Conference Call on
Financial Results for the Fiscal Year Ended March 31, 2019
Summary of Q&A

Date & Time: Wednesday, May 15, 2019, 5:50 to 6:25 p.m.
*The Statements have been partially edited for clarity.

<Financial Results>

Q: Referring to forecast for the fiscal year ending March 31, 2020, what are the main factors behind the decreases in ordinary profit (to 190.0 billion yen) and net income (to 93.0 billion yen), comparing with the actual financial results for the fiscal year ended March 31, 2019?

○ Ordinary profit was expected to decrease due to several factors, including a decline in investment income that we enjoyed upswing from accelerated investment in foreign bonds for the fiscal year ended March 31, 2019, an increase in operating expenses, and a rising consumption tax rate. Net income of 93.0 billion yen was expected, due to a decrease in ordinary profit, and the impact of a decrease in the provision for reserve for policyholder dividends.

Q: Is the decrease in net income forecast against actual results for the fiscal year ended March 31, 2019 primarily attributable to the decline of upswing in investment income?

○ It is due to a decrease in core profit primarily resulting from a decrease in positive spread and an increase in operating expenses.

Q: An increase in interest, dividends, and other income due to accelerated investment in the fiscal year ended March 31, 2019 cannot possibly be the factor that is responsible for a decline in net income forecast versus the actual financial results for the year ended March 31, 2019, can it?

○ The Company just explain the gap between the planned net income and the actual result for the fiscal year ended March 31,2019. As questioner understood, the foreign bonds purchased through accelerated investment during the six months ended September 2018 remain amassed in our current investment portfolio.

<Asset Management>

Q: In the announcement of the financial results for the nine months ended December 31, 2018, the Company mentioned that it would be cautious regarding the additional purchase of foreign bonds. In that case, what was the background to the increase in foreign bonds in the fourth quarter?

○ The announcement made at that time basically meant that we were determined to carefully deal with foreign exchange risk. Actually, the balance of open foreign bonds is declining, while, on the other hand, the investment of hedged foreign bonds as an alternative to yen-denominated interest assets is increasing.

Q: Does that mean that while interest, dividend and other income will increase for the current fiscal year due to an increase in the balance of foreign bonds, hedge costs will also increase, resulting in no net growth in investment profit?

○ As for the interest, dividend and other income, because of the redemption of high-yielding bonds, these, as a whole, will generally keep decreasing.

Q: While hedge costs remain high for the current fiscal year, what are the prospects for price fluctuation reserve reversal?

○ We are continuing to uphold a basic policy whereby capital loss, if any, will be offset by price fluctuation reserve reversal.

<EV>

Q: What are the main factors contributing to the change in EV from the end of fiscal year ended March 31, 2018 to the end of fiscal year ended March 31, 2019? Also, what is the extent of the impact of changes in the non-economic assumptions implemented in the fourth quarter?

○ The increasing factors are 223.8 billion yen from the value of new business and 103.7 billion yen from expected income, whereas the decreasing factors are 40.8 billion yen in dividends and a change of 96.8 billion yen in the economic assumptions.

○ Although we changed the non-economic assumptions in the fourth quarter, it didn't have a big impact for EV.

Q: What are the main factors contributing to the change in EV in the period between December 31, 2018 and March 31, 2019?

○ The negative factor is a decline of roughly 40.0 billion yen in the value of new business, primarily due to a decrease in the interest rate, whereas the positive factor is a difference of roughly 25.0 billion yen between the economic assumptions and the actual figures.

<Shareholder Return>

Q: What is the meaning and intention of initiating the payment of interim dividends?

○ The profit from non-participating policies contributed to more than half of the net income for the fiscal year ended March 31, 2019, and have steadily exceeded the total amount of shareholders dividends. We analyze that this condition means the payment of interim dividends no longer affects policyholder dividends. In addition, following the recent secondary offering of shares in the Company, in light of an increase in the number of individual shareholders who are keen to receive interim dividends, we have decided to do with the aim of enhancing opportunities for shareholder return.

Q: For the fiscal year ended March 31, 2019, the Company would pay 76 yen per share of ordinary dividends only, partially in consideration of a decrease in the number of shares due to the share repurchase in April 2019. Is this based on a consideration of the payout ratio? Also, could there be special dividends if the actual results turn out to exceed the forecast for the fiscal year ending March 31, 2020?

○ The decision to increase dividends per share was made largely based on a consideration of the total amount of dividends. While the payment of special dividends will be considered if the actual financial results significantly exceed the forecast, this issue currently remains undecided.

Q: DPS of 76 yen, which is the target in the Companies' Mid-Term Management plan for the fiscal year ending March 31, 2021, will be attained in the fiscal year ending March 31, 2020. Has there been any change in the base line (reference line) for shareholder returns, taking into consideration circumstances including the share repurchase in April 2019, compared with the assumption which was established when the Medium-term Management Plan was created?

○ No change has been made to our basic principle of "aiming for a steady increase in dividend per share while considering earning prospects and financial soundness." A dividend of 76 yen per share is expected for the current fiscal year, and as we pursue the objectives of a stable increase in the periods to come, no decrease from this level is currently envisioned.

Q: With regard to the share repurchase in April 2019, since the voting ratio of Japan Post Holdings Co., Ltd. was not reduced to below 50% level, a gradual repurchase from the market would have had a better effect on stabilizing share price than the way the Company have taken on April 2019 (share repurchase mainly from Japan Post Holdings Co., Ltd. through ToSTNeT-3 before the offering price have decided). What was the reason behind the timing of this exercise to occur right before the offering?

○ The share repurchase on this occasion was conducted with a view toward mitigating the impact on the supply-demand balance of shares, with reference to the secondary offering of the shares of Japan Post Holdings Co., Ltd. by the Ministry of Finance in September 2017. We will further endeavor to study various financing methods, in view of market trends, as well as the opinions of shareholders and investors.