Conference Call on Financial Results

for the Nine Months Ended December 31, 2023

Summary of Q&A

Date & Time: Wednesday, February 14, 2024, 5:45 to 6:30 p.m.

* The statements have been partially edited for clarity.

<Financial Result>

Q: What is the reason for passing on an upward revision to your financial results forecasts despite the good progress in terms of profits? Are there any downside factors ahead in 4Q?

○ We made progress in net income in 3Q, reaching the high level of 90.5%. In 4Q, however, we anticipate factors such as regular policy-reserve burdens due to the sale of lump-sum payment whole life insurance policies. We therefore do not see a need to revise our financial results forecasts at the moment.

Q: How will the sale of lump-sum payment whole life insurance policies affect accounting profit? What are your assumptions about the regular policy-reserve burdens?

○ The standard interest rate of lump-sum payment whole life insurance policies is currently 0.75%. If the current interest rate situation continues, we can expect this to be revised in 0.25% increments.

○ If the assumed rate of return at the time of the revision does not deviate greatly from the standard interest rate, this will lessen the regular policy-reserve burdens.

<Sales>

Q: Regarding the sales of lump-sum payment whole life insurance policies, what is the percentage of policies to which the medical riders are added? Can we expect that the lump-sum payment whole life insurance policies even without medical riders to contribute to the value of new business?

○ First of all, to give you some background to the number of new policies shown on page 16 of the material, a gap has emerged between the number of new policies sold and the number of new policies which entered into force. This is due to factors such as the pressures of telephone operations for confirming with customers that there are no discrepancies about their new policies.

○ The number of new policies, 53 thousands, is the number of policies which entered into force. The number of policies sold is approximately 75 thousands as described in Note 2 (including approximately 49 thousands lump-sum payment whole life insurance policies), and our results in January have shown some of our potential.

○ While the percentage of medical riders added to lump-sum payment whole life insurance policies is currently low, even without the medical riders, profitability is higher than ordinary endowment insurance or educational endowment insurance with which medical riders are attached. We therefore see the impact as limited, as payout per claim and sales volume have been higher than expected.

○ Also, with regard to the value of new business, lump-sum payment whole life insurance policies make a positive contribution even on a standalone basis. Sales are going well, and we therefore expect a positive impact on the overall value of new business.

Q: Regarding page 16 of the material, will the gap between the number of new policies and the number of new policies sold in January be recorded in the number of new policies in February? Can we assume that the number of new policies will increase to around 80 thousands from February onward?

○ For the status of new policies from February onward, please bear with us until our 4Q financial results announcement.

○ Please note that the number of new policies in January also includes policies sold in December and entered into force in January. Similarly in February, the number of policies that were sold in January but not entered into force during the same month will be recorded.

Q: How should we view the sales conditions in January?

○ Sales conditions in January were generally in line with our expectations.

○ Regarding the sales performance of consultants by level, the percentage of consultants achieving three or more new policies per month, which is the Company target, has risen from 1% in FY23/3 to approximately 25% in accumulated FY24/3 3Q. In January, it increased to approximately 45%. So steady improvement is being made regarding the variation in the skills of consultants.

○ Challenges include a slump in the addition of medical riders to lump-sum payment whole life insurance policies and a decline in the sales volume of existing products.

○ We will also address these issues with a view to increasing the number of proposals.

<Asset Management>

Q: In the new category, it seems that you have sold hedged foreign bonds, recording losses on sales. What was the intention of that operation? Also, compared to the Postal Life Insurance category, the balance of reserve for price fluctuations is low in the new category. Could this become a constraint on future trading operations?

○ As you have observed, in the new category, we have recorded losses on sales of hedged foreign bonds, etc.

○ This stems from replacements aimed at improving book value yields, replacements with yen-denominated interest-bearing assets, and so forth. The intention is to improve future earnings.

○ As for the balance of hedged foreign bonds, while our selling on balance reached approximately 1.2 trillion yen on a trading basis last fiscal year, we have slowed the pace of such disposals this fiscal year. Our selling on balance reached approximately 200 billion yen by 3Q, which reduced our balance.

○ We are closely monitoring our reserve for price fluctuations in each category, and our policy is to use our reserve for price fluctuations to neutralize hedging costs. Bearing in mind the hedging cost burden, particularly at this time, we are focusing on adjusting our balance of hedged foreign bonds.

○ In the new category, we are making excess provisions of reserve for price fluctuations. In the medium term, we are aware that the balance of reserve for price fluctuations in this category will continue on an upward trajectory.

<Capital Policy>

Q: Please give us an update on the use of reinsurance.

- ○ We are continuing discussions on the implementation of reinsurance. We have not decided on details such as the timing of implementation.

- ○ The scale has also yet to be determined, but you could think of it as being on a scale similar to that of competitors.

- ○ We are also considering the use of internal reserves to neutralize the impact on net income resulting from the implementation of reinsurance.

<Shareholder Return>

Q: If financial results for the FY24/3 improve, how will this affect shareholder returns?

- ○ We will refrain from addressing specific considerations relating to shareholder returns.

- ○ At the present time, there is no change in the shareholder return policy that we have presented. We will present future shareholder returns in our revised Medium-Term Management Plan, which is currently under discussion.