Conference Call on Financial Results

for the Fiscal Year Ended March 31, 2024

Summary of Q&A

Date & Time: Wednesday, May 15, 2024, 6:30 to 7:15 p.m.

* The statements have been partially edited for clarity.

<Adjusted Profit and Adjusted ROE>

Q: I would like clarification on the first year burden of regular policy reserve accumulation for adjusted profit.

○ The first year burden of regular policy reserve accumulation is the amount of reserve accumulation for new policies in the first year arising from the difference between the policy reserves based on the assumed interest rate of return, which is promised to our customers for premium calculation, and the policy reserves based on the accumulation rate (standard rate) set by the authority.

Q: What are the pre-tax adjustment amounts due to policy reserves for FY24/3 and FY25/3?

○ The burden of the regular policy reserves accumulation for FY24/3 is equivalent to 20% of the “Decrease in policies in force, etc. of (70.8) billion yen” stated on page 3 of the materials.

○ For FY25/3, it can be worked out by dividing the “Adjustment amount due to policy reserves of 12.0 billion yen” stated on page 14 of the materials by the ratio excluding tax burden (0.7).

Q: With regard to lump-sum payment whole life insurance, it seems that the standard rate will be 0.95% or higher within this fiscal year. Has this impact already been factored into the plan for FY25/3?

○ The standard rate is calculated based on the Japanese government bond yields over the past year and is subject to revision every three months, and a revision by the authority is expected around October 2024. Therefore, it is assumed that the burden of the regular policy reserves accumulation for lump-sum payment whole life insurance will be eliminated.

Q:	What is the approach to the burden of the regular policy reserves accumulation for FY26/3?

○ For FY26/3, the Company has incorporated into its plan an increase in the assumed rates of return for products other than lump-sum payment whole life insurance, given the upward trend in market interest rates.

Q:	Page 13 of the materials mentions the assumption of 880,000 new policies (individual insurance) for FY25/3. If the sales of lump-sum payment whole life insurance increase further, will adjusted profit increase?

○ Because lump-sum payment whole life insurance is designed to ensure profitability per product except for the burden of the regular policy reserves accumulation, adjusted profit will increase with the increase in the sales of lump-sum payment whole life insurance.

Q:	Competitors use a system in which the amount adjusted by adjusted profit is neutral over the medium to long term. I suppose the amount adjusted by the first year burden of regular policy reserves accumulation for lump-sum payment whole life insurance would not be neutral for Japan Post Insurance.

○ In definition of adjusted profit as shown on page 13 of the materials, we have taken feedback from shareholders and investors into account, and reached the conclusion that the optimal approach is to partially adjust for the impact unique to life insurance companies, where acquiring new policies temporarily cause downward pressure on net income in the short term.

○ We are aware of the issues you have pointed out, and following discussions on the introduction of adjusted profit, we decided to focus on the relationship with increasing new policies and creating a simple and easy-to-understand indicator.

Q: Why is shareholders’ equity the denominator of adjusted ROE? Is the aim to achieve a PBR of 1 based on shareholders’ equity?

○ The reasons for using shareholders’ equity as the denominator for adjusted ROE are as follows:

1. Using shareholders’ equity as the denominator is the standard approach of Japan Post Group.
2. Among net assets, most of net unrealized gains (losses) on available-for-sale securities are derived from the Postal Life Insurance category, and 80% of them will be the policyholder dividends.

○ We aim to enhance the market evaluation using this indicator.

<Shareholder Returns>

Q: Has the approach to increasing dividends changed with the introduction of adjusted profit? What is the approach of your shareholder return policy to maintaining an average total payout ratio in the medium term of 40% to 50% during the period of the Medium-term Management Plan?

○ There is no change in our shareholder return policy during the period of the Medium-term Management Plan.

○ The reason for the 10-yen dividend increase for FY25/3 is strong confidence in the recovery of new policies.

○ As adjusted profit will be introduced in FY2024, net income will be considered as the source of return from FY2021 to FY2023 and adjusted profit from FY2024 onward, and we will aim for an average total payout ratio in the medium term of 40% to 50% to such source.

<Financial Result>

Q: What are the reasons for the increase in net income for FY24/3 compared to the initial plan?

○ The increase in net income for FY24/3 is mainly due to an increase in core profit resulting from an increase in the positive spread.

<Financial Results Forecast>

Q: In the consolidated financial results forecast for FY25/3, net income is expected to be 79.0 billion yen. Are additional risk factors being considered?

○ The forecast has been calculated based on the assumptions we deem appropriate at this time.

Q: Regarding the factors for changes in consolidated financial results forecasts stated on page 14 of the materials, I would like to know the details for the decrease in contingency reserve provision and the increase in provision for reserve for policyholder dividends. Will the same trend continue in FY26/3 and beyond?

○ The decrease in contingency reserve provision is because contingency reserve provision in excess of the statutory reserve standards associated with the accumulation of additional policy reserves implemented at the end of March 2021 is scheduled for completion in FY25/3.

○ The provision for reserve for policyholder dividends, which varies depending on profits, is expected to increase year on year due to a decrease in contingency reserve provision in excess of the statutory reserve standards, as described above.

○ Therefore, the same trend will not necessarily continue in FY26/3 and beyond.

Q: What are the assumptions for annualized premiums from new policies for FY25/3? As the number of new policies for lump-sum payment whole life insurance increases, will annualized premiums from new policies also increase?

○ We will refrain from responding regarding the assumptions for annualized premiums from new policies for FY25/3.

○ However, if new policy numbers exceed the assumption shown on page 13 of the materials, we believe that annualized premiums from new policies will similarly increase.

< Alliances and Investments>

Q: Regarding the alliance with the Daiwa Securities Group, what are the future plans, including an increase in the investment ratio? Is overseas expansion being considered?

○ Although no decisions have been made at this time, as we continue to build a trust relationship through alliances with the Daiwa Securities Group, we will explore various possibilities, including an increase in the investment ratio and overseas expansion.

<Value of New Business>

Q: What is the proportion of lump-sum payment whole life insurance in the value of new business of 20.8 billion yen for FY24/3? What is the assumption for the value of new business for FY25/3?

○ The impact of lump-sum payment whole life insurance on the value of new business for FY24/3 is about 5.0 billion yen.

○ While the value of new business in FY25/3 will fluctuate depending on the sales status of lump-sum payment whole life insurance, we expect it to be 25.0 billion yen to 30.0 billion yen using the same economic assumptions as the value of new business in FY24/3 (as of December 31, 2023).

<Asset Management>

Q: I would like to know details on the unrealized gains of investment trust and composition of them for FY24/3, considering that gains from cancellation of investment trust are outside the scope of neutralization by the reserve for price fluctuations.

○ The investment trust balance is approximately 2 trillion yen (market value basis).

○ Of this amount, foreign bonds account for the majority, or 1.6 trillion yen, as shown on page 24 of the materials.

○ Although we refrain from providing specific figures on unrealized gains, there are large unrealized gains on open foreign bonds.

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