

## Conference Call on Financial Results for the Three Months Ended June 30, 2017 Summary of Q&A

Date: August 10, 2017, 6:00–6:40 p.m.

\*The statements have been partially edited for clarity.

### Sales and Financial Results

Q With the decline in annualized premiums from new policies for individual insurance in the quarter, what is the full-year outlook?

- We have already forecasted a year-on-year decrease by around 10% for the full year, affected by the insurance premium revision, and have factored in a certain degree of difficulty in the first half.
- In the second half, we plan to sell three new products, and will aim for a comeback in the second half and after in cooperation with Japan Post Co.

Q What is the situation regarding the ratio of policies with medical care riders?

- We responded to the revision in insurance premiums in April by further increasing our emphasis on sales offering protection. As a result, the ratio of policies with medical care riders has risen to nearly 90%.

Q How do you assess the ¥20.0 billion in quarterly net income in the New category compared with your plans? Will this pace continue?

- While ¥20.0 billion is a somewhat high level, it does not deviate significantly from our plans. Since it is still only the first quarter and future performance will be affected by the market environment, we are not ready to decide at this point whether to raise our full-year targets.

## Investments

Q What is the outlook for capital gains and losses from sale of securities in the second quarter and after? How do you plan to actualize the unrealized gain on foreign securities, etc.?

- Our fiscal year plan does not include the prospect of capital gain or loss on sale of investment securities, but such gains or losses may occur if we decide to rebalance the portfolio in view of the market environment.

Q Of risk assets, you report a ¥500 billion increase in foreign bonds, etc. from the end of last year. What is the breakdown on these?

- “Foreign bonds, etc.” includes “Other securities,” not only foreign bonds.
- They consist mainly of increases in open foreign bonds, foreign bonds with currency hedging, and investment in trusts such as multi-asset funds. Foreign bonds and investment trusts account for roughly equal percentages.

Q Is the increase in foreign securities greater for the New category or Postal Life Insurance category? Also, what is the currency hedging ratio?

- The increase is greater for the New category. Of this increase, the ratio of open to currency hedging is around half and half.

Q What is the currency hedging ratio based on balance? And what about the New category versus the Postal Life Insurance category?

- The overall hedging ratio is around 60%, having changed little from the end of March.
- While we will not disclose the hedging ratio between the New category and Postal Life Insurance category, today the hedging ratio is higher in the New category. Before we were listed in November 2015, the ratio of open bonds was high and the hedging ratio overall was only around 20%.

## EV

Q As a result of the growth in new policies for medical care riders, the value of new business rose greatly. Are sales of basic policy a minus factor for value of new business?

- Factors for the increase in value of new business in the first quarter include an increase of around ¥10 billion due to a rise in interest rates, an increase of around ¥15 billion from revised insurance premiums, and an increase of around ¥20 billion due to changes in the product mix. Even in basic policy, products with strong protection are contributing to value of new business.

Q Why is the increase in overall EV (notably value of in-force covered business) small relative to the large increase in value of new business by ¥47.5 billion?

- In addition to the increase in value of new business by ¥47.5 billion, other factors affecting the change in EV are expected existing business contribution (plus approx. ¥30 billion), shareholder dividends (minus ¥36 billion), and economic variances (minus approx. ¥25 billion), for an overall increase of ¥16.7 billion.

Q Could you tell us the respective influence of interest rates and volatility regarding the breakdown of the impact from economic variances?

- Changes in interest rates and volatility have almost no effect, but increasing uncertainty regarding future profits with the increase in risk assets has a negative impact on the time value of financial options and guarantees.

Q Going forward, what are the risk factors for keeping the same level of value of new business as in the first quarter?

- Factors include success in signing up new customers, changes in the new product mix in the second half, and future interest rate levels. Because of these, we cannot clearly state the full-year outlook at the present time.

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.