**Conference Call on Financial Results**
**for the Nine Months Ended December 31, 2021**
**Summary of Q&A**

Date & Time: Monday, February 14, 2022, 5:45 to 6:30 p.m.

* The statements have been partially edited for clarity.

**<Sales>**

Q: Regarding the monthly change in the Conference Call materials P19, are there any effects of the specialization to proposals for life insurance products for post office's consultants from October? Are there also changes in the mindset of sales personnel?

○ In 3Q of FY22/3, the new policy sales was about 10% of the level in the 3Q of FY19/3, a period before the solicitation quality issues surfaced.

○ As explained in 2Q, although follow-up support to customers through "Policy Coverage Confirmation Activities," etc. is progressing steadily, due to the impact of the mindset of sales personnel and other factors, such activities have not led to new policy proposals. Thus, we have implemented various initiatives to remove concerns among sales personnel and enable them to make proposals with confidence.

○ As a result, there were improvements in the activity process from customer visits to interviews and proposals in 3Q.

○ However, we have not set a sales target for the current fiscal year, and is preparing for a new Japan Post Insurance sales system from April. As a result, new policy results have increased moderately and continue at a slow pace.

○ In the next fiscal year, we plan to launch new products that further meet customers' medical protection needs as well as shift to "new Japan Post Insurance sales system" and "review of sales targets" based on the actual situation of the front-line personnel.

○ In addition, from April, we aim to transform our sales style to one in which we gain the trust of customers and get introduced to new customers as well as keep their policies through continuous follow-up support, which centered on the customer assignment system. To this end, we will also focus on human resource development and management.

○ Through these initiatives, we intend to revitalize our overall sales activities and steadily recover new policy sales.

Q: What is the status of new policy sales after January 2022?

○ In January, there was no significant change from the trend up to December, partly due to the full-scale preparation for the next fiscal year, such as the handover of services and other tasks accompanying the consolidation of the consultant operation bases and training for the establishment of the new Japan Post Insurance sales system.

Q: Are marketing activities already underway, such as disseminating new products (new medical riders) to customers, at this stage before the transition to the new Japan Post Insurance sales system?

○ The processes required by law for new products (new medical riders) submitted under the Postal Services Privatization Law in November last year have been completed.

○ Currently, in preparation for its launch in April, we are conducting training for sales personnel and steadily proceeding with preparations for various promotions, campaigns, and sales tools.

Q: What is the forecast for the new policy sales in the next fiscal year?

○ There are no facts that have been specifically decided at this time regarding the prospects for new policy sales for the next fiscal year.

○ As a premise of the new policy sales in the Medium-Term Management Plan, we assumed about 30% in FY22/3 and about 40% in FY23/3, compared with FY19/3 before the solicitation quality issues surfaced.

○ We are considering setting new policy assumptions for the financial results forecast for the next fiscal year corresponding to sales capabilities based on appropriate solicitation quality, taking into account the effects of new products and the productivity improvements from the new sales system, as well as the current fiscal year's status.

**＜Revisions to the Financial Results Forecast＞**

Q: I would like to ask the breakdown of ordinary income +¥ 70.0billion by factors such as investment income, operating expenses, and excess provision of contingency reserves.

○ Factors for changes are described in the Conference Call materials P23.

○ Breakdown of the upward revision to the ordinary income forecast (+¥ 70.0billion) is as follows.

(1) Decrease in operating expenses, etc. +¥ 50.0billion

(2) Decrease in volume of policies in force due to lower-than-expected acquisition of new business (¥ 20.0billion)

(3) Increase in positive spread +¥ 50.0billion

(4) Increase in capital gains +¥ 10.0billion

(5) Increase in excess provision for contingency reserves (¥ 20.0billion)

Q: Please provide the breakdown of the decrease of +¥50.0 billion in operating expenses, etc.

○ Breaking down the decrease in operating expenses, the decline in commissions was about 70% (about ¥34.0 billion), the decline in policy expenses was about 20% (about ¥10.0 billion), and the remaining 10% should be considered a reduction in the consumption tax burden.

Q: What are the factors behind the lower-than-expected sales commissions?

○ In addition to the new policy sales being less than expected, 1Q and 3Q incurred deduction of sales commissions for inappropriate solicitation cases discovered through investigation of all insurance policies, etc.

Q: Are deductions for sales commissions expected to continue in the future?

○ We withhold answering this question as it is uncertain at this point of time that how long this deduction will occur and how large it will be.

Q: Please explain the breakdown of the increase in positive spread of +¥50.0 billion. I would also like to know that the trend in the current fiscal year will continue in the following fiscal year and beyond.

○ The breakdown of increase in positive spread of +¥50 billion is that 1) dividends on stocks, 2) interest and dividends from foreign bonds and credit funds, and 3) alternative investments (mainly distributions from hedge funds.) Each are exceeding the initial expectations in the range of ¥10.0 to 15.0 billion.

○ For the next fiscal year and beyond, it will depend on the market and corporate performance, but as each company is strengthening shareholder returns, we hope that the same trend will continue in the future for 1) dividends on stocks.

○ In addition, if the current market environment such as the exchange rate level continues, 2) interest and dividends from foreign bonds and credit funds may be generated to the same extent as in the current fiscal year. However, distributions of 3) alternative investment are not expected to be as high as in the current fiscal year.

Q: The excess provision for contingency reserves in the current fiscal year has exceeded expectations. Therefore, is there a possibility the excess provision in the next fiscal year and beyond will fall below the expectations at the time of the formulation of the Medium-Term Management Plan?

○ We accumulated additional policy reserves of approximately ¥ 250.0billion, which were funded by contingency reserves at the end of March, 2021. With this operation, we also provided excess provision for contingency reserves in order to restore the level of them and in FY21/3, approximately ¥ 50.0billion of excess provision was implemented.

○ We will continue to provide a certain percentage of the profits of the Postal Life Insurance category as excess provision, so that they will change according to the profits of that category.

**＜Shareholder Return＞**

Q: Is there a possibility of an upward revision to the dividend for the current fiscal year based on the results of new policy sales from January onward?

○ An annual dividend of ¥90 per share for the fiscal year ending March 31, 2022 (including a year-end dividend of ¥45 per share) remains unchanged.

○ Although net income progressed steadily and the financial results forecast was revised upward, the results of new policy sales are only about 10% of the period before the solicitation quality issues surfaced.

○ Dividend Policy during the period of the current Medium-Term Management Plan is that the

Company in principle aims not to decrease but to increase dividend per share, while considering earning prospects and financial soundness.

○ From a medium- to long-term perspective, decrease in new policy sales will have negative impacts on our profits through decrease in policies in force, while in the short term, it will increase profits resulting from decrease in operating expenses.

○ Consequently, the dividend forecast remain unchanged as it is difficult to decide on a dividend increase in light of the current progress of new policy sales results. In the future, if there are any matters to be disclosed, we would like to provide information as soon as possible.

Q: Are there any possibilities of raising dividends for the next fiscal year? Will you wait for the new policy sales to recover before increasing the dividend, or will you raise it without waiting for recovery?

○ Currently there is no specific fact to determine the dividend for the next fiscal year.

○ There were no changes to the dividend policy during the period of the Medium-Term Management Plan. The Company in principle aims not to decrease but to increase dividend per share, while considering earning prospects and financial soundness

○ We consider shareholder returns to be one of our important management measures, and therefore we are considering whether we can present additional views based on the opinions of investors.

○ In the future, if there are any matters to be disclosed, we would like to provide information as soon as possible.

**＜Asset Management＞**

Q: Europe and U.S. short-term interest rate hikes are expected to increase hedging costs. Are you considering currency diversification other than dollar or reduction of hedged foreign bonds?

○ While total assets are on a declining trend, the amount of hedged foreign bonds is also expected to decrease to a certain extent.

○ With regard to currency diversification, we will conduct appropriate operations, considering the hedging costs of each currency, yields after considering hedging costs, and other factors.

Q: By the changes in the calculation method for core profit (considered by the Financial Services Agency), hedging costs will be included in the core profit. Would you continue to adopt accounting treatments to offset the hedging costs amount by the reversal of the price fluctuation reserves?

○ We consider the hedging costs to be offset by the reversal of the price fluctuations reserve in the same manner as in the past.

**＜EV＞**

Q: Regarding Movement Analysis of EV in page 22 of the Conference Call materials, I would like to know details of “effect of increase in stock prices etc. of ¥ 90.2billion” in the breakdown of the economic variances.

○ “Effect of increase in stock prices etc.” can be classified into the following four effects:
(1) Effect of domestic stocks: + approx.¥ 10.0billion
(2) Effect of foreign stocks: + approx.¥ 20.0billion
(3) Effects of foreign bonds: + approx.¥ 15.0billion
(4) Effect of investment trusts, etc.: + approx.¥ 45.0billion