have you considered the option of shareholder return based on adjusted net income?

- We have formulated the medium-term management plan as a Group and the current dividend capital is based on accounting net income Group-wide.
- There is no change to the shareholder return policy announced at this point of time, although there is still room for examination for the next medium-term management plan.

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 from the forecast figures due to various factors including changes in the assumptions regarding the operating environment.