

**Conference Call on Financial Results  
for the Six Months Ended September 30, 2020  
Summary of Q&A**

Date & Time: Friday, November 13, 2020, 5:45 to 6:15 p.m.

\* The statements have been partially edited for clarity.

**<Operations Aimed at Regaining Customers' Trust>**

Q: Operations aimed at regaining customers' trust started from October 5. How is the reaction for resuming ordinary sales activities?

- We would like to explain the results of new policy sales for October onwards in the financial results for the nine month ending December 31, 2020.
- For the fiscal year ending March 31, 2021, we have not set any sales targets and are putting the greatest priority in activities for regaining customers' trust. The operations aimed at regaining customers' trust, which was implemented since October 5, prioritizes apology to customers for the time being, rather than conducting proactive sales proposal straight away.

**<Japan Post Group Basic Approach to the Group Medium-term Management Plan (2021-2025)>**

Q: When is the Company going to announce the next medium-term management plan?

- The Japan Post Group aims to announce the next medium-term management plan in May 2021, and we are also considering to announce our medium-term management plan in some form.

Q: Will the policy conversion system be introduced in April 2021 as scheduled? Tell us about your plans for the product strategies from April 2021 onwards.

- The policy conversion system will be introduced in April 2021 as scheduled.
- Our product strategies include the review of term insurance and endowment insurance, along with the review of medical care riders, as described in page 8 of "Japan Post Group Basic Approach to the Group Medium-term Management Plan (2021 - 2025)," which we disclosed as a reference material.
- With respect term insurance and endowment insurance, we are currently preparing a revision to

provide more generous protection at lower premiums for the active population throughout their working life up to their retirement. We would like to revise at the earliest possible time in April 2021 onward.

- With respect to medical care riders, we reviewed them in October 2017. However, we are considering further review to respond to the needs of our customers more appropriately. This is planned to start after the revisions of term insurance and endowment insurance.

Q: Regarding the efficiency/productivity improvement described in page 7 of the “Japan Post Group Basic Approach to the Group Medium-term Management Plan (2021 - 2025),” how large will the reduction of operating expenses be? When is it likely to be completed?

- The “Japan Post Group Basic Approach to the Group Medium-term Management Plan (2021 - 2025)” presents an outline of the basic philosophy for the entire Japan Post Group. Quantitative targets and the associated timeframe will be reviewed in the future.
- In restructuring the operating expenses structure, we will pursue substantial cost-effectiveness by developing a corporate culture which ensures autonomous improvement through responsible budgetary control in each organizational unit based on cost-consciousness of every single employee, while improving efficiency and productivity through means such as digital transformation (DX) and business process reengineering (BPR) in operational workflow.

<EV>

Q: Suppose you are announcing the management plan reflecting the reduction of operating expenses in May 2021, will the EV to be disclosed in May 2021 reflect such reduction as well?

- With respect to the assumptions of EV scheduled to be disclosed in May 2021, we will decide the scenario based on the best estimate at that point in time in consideration of the opinions of the actuarial firm we use, and disclose EV after obtaining third party opinions.
- If we decide that the scenario reflecting the reduction of operating expenses is the best estimate, the assumptions of EV will be reviewed.

Q: With respect to the movement analysis of EV, what are the factors responsible for the economic variances?

- As described in page 21 of “Outline of Financial Results for the Six Months Ended September 30, 2020,” the changes in domestic interest rates and the effect of increase in stock prices, etc. accounted for approximately ¥ 150.0billion and approximately ¥ 250.0billion, respectively.

**<Financial Results>**

Q: What are the factors behind the decrease in the payment of insurance claims and others? As for death benefit and hospitalization/surgery benefit, how much did they decrease? If this less than expected payment of insurance claims and others remain until the end of this fiscal year, are there any possibility that IBNR would be provided?

- Regarding for the payment of insurance claims and others as a whole, it declined compared with both same period of the previous fiscal year and financial forecast for the current fiscal year. However, we would like to withhold disclosing the detail of the payment.
- For insurance claims that have not yet been reported as a payment event but are deemed to have occurred, the amount required to pay such claims shall be recognized as IBNR.
- It is currently unclear whether payment events have occurred but unreported or they have not occurred yet, with regard to the decline in payment of insurance claims and others in the current period.
- At the end of this fiscal year, it would be provided based on the reports or actual payment for the period under review.

Q: Sales commissions in the period between July and September decreased compared with the period between April and June. Have you changed your philosophy in commission payment?

- There has been no change in our philosophy in commission payment to Japan Post Co., Ltd.
- However, the amount of commission were reduced for policies that were found to have been involved in improper solicitation in the course of the policy investigations, which is the reason behind the decrease in commission payment on a quarterly basis.

Q: What is the main factor behind the decrease in surrender benefits? And what was the cancellation rate?

- As we explained, cancellation increased temporarily in the second quarter of the previous fiscal year, and then a decreasing trend has continued. Apart from the decrease in policies in force, one of the factors for this trend is that many cancellations were registered in the period prior to the previous fiscal year in the first place.
- The cancellation rate in the new category has been disclosed in the Annual Report.

**<Asset Investment>**

Q: Do you intend to keep increasing return-seeking assets? In view of the introduction of economic value-based capital regulations in the future, what approach do you have in mind for your asset management operation?

- While we are primarily committed to ALM-based investment focused on matching between assets and liabilities, we invest in return-seeking assets under adequate risk management. Thus, under the aforementioned principle, our asset management in the fiscal year ending March 31, 2021 continues to pursue diversified investments, while reinforcing asset management framework.
- In anticipation of the introduction of economic value-based capital regulations in the future, we recognize that the ALM and the mitigation of interest rate risk are growing in importance. In enhancement and diversification of asset management, we will pursue appropriate return relative to risk through revision of asset portfolio, etc.

**<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.