Conference Call on Financial Results
for the Nine Months Ended December 31, 2020
Summary of Q&A

Date & Time: Friday, February 12, 2021, 5:45 to 6:30 p.m.

* The statements have been partially edited for clarity.

<Revisions to the Financial Results Forecasts>

Q: What is the breakdown of positive spread and net capital gains (losses) in the "improvement in the investment environment" described in p23 of the conference call material? How did the Company determine the size of excess provision for contingency reserves (¥ 50 billion)?

○ As of the third quarter, we recorded capital loss of approximately ¥ 40 billion, although we had initially forecasted capital loss to exceed ¥ 100 billion, the figure we recorded in the previous fiscal year. If the trend until the third quarter continues toward the end of the fiscal year, capital loss will decrease significantly.

○ Also, we initially forecasted positive spread to fall below approximately ¥ 80 billion, which is the figure in the previous fiscal year, but the spread in third quarter decreased by only ¥ 10 billion year on year. If the trend until the third quarter continues toward the end of the fiscal year, positive spread will improve.

○ On the premise that the Company will obtain approval of regulatory authorities, for the Postal Life Insurance category, we plan to accumulate additional policy reserves which will be funded by reversal of contingency reserves at the end of March 2021. With this operation, we also plans to provide excess provision for contingency reserves in order to restore the level of them at the end of March 2021.

Q: Compared with the initial financial results forecast, decrease in impairment of shares etc. were the main factors for the upswing of actual results. Please give us more details.

○ If impairment arises but tax accounting rules do not allow us to record it as deductible expenses, the income taxes burden increases. In our initial financial results forecast, we expected income taxes burden to be higher because of the accounting rule mentioned above. However, the actual impairment was lower than initially expected, which was one of the factors for the upswing in net income.

Q: Why does the Company need to provide additional policy reserves?

○ For policies before the privatization, we used to set projected expenses for policy administration after premiums lower, assuming that the entire policies including those paying premiums would cover the whole costs. However, in the Postal Life Insurance category, a majority of policy holders have paid all of their premiums and new policies are not acquired. In addition, decrease in assumed number of policies in force increased the burden of business operation costs under the category. Therefore, the expectation of future earnings and expenses to be lower than previously anticipated and we decided to provide additional policy reserves to cover the future business operation costs for policies under the category.

○ Considering that we have a sufficient level of reserves according to laws and regulations, it will not be required to provide additional policy reserves in the immediate future. However, we recognize expense loss in some of the policies under the Postal Life Insurance category. We decided to provide additional policy reserves to address the increase in the burden of business operation costs with the timing of the start of the next medium-term management plan.

<Sales Activities>

Q: Quarterly annualized premiums from new policies remain low. Does the Company see any recovery trends in actual premiums in the three-month period from October to December 2020?

○ You can see changes in quarterly annualized premiums from new policies in p18 of the conference call material. The annualized premiums from new policies in this fiscal year are attributable mainly to premiums received through the directly managed offices.

○ Although we started operations aimed at regaining customers' trust started on October 5, 2020, actual premiums from the post office channel remain almost unchanged from the first half.

○ As we announced on February 9, 2021, we expanded the scope of operations of the directly managed offices so as to respond to corporate customer needs in a timely manner, toward March 2021 when customers' insurance needs will increase.

Q: How does the Company evaluate new policy sales for the third quarter? There have been negative reports about the operations aimed at regaining customers' trust. How is the progress?

○ For the operations aimed at regaining customers' trust in the post office channel, we had provided explanation to a larger number of customers as of January 31, 2021 than we initially anticipated.

○ However, the Japan Post Group will determine the timing of the review of the scope of operations of the post office channel, after considering the progress of the operations aimed at regaining customers' trust, customers' reactions, the situations of the front line, and other factors.

<Capital Policy>

Q: How does the Company evaluate financial soundness? Does the Company believe that it will remain financially sound enough even if share repurchase is conducted?

○ No specific decisions have been made regarding share repurchase at this point. We are constantly examining our capital policy and considering the enhancement of shareholder return.

○ With respect to financial soundness, ESR stood at 163% at the end of September 2020. Although ESR does not reflect the level of the capital adequacy at the time of measurement, we would like to take various measures as appropriate, including issuance of subordinated bonds, to ensure a stable level of ESR.

Q: What is a prerequisite for conducting share repurchase? Are there any constraints preventing share repurchase?

○ As stated in "Japan Post Group Basic Approach to the Group Medium-term Management Plan (2021-2025)" announced in November 2020, the Japan Post Group's policy is that Japan Post Holdings will hold around 50% of the shares of the two financial subsidiaries.

○ We realize that our options to achieve that goal possibly include a share repurchase and a public offering and combination of both. However, no specific decision has been made.

Q:	How does the Company evaluate those two option to Japan Post Holdings' voting stakes in the subsidiaries, a share repurchase and a public offering?

○ We are aware that each option has both advantages and disadvantages and also there is the difference between the methods about the impact for our capital.

<Shareholder dividends>

Q:	Why did the Company remain the dividend forecast unchanged? Does the dividend policy focus on total amount of dividends or dividend per share? Also, is the Company examining its dividend policy, including reviewing it, for the next medium-term management plan?

○ Our dividend policy in this fiscal year is as shown in page 13 of the conference call material. We aim to pay a stable dividend per share while taking into account earning prospects and financial soundness. Although we have revised the financial results forecasts, we have remain the dividend forecast unchanged as we would like to carefully assess earning prospects and financial soundness.

○ For your reference, when we conducted a share repurchase of approximately ¥ 100 billion in April 2019, we increased the amount of ordinary dividend by ¥ 8, compared to the ¥ 4 increase per year in the past, after considering the decrease in total number of shares issued.

○ As part of our discussion on the next medium-term management plan, we would like to consider our policy on shareholder returns for the next fiscal year and beyond.

<EV>

Q:	I have a question on the factors for changes in EV stated in p22 of the conference call material. The material shows a positive factor of ¥ 513.2 billion due to economic variances. What is the difference of approximately ¥ (70) billion from the sum of the impact of changes in domestic interest rates and the effect of increase in stock prices in the breakdown?

○ This is due primarily to the impact of an increase of uncertainty in future associated with changes in asset portfolio of the return-seeking assets. The impact of changes in implied volatility is also included.

<Others>

A: Is the decrease in the insurance claims payment temporary due to the COVID-19 outbreak? Does the Company expect the decrease to continue through the next fiscal year and beyond?

○ We are aware of trends such as decreases in the number of hospitalizations and surgeries for diseases other than COVID-19 through media reports and others. We believe that we need to continue to closely monitor its impact on our financial results.

<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.