Conference Call on Financial Results

for the Three Months Ended June 30, 2023

Summary of Q&A

Date & Time: Thursday, August 10, 2023, 5:45 to 6:30 p.m.

* The statements have been partially edited for clarity.

<Financial Result>

Q: What's the reason for the high achievement towards the forecast for core profit in FY24/3 1Q?

○ As for core profit, core profit attributable to life insurance activities was largely in line with plans, but the positive spread exceeded plans. We have achieved 28.8% of the full-year forecast for core profit.

○ We expect hedging costs for the current fiscal year to be approximately ¥80.0 billion, and 1Q results were generally on track.

○ The main reason that the positive spread was higher than expected was increases in interest and dividends compared to the plan due to the depreciation of the yen.

○ There is also the impact of a slight concentration of interest and dividends income from alternative assets in 1Q, although this was already assumed in the plan.

○ Our income plan for the current fiscal year also assumes an increase in interest and dividends income from alternative assets, which is mainly recorded under "Gains on money held in trust."

<Sales>

Q: What is your assessment of the results of new policies in FY24/3 1Q? Is the increase in new policies due to the elimination of the variation in the performance of each base?

○ In terms of the amount of monthly premiums, the sales results in 1Q proved to be at roughly 70% of the projected level. This is due to a delay in progress in the retail channels.

○ Although the number of surrenders and other cancelled policies has been lower than projected, the net increase in life insurance, which is calculated by deducting cancelled policies, was about 80% of our expectation.

○ We believe that the delay in progress in retail channels is due to an insufficient number of proposals. That is due partly to variations in skills of consultants.

○ Of the 623 bases of Retail Service Division that have consultants, about 5% were progressing ahead of plan as of the end of June.

○ Meanwhile, when it comes to the variation in skills of consultants, in June 2023, about 20% of the consultants sold three or more policies per month, while that percentage was only about 1% in FY23/3, indicating that the variation is being steadily eliminated.

○ We will continue to strive to recover our sales capabilities by training consultants and other efforts.

Q: Why did the annualized premiums from new policies increase only 38.9% year on year, despite the fact that the number of new policies increased 80.5% year on year?

○ With annualized premiums from new policies, there has been a doubling in retail channels, and whole sales channels have been at the same level year on year.

○ The reason that annualized premiums from new policies have not increased to the extent of the number of policies was due to the increase in the number of new policies in retail channels, where the unit price of premiums is lower than in whole sales channels. Furthermore, there was also an increase in the share of whole life insurance and other products for which the insurance period is longer than the premium payment period.

<Asset Management>

Q: For FY24/3 1Q, why did you record such a large sum of gains on sales of securities and gains on money held in trust, totaling about ¥100.0 billion? Are capital gains/losses progressing as planned?

○ The full-year plan calls for capital gains/losses of approximately +/- ¥0.0 billion. We assumed that the loss on the sale of hedged foreign bonds would occur in 1Q, while foreign exchange gains on the redemption of open foreign bonds would occur in stages, offsetting the two throughout the fiscal year.

○ In light of the current depreciation of the yen, we did not wait for the redemption of open foreign bonds but sold them ahead of schedule. As a result, capital gains offset capital losses on the sale of hedged foreign bonds in 1Q.

○ Capital gains/losses were higher than planned in 1Q, but this is a matter of timing and there is no change to the full-year plan.

Q: Does the ¥33.5 billion in income gains on money held in trust include interest and dividends income from alternative assets? Will this interest and dividends income be a positive factor to the full-year plan?

○ Your understanding is correct, income gains on money held in trust include interest and dividends income from alternative assets.

○ One possible factor to the full-year plan is the level of foreign exchange rates. If the current depreciation of the yen continues, we expect it to make a positive contribution to the full-year plan.

<Matters concerning COVID-19>

Q: Is it correct to assume that the impact of payment of insurance claims related to COVID-19 shown on page 24 of the material will be eliminated from FY24/3 2Q onward? And what is the status of the reversal of the IBNR reserves?

○ Page 24 of the material shows accounts for claims related to persons infected with COVID-19 by May 7, 2023, and we project that this will gradually decline.

○ Also, as stated on page 3 of the materials, there was a ¥12.0 billion impact of "Decrease in insurance claims payments, etc." as a factor of change in core profit attributable to life insurance activities from the same period of the previous fiscal year. The breakdown is as follows.

(1) Decline in the payment of insurance claims related to COVID-19: Approx. +¥7.0 billion
(2) Impact on IBNR reserves : Approx. +¥9.0 billion
(3) Increase in insurance claims payments other than for COVID-19: Approx. ¥ (3.0) billion

○ Reversal of IBNR reserves is expected also from FY24/3 2Q onward.

<Shareholder Return>

Q: In light of the recovery to new policies, are you considering increasing dividends or repurchasing shares? In addition, does the issuance of subordinated bonds announced today assume acquisition of treasury stock?

○ Dividends for FY24/3 are expected to be ¥94 per share, and we will provide shareholder returns under our shareholder return policy during the Medium-Term Management Plan period.

○ Status of sales has begun showing signs of a promising future, but we have not yet reached the expected level, and we recognize the need to set our sights even higher.

○ We are not considering revising the dividend forecast at this time.

○ Also, our policy on acquisition of treasury stock remains unchanged, and we aim for a medium-term average total payout ratio of 40 to 50%. Based on this policy, we will consider flexible acquisition of treasury stock.

○ The issuance of subordinated bonds will further strengthen our financial soundness, as described in the timely disclosure material. We believe that this will enable us to respond flexibly to strategies such as those pertaining to shareholder returns and investments for securing sustained earnings growth.

○ In addition, we consider one of our objectives is to secure appropriate ESR standards with good stability.