Conference Call on Financial Results
for the Six Months Ended September 30, 2021
Summary of Q&A

Date & Time: Friday, November 12, 2021, 5:45 to 6:25 p.m.

* The statements have been partially edited for clarity.

<Sales>

Q: Regarding the monthly change in the Conference Call materials P18, the ratio of medical care to annualized premiums from new policies for individual insurance remains almost unchanged from the first quarter of the current fiscal year. What differed from your forecast toward the recovery of sales results?

○ Approximately 70% of the latest results of new sales came from directly managed offices. We assume that this is due to stagnant sales at post offices.

○ In the first quarter of the current fiscal year, we continued to confirm details of policy coverage. Although we are making steady progress in our follow-up support activities through the "Policy coverage confirmation activities," etc., these activities did not lead to new policy proposals and we recognize this is the factor behind these sales results.

○ We asked front-line personnel about the reasons for that, and they said that it is because they did not conduct sales activities for almost two years, a lot of employees got disciplinary actions, and during a period, the sales flow had been renewed. We found that such factors had negatively impacted sales personnel's sentiment and that they became unable to make proposals to customers with confidence, or anxious about doing sales activities.

○ In light of such circumstances, we have been improving the environment to enable the personnel to make sales proposals with confidence. For instance, messages from the presidents of three group companies are communicated and various workshops are held in the second half of the current fiscal year, in order to remove anxieties of the front-line personnel.

○ In addition, we continued to "further support customers whose policies are set to expire to maintain protection" and conduct "management focusing on the process of sales activities including the flow from visit to interview and proposals," initiatives that we have been engaged in since the second quarter of the current fiscal year. We believe that such activities will remove anxieties of the front-line personnel and allow them to be convinced to confidently practice sales activities in accordance with the customer first principle.

Q: Consultants have been specialized to proposals for life insurance products since October 2021. Do you see any signs of recovery in sales results?

○ In October, we shifted to the system where consultants are specialized to proposals on life insurance and follow-up support activities. Now, they are able to work as a life insurance specialist of Japan Post Insurance.

○ In October, the progress was still slow as consultants also needed to take over customers of other products to their successors. Nevertheless, we expect sales to gradually turn upward.

○ In the next fiscal year, new products launch and revision of sales targets based on the actual situation of the front-line personnel are scheduled. We believe such efforts will create an environment where employees can positively work on sales activities.

Q: Consultants have been specialized to proposals for life insurance products, and will be seconded to Japan Post Insurance. That poses significant environmental changes to front-line personnel. Haven't they decreased their motivation or felt anxieties? If so, what kind of measures have you taken?

○ Messages from the presidents of the three group companies are communicated and various workshops are held in order to remove anxieties of the front-line personnel. In this way, we are improving the environment to enable them to make sales proposals with confidence.

○ We also provide front-line personnel with multiple opportunities to directly talk with management of the Company. Some positive comments began to be heard.

○ The Company is working on the measures toward April, with a determination to communicate closely with consultants and together establish a new sales system.

Q: Is your plan going smoothly as initially planned to get prepared for the sales system toward new products launch in April 2022?

○ Thanks to the share repurchase we conducted in May and the share disposal trust of Japan Post Holdings established in June, the approval system changed to the notification system in relation to additional restrictions on new business under the Postal Service Privatization Act. In October, the Postal Service Privatization Committee released a policy on operation of the notification system. Accordingly, we notified the authority on November 10 of the revisions of our medical riders.

○ Through the process under the Insurance Business Act, we will proceed with the preparation, holding training for sales personnel to provide them with knowledge on products and their contents, as well as methods to make proposals to customers. We will also make sales personnel familiar with appropriate solicitation in accordance with customer's intention.

○ The shift to "the new Japan Post Insurance sales system" and "the revision of sales targets" to be consistent based on the actual situation of the front-line personnel are scheduled for April 2022. With these changes, we would like to revitalize sales activities by creating an environment for positive sales activities.

<New Products>

Q: The revisions of medical riders will enable policyholders to set higher rider benefits while restraining basic policy benefits. What was the level of needs among the existing customers for this revision? Regarding the sales of the new products, do you assume conversion from existing policies using the Policy Conversion System?

○ At time of solicitation, we propose products meeting customer's needs, after confirming their intention. Therefore, we cannot tell how many policyholders will actually use the conversion to the revised medical riders at this point of time.

○ If a customer with medical riders hopes to use the Policy Conversion System, we will propose using the Policy Conversion System.

Q: How much will the revisions of medical riders improve the new business margin? Is it possible to increase the new business margin while premium per policy decreases?

○ We will withhold answering specific impacts. However, we expect the revisions of medical riders to increase the number of new policies and improve profitability.

○ As the new business margin for riders is generally higher than that for basic policy, these revisions will increase the ratio of riders to a product portfolio, and thus, the new business margin is expected to increase.

○ For your reference, in comparison of the new business margins in FY18/3 and FY19/3, the margin increased 0.4 percentage points from 5.5% in FY18/3 to 5.9% in FY19/3, mainly due to an increase in the ratio of highly profitable medical care to new policies from 15.7% to 17.5%.

<Shareholder Return>

Q: We assume that the dividend policy for the period of Medium-Term Management Plan is determined based on the progress of the Plan. The recent sales results are apparently lower than the plan. If it is determined that sales results will not reach the prerequisites of the Medium-Term Management Plan, will such determination influence the policy of increasing dividend?

○ At this point of time, the dividend policy for the period of Medium-Term Management Plan remains unchanged. We will determine it comprehensively taking into account future earnings prospects, financial soundness, and the progress of the Medium-Term Management Plan.

○ As we are working toward achievement of targets set in the current Medium-Term Management Plan covering a five-year period, we will also consider increasing dividends in light of the progress of the plan.

Q: Unless the investment environment deteriorates, earnings are likely to be higher than the forecast. In such a case, will you maintain dividends of ¥90 per share for the current fiscal year as expected at the beginning of the year?

○ Comprehensively considering the progress of the Medium-Term Management Plan and the future situation, we would like to determine the dividend policy for the current fiscal year.

<Asset Management>

Q: Were the gains on sales of securities from sales of stocks attributable to the reshuffling of stocks linked to indexes? Do you expect gains on sales of securities at the same pace in the second half of the current fiscal year?

○ In addition to gains on sales of securities stated in capital gains (losses) in page 19 of the Conference Call materials, we recorded gains on money held in trust, too.

○ In the first half of the current fiscal year, we recorded gains on sales of securities for stock investment linked with indexes, thanks to the reshuffling of stocks. If the stock market will stay at the current level, it will be possible that we will post gains on sales of securities for the reshuffling of stocks in the second half of the current fiscal year.

<EV>

Q: Regarding Movement Analysis of EV in page 21 of the Conference Call materials, how did it change from the first quarter of the current fiscal year? I would also like to know details of “effect of increase in stock prices etc. of ¥ 88.5billion” in the breakdown of the economic variances.

○ Expected existing business contributions (total of “risk-free rate” and “in excess of risk-free rate”) increased generally on a time-proportionate basis.

○ Non-economic experience variances represent variation from budget resulted from the decreased hospitalization insurance claims due to the influence of COVID-19.

○ Super long-term domestic interest rates slightly declined from the first quarter, and the interest rates with other terms also partly changed.

○ “Effect of increase in stock prices etc.” can be classified into the following four effects:
(1) Effect of domestic stocks: + approx.¥ 30billion
(2) Effect of foreign stocks: + approx.¥ 10billion
(3) Increase in net unrealized gains on foreign bonds due to a decline in foreign interest rates: + approx.¥ 10billion
(4) Effect of investment trusts, etc.: + approx.¥ 40billion

○ Net unrealized gains on investment trusts including foreign corporate bond funds increased due to the decreased foreign interest rates.

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