

Conference Call on Financial Results
for the Six Months Ended September 30, 2023

Summary of Q&A

Date & Time: Monday, November 13, 2023, 5:45 to 6:30 p.m.

* The statements have been partially edited for clarity.

<Financial Result>

Q: Although the profit achievement rate is high, should we expect other one-time losses in the second half of the year due to the introduction of reinsurance and other factors, or should we expect an upward revision around the third quarter? In the event of other one-time loss, is there a possibility of offsetting that through contingency reserves or other means?

- While duration matching is making progress in the new category, a mismatch is occurring in the Postal Life Insurance category. We are therefore considering the use of interest rate swaps and reinsurance to raise capital efficiency, but at the moment no decision has been made regarding the introduction of reinsurance.
- If, supposing other one-time loss was to occur due to the introduction of reinsurance, etc., offsetting by contingency reserves or other means would be an option.

<Sales>

Q: What's the situation with new policies compared to the plan? Also, according to the status of policies on page 5 of the materials, it appears that the pace of decline with medical care ((2.5)%) has been kept in check, versus the pace of decline in policies in force for individual insurance ((4.3)%). What's the reason for that?

- The status of new policy results as compared to the 2Q plan was about 60% progress on the amount of monthly premiums basis, and a roughly 70% progress on the net increase in life insurance basis.
- As shown on page 20 of the materials, as concerns medical care, the share of retail (post offices and Retail Service Division) was high, while the share of whole sales was low.

- This is because, while retail focuses on sales with added medical riders, whole sales primarily sells endowment insurance for the purpose of employee benefits, and its character makes it difficult to attach medical riders.
- For that reason, premiums for medical care have risen in line with the increase in new policies of the retail division, and this is thought to have affected the pace of decline in annualized premiums for policies in force.

Q: With respect to results of new policies compared to the plan, I understand that the amount of monthly premiums in 1Q was 70%, and the net increase in life insurance was at 80%, but in 2Q, are you saying that there was a slow down?

- To present more detailed figures, with the amount of monthly premiums in 1Q, that would be just under 70%, and in 2Q, over 60% (about 65%), so there was no great difference in the progress of new policies between 1Q and 2Q.

Q: What's the reason that medical care is doing well? Is it because you are making progress in eliminating variation in skills of consultants? And can this elimination of variation be seen as a positive trend?

- As you can see on page 19 of the materials, annualized premiums from new policies for medical care declined slightly in July, but increased with post offices in August, as well as in September with the Retail Service Division, and that led to results that surpassed those of 1Q.
- Regarding the variation in skills of consultants, the percentage of employees achieving three or more new policies per month, which is the guideline, has increased from about 1% in the previous fiscal year to around 20 to 30% per month this fiscal year, although the ratio fluctuates from month to month. In September alone, the ratio of these employees was around 30%, a steady improvement.
- Activities for customers whose policies have reached maturity are progressing well, although we recognize that there are still some issues to be addressed. Specifically, there are insufficient interviews and proposals made to customers who have high potential needs for insurance coverage aside from needs for continuous coverage after policy maturity, such as for guidance on educational endowment insurance, or for customers going through a life event, including marriage, childbirth, or retirement.

- We will continue to thoroughly undertake activities for these customers.

Q: Since there seems to be a continuing situation where the plan for new policies is not achieved, looking ahead, do you plan to revise your goals for new policies?

- As indicated, new policies are recovering compared to last fiscal year, but are still below our plan.
- We are currently discussing internally the revision of the Medium-Term Management Plan and will provide another explanation at the appropriate time.

<Asset Management>

Q: Although positive spread decreased year on year, it is improving, excluding the impact of hedging costs. Does this mean that the impact of higher domestic interest rates had a positive effect on the positive spread?

- Yen-denominated interest-bearing assets account for a majority of our assets, and rising domestic interest rates have a positive impact on our investment income over the long term. However, it will materialize in stages, with little impact in this first half of the year.
- Excluding the impact of hedging costs, the positive spread under the former standard (related to the calculation method of core profit) increased year on year by approximately ¥17.0 billion. By asset, interest and dividend income is decreasing for yen-denominated interest-bearing assets that decline in line with the decrease in total assets, and for hedged foreign bonds with which the balance have been reduced since last year. These declines, however, are offset by a decrease in assumed return, which is a debt cost.
- The main factor behind the increase in positive spread under the former standard year on year has been higher dividends income from alternative assets.

<EV>

Q: Considering the situation where the plan for new policies is not achieved, do you expect any negative impact in the revision of EV assumptions at the end of this fiscal year?

- Regarding revisions to our EV assumptions at the end of this fiscal year, we will make our

determination based on our discussions with third-party opinion recipients, and taking into consideration the impact of the revision of the Medium-Term Management Plan.

- At the end of last fiscal year, EV was somewhat negatively affected due to the revision of EV assumptions, but that was due to the significant impact exerted by transition to the new Japan Post Insurance sales system.
- It depends on the impact of the revision of the Medium-Term Management Plan and discussions with third-party opinion recipients, although at the present time, we believe that the negative impact of revising fiscal year-end EV assumptions will not occur as in the previous fiscal year.

Q: While long-term interest rates are likely to rise in the future, it's possible that the rise in super long-term interest rates may be restrained. What will be the impact on EV in that case?

- The impact of fluctuations in domestic interest rates at the end of September 2023 was about ¥5.0 billion.
- In the current fiscal year, while super long-term interest rates have risen, the increase in long-term interest rates is at about the same level, and the effect on EV has been limited.
- In terms of liability, we believe that the impact of the rise in super long-term interest rates, for over 20 years, is an effective structure, and that in the event of a flattening of the interest rates, the effect would be limited.

<Capital Policy>

Q: Stated in the reference materials is "Growth strategy to raise ROE and expected growth rate." Is the awareness of ROE rising within the Company, and do you have any plans to set ROE targets? Also, with "Capital policy to enhance capital efficiency," do you have in mind the acquisition of treasury stock?

- We set goals in the Medium-Term Management Plan based on RoEV, and we've come to consider our growth strategy with an eye to reaching these goals. Considering the TSE request, we've decided to also disclose our growth strategy for raising ROE.
- At present, we are proceeding with deliberations toward revising the Medium-Term Management Plan, but have yet to decide upon whether to set ROE as a goal.

- Our capital policy is in line with our previously presented shareholder return policy, and it remains unchanged in any way.

Q: Is the increase in “Net unrealized gains (losses) on available-for-sale securities” included in net assets, which is the denominator of ROE, mainly due to the increase in money held in trust in the Postal Life Insurance category?

- That’s correct. Of the money held in trust in the Postal Life Insurance category, in particular, the cause is the rise in net unrealized gains (losses) of stock and other items.

Q: What specifically are the “New measures to secure revenue through alliances with other companies,” which is stated in the reference materials?

- Specific examples of collaboration with other companies are those business alliances we have with Mitsui & Co., KKR & Co. Inc. and Global Atlantic Financial Group.
- By incorporating external resources, we aim to expand our business into growth areas and diversify revenue sources.
- We will be providing details on this at our Financial Results & Corporate Strategy Meeting for the Six Months Ended September 30, 2023, scheduled to be held on November 30.

<Shareholder Return>

Q: Progress with profit for this fiscal year has been good. If profits rise in the future, will there be any change to the dividend policy?

- At the present time there will be no change to this fiscal year’s dividend forecast.
- Our shareholder return 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 an appropriate standard, we will consider further risk-taking or further shareholder returns that are not limited to a total payout ratio from 40% to 50%.

In the event profits rise, we will make a decision based on this returns policy.

<Disclaimer>

These materials were prepared for the sole purpose of providing corporate information, etc., on the Company and its consolidated subsidiaries, and do not constitute a solicitation for investments in the stocks and other securities issued by the companies of the Japan Post Group, regardless of whether in Japan or overseas.

The financial results forecasts and other forward-looking statements herein are based on certain assumptions deemed reasonable by Japan Post Insurance at the time of the disclosure. Please note that actual results may differ from the forecast figures due to various factors including changes in assumptions regarding the operating environment.