

Conference Call on Financial Results
for the Nine Months Ended December 31, 2024

Summary of Q&A

Date & Time: Friday, February 14, 2025, 5:45 to 6:30 p.m.

* The statements have been partially edited for clarity.

<Financial Result>

Q: Adjusted profit for the nine months ended December 31, 2024, was 74.9% of the revised full-year forecast. How do you view this progress?

- The achievement rate is low for both net income and adjusted profit, at 70.4% and 74.9%, respectively. However, this is due to the seasonality of stock dividends, and we believe that progress for both measures is strong. We expect to receive substantial dividends on stocks during the fourth quarter, leading to results in line with our revised forecast.

<Sales>

Q: The growth in new policies appears to be slowing quarter by quarter this fiscal year. What measures will you take to increase the number of new policies going forward?

- As shown in the Breakdown of Annualized Premiums from New Policies (Individual Insurance) on page 24 of the materials, of our three sales channels, post offices account for 42.9% of sales. This contribution has gradually declined quarter by quarter.
- This is a result of a slowdown in new policy sales at post offices. One main reason for this is that the proposals had already been provided to most customers visiting post offices concerning lump-sum payment whole life insurance, which was launched in January last year.
- Last year, we ceased actively attracting customers to post offices, as a measure aimed at ensuring the appropriate handling of private financial information. We are currently pursuing various initiatives to recommence these activities, such as encouraging employees to obtain customer consent to cross-selling.

- At the same time, as you can see in the breakdown of our portfolio by product shown on page 23, compared to the first two quarters, the third quarter has also witnessed a gradual decline in the proportion of lump-sum payment whole life insurance and an increase in products with level premiums, a high proportion of which have riders. As a result, the contribution of medical care to annualized premiums from new policies (individual insurance) is gradually increasing.
- We plan to boost the attractiveness of products with level premiums, and we hope to link this to more vigorous sales activities.

Q: When do you anticipate the number of policies in force (individual insurance) in the new category to bottom out and begin to recover?

- At the Financial Results & Corporate Strategy Meeting held in May 2024, we explained our intention to ensure the number of policies in force bottoms out during the current Medium-term Management Plan period for policies in force in the new category and during the next Medium-term Management Plan period for policies in force overall.
- While this fiscal year has seen a substantial year-on-year increase in the number of new policies, there has been a gradual slowdown on a quarter-by-quarter basis. The effect of this has also been apparent in terms of the number of policies in force in the new category.
- Going forward, we plan various initiatives next fiscal year to invigorate our sales activities. We also plan to enhance our after-sales customer follow-ups. We will verify the timing of a rebound in the number of policies in force in the new category based on the effect of these measures.

<Product>

Q: I would like to ask about the timeframe for launch and marketability of new products. Will new products be ready for launch next fiscal year?

- As we explained at the Financial Results & Corporate Strategy Meeting for the first half of the fiscal year, held in November 2024, we are planning to boost the attractiveness of products with level premiums, as well as to launch products such as insurance to prepare for nursing care.

- We hope to launch these products as quickly as possible. We are currently in the process of coordinating with the relevant parties, and we will make an announcement as soon as the timing of product launch is decided.

Q: With the standard rate expected to rise in the future, what is the status of consideration concerning an increase in the assumed rate of return for lump-sum payment whole life insurance?

- We plan to consider future changes to the assumed rate of return for lump-sum payment whole life insurance based on revisions to the standard rate, as well as the trend among other companies and the strength of the post office brand.

<Asset Management>

Q: Regarding asset management, you recorded losses on sales of Japanese government bonds and foreign bonds amounting to more than ¥30.0 billion and approximately ¥10.0 billion, respectively, in the third quarter alone. What is your perspective on these losses in the fourth quarter? In addition, what improvement in yield do you expect in the next fiscal year from replacement trading and other measures implemented this fiscal year? It would also be helpful if you could provide an overview of specific factors such as the average remaining maturity of Japanese government bonds and foreign bonds.

- In the fourth quarter, while we expect to record gains on sales from the rebalancing of stocks and the sale of open foreign bonds, we also anticipate losses on sales from replacing and selling yen-denominated bonds and hedged foreign bonds, including additional replacement trading corresponding to the gains on sales above.
- We expect that such replacement trading will contribute to profit next fiscal year, though we refrain from presenting specific figures. However, given the fact that we have already recorded more than ¥100.0 billion in losses on sales as of December 31, 2024, and we expect to record a similar level of losses on sales on a quarterly basis in the fourth quarter, we believe that there will be an improvement in results to some extent.
- We are implementing replacement trading for foreign bonds in the 10-year zone and under and for super long-maturity Japanese government bonds.

- Regarding capital gains or losses, we recorded net capital gains of ¥37.8 billion for the nine months ended December 31, 2024. However, at this point of time, we expect net capital losses of approximately ¥17.8 billion in the fourth quarter on a quarterly basis, as we plan to continue replacement trading, etc. explained above. Thus, we forecast full-year net capital gains of around ¥20.0 billion, in line with the plan.

<Outlook for the Next Fiscal Year>

Q: Please share your thoughts on the level of income for the next fiscal year.

- We will disclose our financial results forecast for the next fiscal year in May.
- Our outlook for the next fiscal year, which marks the final fiscal year of the current Medium-term Management Plan, will be determined on the basis of this fiscal year's revised full-year adjusted profit forecast of ¥142.0 billion, together with a close examination of negative factors such as the absence of the one-off gains from cancellation of investment trust, recorded this fiscal year, and positive factors such as the improving asset management environment.

Q: Is it possible that the positive effect of an improvement in the asset management environment will outweigh negative one-off factors?

- We believe that in this environment, it is likely that the upturn in the positive spread will exceed our initial expectations, but we are still to determine specific figures.

<Capital Policy>

Q: Are there any updates on the starting date and method to be used for the acquisition of treasury stock announced in November 2024?

- No change has been made in the details of the acquisition of treasury stock resolved by the Board of Directors in November 2024. We have not yet disclosed the acquisition method, as you note.
- We will proceed to disclose the acquisition method as soon as it is decided, based on factors such as market trends, our management and business environment, our

preparations for the implementation, and coordination with Japan Post Holdings, as necessary.

Q: ESR is expected to exceed the target range if you implement reinsurance in the fourth quarter. What is the state of discussion within Japan Post Insurance regarding the level of capital?

- We anticipate implementing reinsurance amounting to several hundred billion yen each year for several years for the life annuity in Postal Life Insurance Category, in accordance with the policy presented at the Financial Results & Corporate Strategy Meeting for the first half of the fiscal year, held in November 2024. The Postal Life Insurance Category has a high cost of liabilities and a high rate of policyholder dividends, giving it a low profitability.
- We have not implemented reinsurance for this fiscal year as of December 31, 2024, and I will refrain from commenting on the specific status of our consideration of reinsurance.

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