Conference Call on Financial Results

for the Three Months Ended June 30, 2024

Summary of Q&A

Date & Time: Wednesday, August 9, 2024, 5:45 to 6:30 p.m.

* The statements have been partially edited for clarity.

<Financial Result>

Q:	With the effect of gains from cancellation of investment trust, adjusted profit looks strong. How do you assess this?

○ We did not expect strong progress in our 1Q profits. But as you mentioned, due to gains from cancellation of investment trust and other factors, adjusted profit has been progressing well.

<Lump-sum Payment Whole Life Insurance>

Q:	Page 20 of the materials shows the percentage of lump-sum payment whole life insurance in number of policies in force at 1.9%. Given that the product carries a certain degree of surrender risk, how much do you plan to increase this percentage? Also, will the rise in the degree of surrender risk significantly affect ESR?

○ Lump-sum payment whole life insurance matches our customers' needs extremely well. So we tailor our proposals accordingly and will continue to do so in the future.

○ That said, we are aware of the surrender risk of lump-sum payment whole life insurance. We manage it by tracking net unrealized gains and losses on assets.

○ The surrender risk for lump-sum payment whole life insurance will not have a significant impact. As well as the limited scale, this is because from FY24/3, we changed our measurement of mass surrender risk to one that includes the Company as a whole.

○ While the rise in interest rates may increase surrender risk, it also reduces other risks. So the overall impact on ESR is not significant.

Q: Long-term interest rates are currently stable. But if the interest rate for 10-year bonds rises to 1% and that for 20-year bonds to 2%, will you consider revising the assumed rate of return for lump-sum payment whole life insurance?

〇 Regarding a review of the assumed rate of return, nothing has been decided at this time.

〇 Our assumed rate of return is 0.95%, but we are aware that competitors have revised theirs to 1% or more.

〇 However, sales in 1Q were strong. We believe this is because our products match our customers' needs extremely well.

〇 We will look at the above points and the actions of competitors as we consider revising the assumed rate of return.

Q: If you revise the assumed rate of return for the lump-sum payment whole life insurance by about 25 basis points, how will this affect dynamic surrender?

〇 For calculating dynamic surrender, we use the gap between the assumed rates of return and market rates.

〇 Since the assumed rate of return for lump-sum payment whole life insurance is high at 0.95%, there would not be a significant impact. Raising the assumed rate of return would further reduce the impact.

<Sales>

Q: You mentioned that sales in medical care are a challenge. Are you considering product revisions or other means to address this?

〇 Annualized premiums from new policies for medical care have fallen year on year, as shown on page 21 of the materials. They are now at around the same level as FY24/3 4Q.

〇 This is due to the low percentage of medical riders added to lump-sum payment whole life insurance policies, as well as the time and effort focused on lump-sum payment whole life insurance. These factors have led to a year-on-year decline in existing products to which a high percentage of medical riders are added.

○ We will further grasp our customers' coverage needs, including medical rider needs, and continue offering proposals that accurately address customer needs.

Q:	Looking at the trend in new policies on page 19, numbers appear low in July. Is this due to seasonality?

○ Since June, the number of new policies has dropped compared to May or earlier. However, every month is still above plan and continues to do well.

○ In July, factors like system downtime and awards for top performers led to reduced activity.

○ In August, we often meet customers who we could not meet regularly due to the Obon holiday. This usually boosts performance at the post office counter. We expect this trend to continue.

Q:	The annualized premiums from policies in force fell overall from the end of the previous fiscal year, but rose in the new category. How do you assess this?

○ At the Financial Results & Corporate Strategy Meeting on May 30, 2024, we disclosed our intention to reverse the downward trend in the number of policies in force in the new category during the period of the Medium-term Management Plan. With sales firm, the number of these policies in force in the new category has been flat so far, as have annualized premiums from policies in force. Accordingly, we consider them stable.

<Products>

Q:	What is the status of the nursing care insurance that you have been planning to launch in October 2024 or later?

○ The launch timing is yet to be determined. We will announce it once a decision is made.

<Asset Management>

Q:	You recorded gains from cancellation of investment trust in 1Q. Was this in line with your plan?

○ In 1Q, the yen weakened more than expected. To guard against yen appreciation risk, we moved forward the timing of selling some assets that we had planned to sell from 2Q or later under the annual plan.

Q:	Has the rise in repo rates due to rising short-term interest rates affected your statement of income?

○ The portion managed for the short term through repos is unaffected since we can secure a stable spread.

○ For the portion managed for the long term with repos, higher interest expenses will reduce earnings. However, our annual plan factors in cost increases based on the implied forward rate as of the end of March 2024, so we expect minimal impact on our earnings forecast.

○ The rise in interest expenses shown in the current statement of income is largely due to the issuance of subordinated bonds.

Q:	Which asset classes among the return seeking assets contributed to progress on the positive spread? Please give the actual amounts and compare them with the plan.

○ Alternative assets and stock dividends have each contributed, both in actual terms and compared to the plan.

○ In actual terms, alternative assets yielded just under ¥20.0 billion, while stock dividends totaled about ¥13.0 billion in income.

○ Please note that these account for most of the “Other capital losses” (income gains associated with money held in trust) on page 23 of the materials.

<EV>

Q:	With the steady transition in the number of policies in force, how will the future number

of policies in force affect EV?

〇 We have not reviewed the fixed costs based on future volume of policies in force in 1Q. We plan to do so in 4Q, as usual.

〇 Based on current progress, we believe that EV will not be negatively affected as it was at the end of March 2024.

<Shareholder Returns>

Q: Given the steady growth in policies in force and adjusted profit, can we expect more shareholder returns?

〇 Our shareholder return policy during the period of the Medium-term Management Plan remains unchanged from what we previously outlined. No decision has been made at this time about additional shareholder returns.