

**Conference Call on Financial Results
for the Six Months Ended September 30, 2018
Summary of Q & A**

Date & time: Wednesday, November 14, 2018, 5:45 to 6:30 p.m.

* The statements have been partially edited for clarity.

<Financial Results>

Q: Net income was revised upward to 23 billion yen. Can you provide a breakdown?

- In the first half, investment income was strong, partially due to accelerated foreign bond investment, and costs were lower than planned. This led to a recalculated projection for the year, resulting in a revised net income forecast of 111.0 billion yen.

Q: Target net income in the final fiscal year of the medium-term management plan is 93.0 billion yen. This seems low when compared to the previous year's performance and this year's performance forecast. Is an upward revision possible?

- New policies have undershot the planned target, and the impact will become evident over the medium- and long-term. Therefore, at present we are not considering an upward revision to net income for the final fiscal year of the medium-term management plan.

Q: If net income exceeds the revised performance forecast, could there be a further special dividend?

- At present, nothing has been decided, but we will consider an additional special dividend based on the situation at the time.

Q: In the first and second quarter, quarterly ordinary profit increased in the postal life insurance category and fell in the new category. What were the causes?

- In the postal life insurance category, positive spread rose due to seasonal effects on investment income from stock dividends, etc. In the new category, we have higher expenses in the second and fourth quarters.

Q: Why did core profit attributable to life insurance activities increase (17.1 billion yen higher year-on-year)?

- The primary cause was a drop in commissions (down 8.9 billion yen) that accompanied a decline in the acquisition of new business.

Q: Has additional provision of contingency reserves gone as planned in the first half?

- It has largely gone as planned.

<Sales>

Q: Why has growth in annualized premiums from new policies in medical care slowed on a quarterly basis (17.0 billion yen in the first quarter and 16.0 billion yen in the second quarter) and what is the forecast for the third quarter and beyond?

- As it requires time to make more sales focused on protection, train sales staff and conduct additional activities, business performance has dropped on a quarterly basis. We will work to expand sales in the second half.

Q: The decline in sales commissions (down 7.9 billion yen) will reduce income for Japan Post Co., Ltd. How do you view the situation?

- As Japan Post Co., Ltd. is the main sales channel for Japan Post Insurance, we would prefer a win-win relationship by supporting staff development to improve business performance, for which we would pay sales commissions.

Q: The surrender and lapse amount is rising (up 25.7% year-on-year), but what were surrender and lapse gains?

- There were surrender gains accruing from cancellations accompanying rider switchovers, but we will refrain from disclosing specific amounts.

<Asset Investment>

Q: The forecast for the year was revised upward based on strong investment income, but the positive spread is still somewhat low compared to year-on-year. Is it correct that the forecast was revised upward due to stronger-than-planned investment income?

- That's exactly right. The current forecast was revised upward based on stronger-than-planned investment income.

Q: Dollar hedge costs have risen since the end of September. Are they already factored into plans for the second half?

- Yes, they are factored into plans for the second half.

Q: Since hedge costs will be offset by price fluctuation reserve reversal, will there be further profit upside if the balance of foreign bonds increases in the second half?

- Since we set an amount at the beginning of the year for foreign bonds investment and we invested a large amount in the first half, the balance will increase in the second half, even though the investment amount will be small. As little interest, dividends and other income will accrue due to the term, we believe the impact on income will be limited.

Q: Is it possible that income may be pressured by a buildup in price fluctuation reserves accompanying an increase in the balance of return-seeking assets?

- Since additional provision of price fluctuation reserves are already factored into plans, we believe there will be no particular impact on net income.

Q: The balance of foreign bonds and hedge costs are rising, but what about the future pace of price fluctuation reserves?

○ We will take it into consideration as we work to comply with investment policy in the future.

Q: Under what logic is the foreign bonds portfolio formulated?

○ We set a target portfolio for the medium- to long-term and allocate individual assets within our range of permissible investment risk.

<EV>

Q: How much change will there be if the economic assumption for new business in the full year ended March 31, 2018 is changed from September 30, 2017 to March 31, 2018? Also, how much change will there be if the economic assumption for new business in the first half of the year ending March 31, 2019 is changed from March 31, 2018 to September 30, 2018?

○ We can't provide the figures because we don't have estimates. However, the new business margin has risen from the previous year due to the fact that the number of highly profitable medical care policies and the rising premium per policy are large contributing factors.

<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.