

**Management Policy Meeting for the Fiscal Year Ended March 31, 2020**  
**Summary of Q & A**

Date & time: Wednesday, May 27, 2020, 2:00 to 3:15 p.m.

\* The statements have been partially edited for clarity.

**[Restart of Sales Activities]**

**Q** What are the timing and conditions for the restart of sales activities?

- The Board of Directors of each company will make decisions about the restart of sales activities, after comprehensively considering the status of our response to customers, disciplinary action against sales personnel, and the establishment of a check system, while also asking the opinions of outside experts such as the JP Reform Execution Committee.
- At present, we cannot offer a definitive response as to when sales activities will be restarted, but we are currently preparing to resume activities, such as by training sales personnel who have been subject to disciplinary action.
- A meeting of the JP Reform Execution Committee is being held today, and the Committee has evaluated that the investigation was basically proceeding well.

**[EV, ESR]**

**Q** The levels of EV and ESR have dropped significantly. How will the Company improve them?

- The newly disclosed EV incorporates assumptions of volumes of policies in force, and expense assumptions etc., that we can assume at the present. In the future, during the consideration of the next Medium-Term Management Plan, we will make revisions to assumptions as necessary.
- At present, our basic plan is to work on making more effective use of expenses, and share a common understanding across the Japan Post Group to formulate a recovery plan to build a foundation for a sales force with appropriate solicitation quality, as well as providing products and services.
- With regard to ESR, we believe that it is necessary to address EV, as well as utilizing capital raised through debt financing and implement appropriate risk control.

- We recognize ESR as an indicator to be referred to and responded to on a medium to long-term basis. Although we do not change our return policy in the short term in response to fluctuations of ESR, we do recognize it as an important indicator. When examining our next Medium-Term Management Plan, we will establish a path towards improvements while maintaining balance with earnings generation in financial accounting.

Q Is it possible to reduce expenses while being obliged to provide universal services?

- By Postal Service Privatization Act, Japan Post Holdings and Japan Post Co. are obliged to provide universal services, and we provide insurance products to that end.
- Following that premise, our current Medium-Term Management Plan calls for more efficient back office operations, so we will continue to invest in growth while pursuing greater efficiency.
- Commissions paid to Japan Post Co. are paid properly as consideration for outsourced work, in accordance with laws and regulations.

Q Are you considering whether to reduce interest rates risk to improve ESR?

- As necessary, we will make revisions to assumptions about newly disclosed ESR figures in the course of examining the next Medium-Term Management Plan. Based on their content, we will consider the future direction of asset management policies.
- Our policy regarding interest rate risk has been to reduce it in line with economic value based capital regulations planned for 2025, while maintaining a balance with earnings generation in financial accounting.

### **[Capital Policy]**

Q What is the priority of reducing the voting rights ratio of Japan Post Holdings, which has been positioned as the most important management issue thus far?

- We have not changed our current policy that the reduction of voting rights ratio of Japan Post Holdings is important for increasing the flexibility of management. We will continue to examine this positively, including ways to reduce voting rights by share buyback.

Q What is the Company's policy on raising capital through debt financing? Will the Company only raise capital through debt financing after formulating the next Medium-Term Management Plan?

- We have not made a decision on the use of capital raised through debt financing, but we are researching cases at other companies and will consider this as part of examination of our next Medium-Term Management Plan.

### **[Shareholder Returns]**

Q What factors contributed to changing the dividend policy from a steady increase in dividend to a steady dividend? What are the conditions to "aim for a steady increase in dividend" once more?

- Please understand that our revised dividend policy is the policy for the final year of our current Medium-Term Management Plan.
- We will determine our future dividend policy in the process of examining our next Medium-Term Management Plan.

### **[Others]**

Q What kind of indicators will you use as management targets in the next Medium-Term Management Plan?

- In the future, it will be important for us to satisfy customers and get them to continue their policies by steadily executing sales activities with appropriate solicitation quality. These activities are expected to contribute to improving indicators such as EV and value of new business. Going forward, we will examine how to present management targets to investors.

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Please note that actual results may differ from the forecast figures due to various factors including changes in assumptions regarding the operating environment.