Conference Call on Financial Results
for the Six Months Ended September 30, 2022
Summary of Q&A

Date & Time: Friday, November 11, 2022, 5:45 to 6:30 p.m.

* The statements have been partially edited for clarity.

<Matters concerning COVID-19>

Q: What is the projected amount of insurance claims payments for COVID-19 for the second half of the fiscal year? Can its impact be neutralized through contingency reserves and price fluctuation reserves?

○ Regarding the hospitalization benefits for COVID-19 for the second half of the fiscal year, we have projected the amount smaller than that of the first half in the latest results forecast simulation based on the revised eligibility for payments for deemed hospitalization, adopted on and after September 26.

○ Since October, we have continued to receive claims from those deemed to be hospitalized up to September 25, and we are therefore still in the process of determining specific figures. At present, however, we believe that the impact of this amount on net income can be neutralized through contingency reserves and price fluctuation reserves.

Q: Within the decrease in core profit attributable to life insurance activity, how large is the impact of provision of incurred but not reported (IBNR) reserves as a proportion of the ¥ (59.8) billion (year-on-year) increase in insurance claims payments? Do you account for the impact of COVID-19 when calculating IBNR reserves?

○ Insurance claims payments for COVID-19 account for a little over 60% of the ¥ (59.8) billion (year-on-year) increase in insurance claims payments, within the decrease in core profit attributable to life insurance activities. Around 40% is the provision of IBNR reserves.

○ Regarding the calculation of IBNR reserves, we forecast the amount to increase throughout the year based on the insurance claims payments for the first half. We expect to provide a certain amount of IBNR reserves in the second half as well.

Q: Was your decision to reverse contingency reserves due to the loss from risk taking in the first half?

○ This decision was based on a revision to our policy regarding the excess provision of contingency reserves and price fluctuation reserves for the current fiscal year. It was not due to the loss from risk taking.

<Financial Result>

Q: What is the reason for the robust progress in net income? Should we assume that net income may exceed expectations in the absence of downside risks such as an increase in payments for COVID-19 or a rise in hedging costs?

○ Our net income progress appears strong due to higher-than-anticipated interest, dividends and other income and a slower-than-anticipated rate of operating expenses.

○ In the second half, we expect to continue to provide IBNR reserves, and our full-year forecast remains unchanged at present.

<Sales>

Q: Should we assume that new policies are on a recovery trend? Also, are we to understand that the value of new policies has returned to profit for the three months from July to September?

○ Although new policies have recovered moderately since April, they are still falling short of our projections, and they have plateaued since August.

○ The value of new policies was around positive ¥ 0.5 billion for the three months from July to September. This return to profit was due to the increase in the number of new policies and medical riders.

○ However, please bear in mind that we plan to incorporate changes in the structure of operating expenses associated with the shift to the new Japan Post Insurance sales system into the measurement of EV at the end of the current fiscal year, and this may negatively impact results to some extent.

<Asset Management>

Q:	How do you plan to address the unrealized losses in foreign bonds? Do you anticipate these to impact income through asset sales or replacements?

- ○ In the second half, as in the first, we expect to continue to shift from hedged foreign bonds to yen-denominated interest-bearing assets. We have not set clear criteria for this shift, but we are implementing operations with a focus on their effect on improving future earnings, with consideration for yield after hedging.

- ○ Bonds are redeemed at face value upon reaching maturity. We can also expect unrealized gains from bonds due to falling interest rates to offset declines in the fair value of other assets in our portfolio in recessionary phases anticipated in the future. We will determine whether to continue to hold or sell these assets as appropriate while monitoring our portfolio balance.

- ○ We will continue to offset capital gains (losses) arising from asset sales or replacements by price fluctuation reserves, and they will therefore have only a limited impact on net income.

<EV>

Q:	Will the changes in the structure of operating expenses associated with sales restructuring from April 2022 have an effect on the value of policies in force, in addition to the value of new policies?

- ○ It is possible that there will be a certain degree of impact on the value of policies in force.

Q:	Domestic interest rates have been rising from the end of June to the end of September, but I understand that the resulting rise in EV has been limited. Was there some special circumstance behind this?

- ○ There was some degree of positive impact from the rise in super long-term domestic interest rates, but we are not aware of any special circumstances.

<Other>

Q:	What are your comments on media reports claiming that Japan Post Insurance is reverting to a quota-style sales system?

- ○ We believe it is necessary to appropriately evaluate initiatives as we engage in sales activities.

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