Financial Results & Corporate Strategy Meeting
for the Six Months Ended September 30, 2021
Summary of Q & A

Date & time: Thursday, November 25, 2021, 2:00 to 3:30 p.m.
* The statements have been partially edited for clarity.

<Sales>

Q: How do you evaluate the sales results in the first half of this fiscal year? Also, what is the status of preparations for the next fiscal year for sales activities in the second half?

○ Although we resumed proactive sales proposals in April 2021, new policy sales in the first half of this fiscal year have been significantly below expectations.

○ We recognize that this is due to the fact that front-line personnel are unable to remove their anxieties for sales activities, and in light of this situation, we are putting in place an environment that enables them to make proposals with confidence.

○ In addition, we continued to “further support customers whose policies are set to reach maturity 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.

○ In the next fiscal year, we plan to launch new products that further meet customers' medical protection needs as well as sift to "new Japan Post Insurance sales system" and "review of sales targets" based on the actual situation of the front-line personnel. We believe such efforts will create an environment where employees can positively work on sales activities and revitalize sales activities.

Q: May incentives also be a factor behind the inactivity of new policy proposals while contact points with customers are increasing? I would like to hear about the payment structure and sales target from the next fiscal year onward.

○ In FY2021, we set activity targets for evaluating not only the results but also the activity processes, and also set quality targets for evaluating policy continuity.

○ In FY2022, in addition to these, we are considering a net increase target that also takes into account cancelled policies. Furthermore, in FY2023, we plan to revise our payment structure.

○ We recognize that the first half results are largely attributable to the fact that it has not been able to eliminate anxieties about sales activities among front-line personnel, rather than the impact of incentives.

○ We eliminate anxieties among front-line personnel and work together throughout the Company to allow them to be convinced to confidently practice sales activities in accordance with the customer first principle.

Q: In the first half of the fiscal year, the Company said it had expanded its contact points with customers, but has it been able to regain your customers' trust?

○ In gathering and analyzing opinions from customers, we have received many favorable evaluations for our policy coverage confirmation activities.

○ Our employees are becoming increasingly aware of the need to improve CX, and we will continue to work to improve NPS and eventually lead to new policy sales.

<Shareholder Return>

Q: The Company explained that the number of shares decreased due to the acquisition of treasury stock in May 2021, and the total amount of dividends is decreasing, so there are funds to increase in dividends. How much are you considering? Also, when do you disclose the quantitative criteria for judging dividend increases? ESR seems to be at a sufficient level, but do you emphasize the status of progress of the medium-term management plan, including new policy sales?

○ With the acquisition of treasury stock in May 2021 and other factors, the total amount of dividends has decreased and we have funds to increase dividends. However, the decision to increase dividends is based on the recovery in sales results. At this point, we would like to withhold presenting specific levels and quantitative criteria for dividend increases.

○ Our ESR may fluctuate significantly due to changes in the economic environment and other factors, and we plan to refine our measurement method to cope with the new solvency regulations scheduled in 2025. Based on these factors, we would like to assess the adequacy of capital.

Q: Regarding dividend forecast for the current fiscal year, accounting profit is likely to exceed the forecasts, but if the recovery of new policy sales remains slow, is it difficult to increase dividends?

○ While current fiscal year's accounting profit is progressing steadily, we would like to determine whether or not to increase the dividend based on the sales results in the second half.

<ESR>

Q: What elements will have a positive/negative effect on ESR when you refine its measurement method? In addition, are there plans to change the treatment of UFR?

○ We would like to withhold answering details as they are currently under consideration.

○ The refinement of measurement method will be examined, including the treatment of UFR, while referring to standard models of new regulations.

Q: Are you planning to reduce interest rate risk or to maintain the current level of amount?

○ With regard to interest rate risk, which is highly sensitive to ESR among market-related risks (asset management risks), we will work to restrain and reduce such risks in order to cope with the new solvency regulations scheduled in 2025, with the aim of achieving medium-to long-term stability in ESR.

○ The extent to which interest rate risk will be restrained and reduced specifically will be examined after refining the measurement method of ESR.

○ Regarding interest rate risk, the Company's basic policy is to match assets and liabilities through the purchase of super-long-term bonds. For Postal Life Insurance category, we are considering the use of risk hedging instruments other than the purchase of bonds, such as the use of interest rate swaps, as new money resulting from new policy acquisition does not flow in that category.

<Products>

Q: Regarding the chart of product profitability on the right side of P15 in the financial results meeting material, the value of new business does not seem to increase much even if the medical riders will be revised. Although the ratio of medical care to annualized premiums from new policies will rise, is the net increase of annualized premiums will not be large as a large portion of new policies will account for conversion ?

○ Please understand that this chart is just the conceptual drawings.

○ The revisions of medical riders from April 2022 are aimed at providing enhanced medical coverage at lower premiums than before by allowing policyholders to set higher rider benefits for the basic policy. Premiums per policy will decline. However, because medical riders are generally more profitable than basic policies, we expect an increase in the value of new business by increasing the ratio of rider amounts to the basic policy amount.

○ We will continue to develop products that meet customer needs and shift to a product portfolio centering on protection-type products, which will lead to growth in the value of new business.

Q: Does the frequency of development of new products increase due to the shift to the notification system? Will the Company continue to disclose the details of notification to the Postal Services Privatization Committee?

○ The Postal Services Privatization Committee outlined the Postal Services Privatization Committee's policy (October 2021) regarding the operation of the notification system for new business of Japan Post Insurance. As a result of the shift to the notification system, the procedures have been simplified and shortened compared to the previous approval system.

○ Regarding the transition to the notification system, although we need to consider appropriate competitive conditions, we believe it is important that our flexibility in product development has improved.

○ In the future, if we notify of new products like this time, we will basically disclose the fact of it.

<EV>

Q: As the recovery of new policy sales remains slow, is there a possibility of revising the volume of future in-force policies under the assumption of EV? Please tell us the status of consideration of measures for the recovery of EV, including cost reductions.

○ The current recovery in new policies is moderate, but we do not expect to revise its assumptions for the volume of future in-force policies at this point as we plan revisions of medical riders, new Japan Post Insurance sales system and revisions of sales target based on the actual situation of the front-line personnel from next fiscal year.

○ We will continue its efforts to reduce expenses.

○ The assumptions for t the volume of future in-force policies are set consistent with the medium-term plan. In measuring the EV at the end of March 2022, based on the actual results of new policy sales at that time and the prospects for acquiring new policies in the future, we would like to set them appropriately after consulting with third-party sources of opinion.

<Asset Management>

Q: As for return seeking assets, could its share to total asset exceed the target during the period of the medium-term management plan? I would also like to hear about the alternative investment policy.

○ The share of return seeking assets to total assets is also affected by the amount of total assets and fair value, so it may exceed the target of 18-20%.

○ Until now, the share of return seeking assets has steadily increased, but for the future, we will make flexible judgments within the scope of risk buffer.

○ With regard to alternative investment, we plan to accumulate the amount in stages and expects to double the amount during the period of the medium-term management plan compared to the end of FY2020.

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