

**Financial Results & Corporate Strategy Meeting
for the Six Months Ended September 30, 2023
Summary of Q & A**

Date & time: Friday, November 30, 2023, 2:00 to 3:30 p.m.

* The statements have been partially edited for clarity.

<Capital Policy>

Q: Regarding your shareholder return policy, if the ESR exceeds 220%, which is the upper limit of the appropriate standard, do you consider that you have the excess capital to be used for investment in growth or as a source of further shareholder return not limited to a total payout ratio from 40 to 50%? And if the ESR increases by a few percentage points due to the implementation of reinsurance in the second half of the fiscal year, could that portion be seen as the excess capital?

- There is no change in our shareholder return policy that we have been presenting for some time. This policy is as follows:
 - We aim not to decrease but to increase dividends per share in principle.
 - We aim for an average total payout ratio from 40% to 50% in the medium term through timely measures including acquisition of treasury stock.
 - If ESR exceeds the appropriate standard, we will consider further risk-taking or shareholder return that is not limited to a total payout ratio from 40 to 50%.

- Consequently, we will consider further risk-taking or shareholder return when ESR exceeds 220%, rather than viewing the several percentage point-increase due to implementation of reinsurance as the excess capital.

Q: Is there any change in your approach to risk-taking, such as allocating more capital to increase the invest income under the growth strategy?

- We have always taken risks within the scope of our risk buffer, and there is no change in this approach.

Q: Will the application of the new economic value basis solvency regulation result in a lower ESR? Is there a possibility that the appropriate ESR standard (150 to 220%) may be changed in the future based on the revised risk levels and other factors?

- Even under the new economic value basis solvency regulation, the ESR is expected to decline by only a few percentage points, to the same level as today.
- We plan to converge our internal model with the new economic value basis solvency regulation in stages, and will continue our dialogue with the FSA.

Q: Looking at page 20 of the materials, although the share of domestic interest rate risk of the integrated risk amount is at a low level around 8%, why do you prioritize the reduction of such risk?

- Despite the domestic interest rate risk being low at about 8% of the Company's total, it accounts for roughly 20% of the Postal Life Insurance Category.
- In addition, the Postal Life Insurance Category is a closed block, and there is a possibility that future duration mismatch may widen. Moreover, because the amount of the life annuity is a large portion of the Postal Life Insurance Category and we also want to reduce its survival risk, we are considering the implementation of reinsurance.

Q: Will 80% of the profit from ceding the life annuity in the Postal Life Insurance Category go to policyholder dividends and 20% contribute to net income? What is the benefit gained from utilizing reinsurance, and what is the scale of the ceding?

- The explanation of the contribution to the net income is as you say.
- In addition, if the difference between the reversal of policy reserves due to ceding and the reinsurance premiums results in a loss, we consider it an option to neutralize the loss with the contingency reserves.
- As for one benefit, there is the reduction of duration mismatches in the Postal Life Insurance Category, leading to an improvement in the ESR.
- Additionally, in terms of accounting, freeing the Company from high assumed interest

rates will contribute to profit from the following year onward, albeit at 20% after adjusting for policyholder dividends.

- Regarding ceding, we are considering working on this over multiple fiscal years. We will refrain from responding to the question of ceding scale, as it is still under discussion.

Q: Will the EV be positive if the Postal Life Insurance Category is evaluated on an economic value basis? If positive, will it be attributed to the Company or the Organization for Postal Savings, Postal Life Insurance and Post Office Network?

- The Postal Life Insurance Category EV is positive. Based on the reinsurance agreement with the Organization for Postal Savings, Postal Life Insurance and Post Office Network, 20% of the profits from the Postal Life Insurance Category will be attributed to the Company, and the EV is also calculated based on this assumption.

Q: I understand that it takes time to improve ROE due to the nature of the life insurance business. Can you think of a means to recognize accounting profit earlier to improve ROE?

- Stably securing new policies is our priority issue to raise ROE, and we believe that this will lead to improvement in the expected growth rate.
- In addition, we will seek to reduce expenses, shift to protection-type products, and expand asset management earnings.

Q: Regarding the procurement of subordinated bonds, what's the appropriate ratio of debt financing?

- Considering our current financial status, we believe we have the capacity to issue roughly ¥200.0 billion in subordinated bonds, which is the balance of the shelf registration statement submitted on August 10, 2023, given regulatory capitalization requirements, the impact on ratings, leverage levels of competitors, and other factors.

<Sales>

Q: Compared to the first quarter, how is your current pace of recovery proceeding? What initiatives are you taking to achieve your sales goals?

- Compared to the 2Q plan, on the amount of monthly premiums basis, new policies have progressed at over 60%, and about 70% on the net increase in life insurance basis. Trends are moving toward improvement, although there are monthly fluctuations. We are also gradually eliminating variation in sales skills, which had been an issue.
- We implemented the new development and incentive system (Kampo GD System) in the first half of the fiscal year, and expect results from these efforts. In addition, lump-sum payment whole life insurance, which is scheduled to launch in January 2024, will appeal to the needs of our elderly customers, and we believe it will lead to an increase in new policies.

Q: What are you doing to raise your Net Promoter Score (NPS)?

- We utilize our strengths of nationwide channels and the human resources to support them, and will rebuild our customers' trust to the post office network, while also rolling out new products that meet customer needs.

<EV>

Q: If the current conditions with new policies continues, how will the revision to EV assumptions at the end of the fiscal year impact the EV? Is it possible that an impact will arise in increments of ¥100.0 billion?

- If the current conditions with new policies continues, we anticipate changes will be made to assumptions for policies in force, although at this time we believe that there will be no significant impact on EV.
- Going forward, we will conduct discussions with parties to obtain third-party opinions.

<Products and Services>

Q: While mitigating interest rate risk, what's the reason behind selling lump-sum payment whole life insurance, which has a high interest rate risk?

- As a certain number of policies held by elderly customers are maturing every year, we will respond to their asset succession needs through this product.
- Moreover, it's also possible to attach a medical rider to this product, and we will recommend adding that to customers with protection needs.
- In addition, as stated on page 13 of the materials, by using this and other savings-type products as a gateway, we believe that this will stimulate the potential needs of customers in each generation and lead to protection-type products.
- As for lump-sum products, interest rate risk will be minimized as much as possible through asset and liability matching operations.

Q: As lump-sum payment whole life insurance is available to those aged 55 and older, my impression is that it's a savings-type product for the middle-aged and elderly with policies approaching maturity. Then there is educational endowment insurance that targets the youth segment, but looking ahead, do you plan to develop savings-type products for young adults?

- Currently, we sell ordinary endowment insurance, term insurance, and whole life insurance with level premiums as basic policies, combined with medical riders, to customers in the young adult segment.
- In addition, with regard to holding period endowment insurance and term insurance, continued protection is available with a policy renewal system.
- Going forward we will consider expanding our product lineup, taking into account the situation with interest rates.

Q: What's the assumed rate of return with lump-sum payment whole life insurance? In setting the assumed rate of return, are there restrictions on account of the Postal Service Privatization Act?

- I'd like to refrain from responding about the assumed rate of return with lump-sum payment whole life insurance. There are no restrictions due to the Postal Service Privatization Act, and we will consider product details that are superior to those of competitors.

<Medium-Term Management Plan>

Q: Although you continue to fall short of your sales plan, in revising the Medium-term Management Plan, is there a possibility of amending the operating targets downward in line with actual results?

- The major factor behind falling short of plans is not being able to sufficiently seize upon our full sales capabilities.
- Future sales targets will be considered while monitoring the effectiveness of the incentive system (Kampo GD System) and lump-sum payment whole life insurance.

<Growth Strategy>

Q: You state your strength as "nationwide channels." Is there room to utilize the post office counter channel more effectively as the Japan Post Group?

- We believe that the channel of approximately 20,000 post office counters is a strength with tremendous potential for the Company.
- We are progressing on discussions with President SENDA of Japan Post Co., Ltd. regarding the effective use of this channel, and we will work together in various areas.

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