

**Conference Call on
Financial Results for the Fiscal Year Ended March 31, 2018:
Summary of Q&A**

Date & time: Tuesday, May 15, 2018, 6:00 to 6:45 p.m.

*The statements have been partially edited for clarity.

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Q According to the “Japan Post Group Medium-Term Management Plan 2020”, net income for the fiscal year ended March 31, 2018 was forecast to be 90.0 billion yen excluding temporary special factors, while the initial financial results forecast was 86.0 billion yen. What was the cause of the difference?

- Besides temporary special factors such as improvement in the investment return, core profit was favorable compared with the financial results forecast, and the provision for reserve for policyholder dividends also had an positive effect.

Q Why did you implement a special dividend (¥4) as part of the year-end dividend for the fiscal year ended March 31, 2018?

- Based on the temporary improvement in financial results due to an upswing in investment returns and other factors, we decided to add a special dividend of ¥4 to the ordinary dividend of ¥64 shown in the financial results forecast, and implement a year-end dividend of ¥68 per share.

Q In the future as well, if net income surpasses the financial results forecast, can we expect you to raise the level of dividends, such as with special dividends?

- Regarding dividends, we aim to increase dividends per share steadily, considering earning prospects and financial soundness. If net income greatly exceeds our financial results forecast, at that time we will determine whether to implement a special dividend.

Q What was the cause of the decline in EV as of the end of March 2018 from EV as of the end of December 2017?

- Mainly due to decreases in interest rates and stock prices.

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Q Why do you forecast a sharp drop in ordinary profit in the financial results forecast for the fiscal year ending March 31, 2019?

- In addition to the fact that the temporary factor of the upswing in investment returns will disappear, it is due to the fact that we forecast a decrease in policies in force.

Q What is your forecast for new policies for the fiscal year ending March 31, 2019?

- We forecast the target of contracted monthly premiums from new policies for the fiscal year ending March 31, 2019 to decrease by around 10% from the target for the previous fiscal year (contracted monthly premiums from new policies of 50.0 billion yen).

Q What is your forecast for net capital gains and losses for the fiscal year ending March 31, 2019?

- We foresee an increase in hedging costs due to an increase in the balance of hedged foreign bonds and an extension in the differential between Japanese and U.S. interest rates.

Q Are initiatives to improve the quality of solicitations such as policy maintenance evaluations reflected in commissions for the fiscal year ending March 31, 2019?

- Initiatives aimed at improving the quality of solicitations such as strengthening policy maintenance are reflected in commissions from the fiscal year ending March 31, 2019.

Q Regarding the provision for reserve for policyholder dividends for the fiscal year ending March 31, 2019, will it be around 120.0 billion yen, the same as the previous fiscal year?

- Regarding the provision for reserve for policyholder dividends, in the Postal Life Insurance category, the provision decreases in accordance with decreases in policies in force. On the other hand, in the New category, under the basic idea of distributing dividends according to profits, we have implemented the provision so that we can implement stable dividends in the future, and we foresee it as remaining generally flat.
- Accordingly, we forecast the total Postal Life Insurance category and New category provision for policyholder dividends for the fiscal year ending March 31, 2019 to be less than the 120.0 billion yen of the previous fiscal year.

< **Medium-Term Management Plan** >

【Net Income】

Q What is your intention in setting earnings per share (EPS) as a management target in the Medium-Term Management Plan?

- We used to have net income a management target in the previous Medium-Term Management Plan, but changed it to earnings per share (EPS) to more clearly show our shareholder-focused stance.

Q The net income target (93.0 billion yen) for the fiscal year ending March 31, 2021 appears to be conservative compared to net income excluding temporary special factors (90.0 billion yen) for the fiscal year ended March 31, 2018. Why?

- The life insurance business is a stock business, so the level of profit will be basically linked with the amount of policies in force. As a result, while we do not expect a significant increase in the level of profits during the Medium-Term Management Plan, which represents the bottom of policies in force, we are targeting an increase in net income compared with (90.0 billion yen) net income excluding temporary special factors for the fiscal year ending March 31, 2018.

【Sales】

Q If sales in medical care insurance are going well, are you thinking that it would be alright to shrink annualized premiums from new policies for individual insurance overall?

- In the Medium-Term Management Plan, we are reversing and growing annualized premiums from policies in force. Since profitability is also important, we are focusing on acquiring medical care insurance, but we do not recognize that it would be alright to shrink individual insurance overall.

【Commissions】

Q What is the level of commissions during the Medium-Term Management Plan?

- Under the Medium-Term Management Plan, while continuing to aim at securing new policies, we will start new initiatives for solicitation quality improvement and family contact registration activities, etc. However, due to the decrease in policies in force, commissions will be reduced. Therefore, we forecast them to remain generally flat.

【Depreciation and amortization】

Q What is your future forecast for depreciation and amortization? When will investments (approximately 150.0 billion yen) during the Medium-Term Management Plan be recorded in depreciation and amortization?

- We forecast depreciation and amortization during the Medium-Term Management Plan to be around 60.0 to 65.0 billion yen, and regarding large-scale investment projects, we will renew the open secure-type front system expected to go into service in January 2020.

【Dividends】

Q Why didn't you raise the payout ratio in the Medium-Term Management Plan?

- We aimed for a steady increase in the dividends per share (DPS), not an increase in the payout ratio, which may change based on the level of profits, with the goal of clarifying our policy of carrying out stable shareholder returns.

Q The payout ratio for the fiscal year ending March 31, 2021 will be around 50%. Will you improve the payout ratio during the Medium-Term Management Plan?

- Net income during the Medium-Term Management Plan will change due to various factors, so we will refrain from answering.

Q What is your way of thinking on shareholder returns other than dividends in Medium-Term Management Plan?

- Regarding shareholder returns including share buybacks, we will determine what to consider earning prospects and financial soundness.
- Regarding share buybacks, we would like to consider them based on dialog with investors and trends in the stock market as well as the liquidity of our shares and other factors. However, there are no facts that have been decided at the moment.

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.