

Japan Post Group

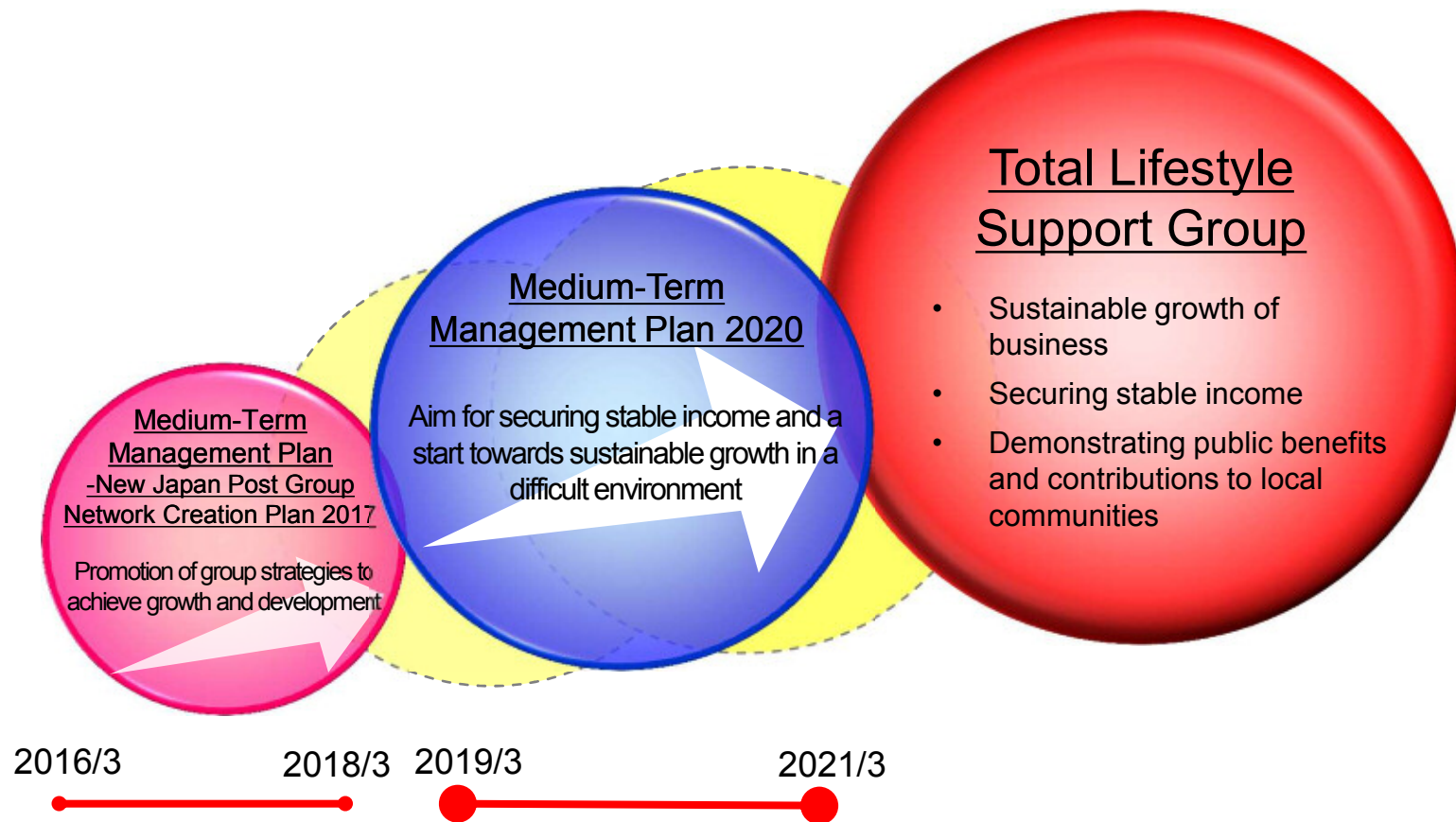
Medium-Term Management Plan 2020



JAPAN POST GROUP

1 The Japan Post Group's direction

Aim to become a Total Lifestyle Support Group as Team JP, with ensuring universal services, working together as a Group centered around the post office network



- Aim to be a “Total Lifestyle Support Group” that provides various products and services in accordance with the varied lifestyles and life stages of each and every customer, and that supports them to realize safe, secure, comfortable and affluent lifestyles and lives.

2 Basic policies for FY2019/3 to FY2021/3

Aim for securing stable income and a start towards sustainable growth in a difficult environment

[Basic policies]

- ① Development of business that supports the total lifestyles of customers
- ② Securing stable income for the Group
- ③ Development of environment that enables employees to demonstrate their full capabilities
- ④ Development of new businesses aimed at future growth

3 Basic policies by business

Business fields	Basic policies
1 Postal and logistics business	Comprehensive review of product and operations systems and strengthening of service infrastructure to support an expansion in parcel
2 Post office business	Coexistence with local community by maintaining, strengthening and maximum utilizing the post office network through deployment of unique and diverse post offices in accordance with regional needs, etc.
3 International logistics business	Improvements in management of Toll and deployment of contract logistics in Japan through strengthening synergy between JP and Toll
4 Banking business	Diversification and sophistication of investment management, expansion of non-interest revenue and efficient resource allocation
5 Life insurance business	Reversal/growth of policies in force through sales activities focusing on protection needs and improvement in solicitation quality

4 Postal and logistics business

Conduct comprehensive review of product and operations systems, and strengthen service infrastructure to support an expansion in parcel

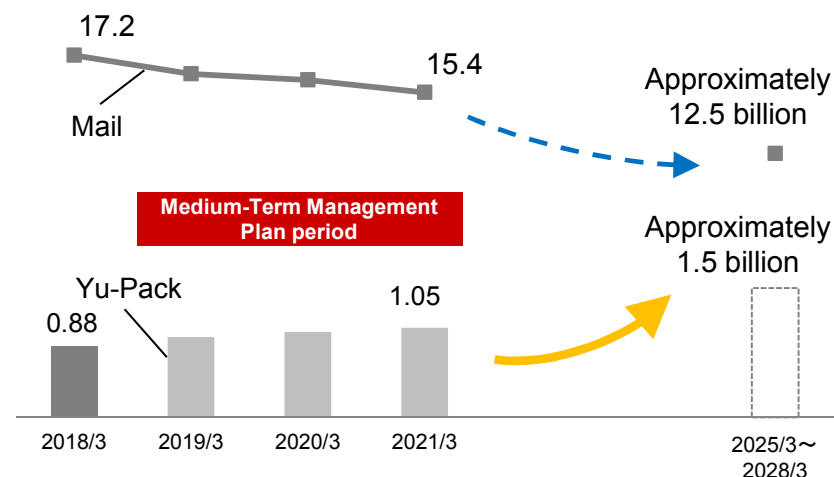
Major measures over three years

- ◆ **Shift management resources to parcel field through review of services and operations, etc.**
(Implementation of downsizing of parcel, liquidation of management resources, etc.)
 - ◆ **Review of services and creation of high added value in consideration of changes in lifestyles**
(Implementation of designated location delivery service, expansion of desired delivery time frame, etc.)
 - ◆ **Strengthen service infrastructure to support expansion of parcel**
- +
- ◆ **Improvements in convenience and productivity through active use of IoT and new technologies such as AI and automatic driving**

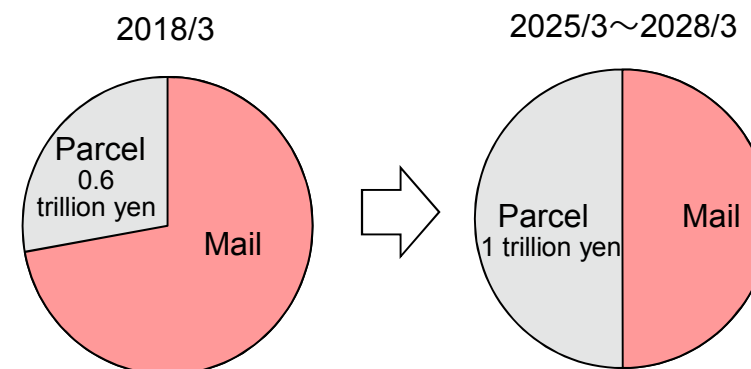
Future vision

Provision of last mile logistics network infrastructure through service enhancement and redistribution of management resources

<Handling volume>



[Image of business (revenue) mix]



5 Post office business

Coexistent with local community by maintaining, strengthening and maximum utilizing the post office network through deployment of unique and diverse post offices in accordance with regional needs, etc.

Major measures over three years

◆ Enhancement of products and services using post office network

(Post Office Watch Service, contracted administration from municipalities, etc.)

◆ Provision of products and services in accordance with regional needs and diversification of counter business hours, etc.

[Image]

Office A (Operating hours: 9:00 to 17:00)

Universal services
(postal, banking and insurance)

Merchandising

+ Post Office Watch Service
Contracted administration from municipalities
Coordination with regional financial institutions, etc.

Office B (Operating hours: 10:00 to 20:00)

Universal services
(postal, banking and insurance)

Various financial
Products including
third sector products

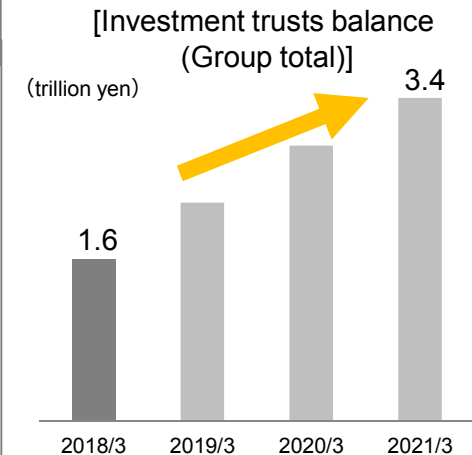
Merchandising

...

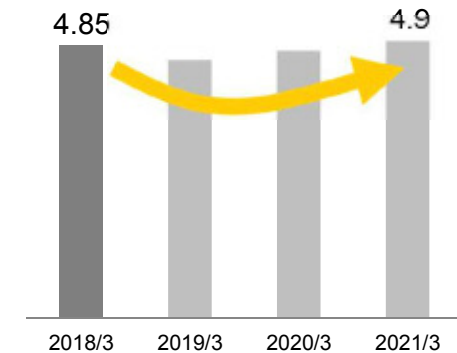
+ Post Office Watch Service
Financial consulting



Improvements in sales productivity/ efficiency of counter operation, etc.



[Annualized premiums for policies
in-force (Group total)]
(trillion yen)



Future vision

Coexistence with local communities through the maintenance and strengthening of the post office network

(Regular post offices: Approximately 20,000, Contracted post offices: Approximately 4,000)

6 International logistics business

Improve management of Toll and deploy contract logistics in Japan
through strengthening synergy between JP and Toll

Major measures over three years

- ◆ Steadily implement management improvement measures while improving revenue through growth strategy
- ◆ Deploy contract logistics in Japan through strengthening synergy between JP and Toll

Management
improvement
measures

IT reform program

(Aggregation of IT distributed in each business divisions)

Reduction of operational costs

(Sharing operation across divisions)

Strengthening of synergy between JP and Toll

(Deployment of contract logistics in Japan)



Growth strategy

Establishment of market position in major industries

(Energy, Retail and Engineering industries)

Concentration on major regions and regions with high growth potential

(Australia, Singapore/China – US, etc.)

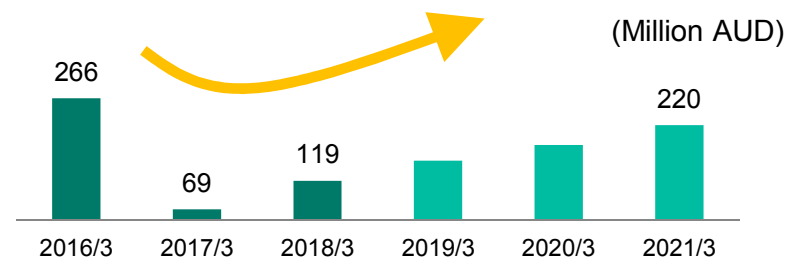
Expansion into high growth fields

(Medical and Technology fields)

Future vision

Provision of integrated solutions through the development of comprehensive logistics business in Japan and overseas

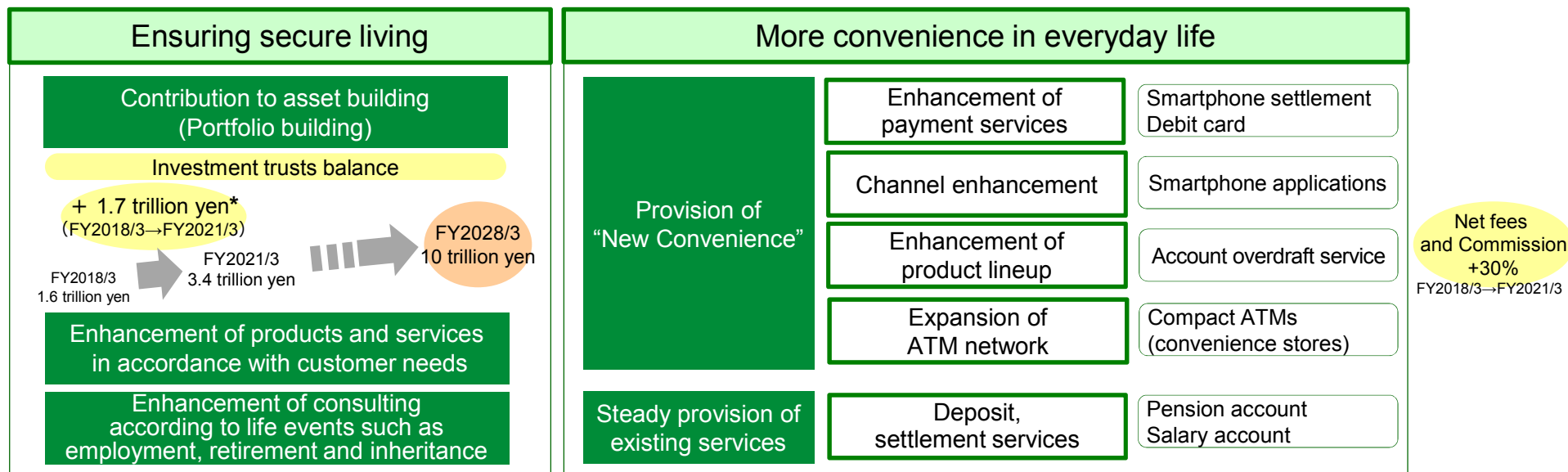
[Toll net operating income (EBIT)]



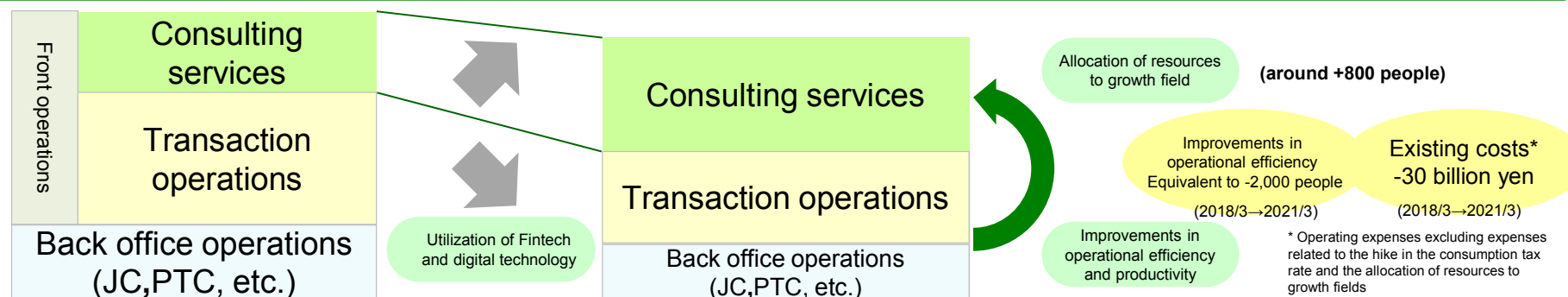
7 Banking business (1)

Have more people say “JP Bank, of course”

Provide high-quality customer-oriented financial services while efficiently allocating management resources



Redistribution of management resources



8 Banking business (2)

Diversify and sophisticate investment management while maintaining financial soundness

Securing stable income over medium to long term through diversification and sophistication of investment management

Promotion of international diversified investments through effective utilization of capital

Risk taking centered around risk assets

Promotion of alternative investments

Use of derivatives

Portfolio improvements

Risk assets*
About 87trillion yen

(2021/3)
(2018/3 : 79trillion yen)

Outstanding amount
in strategic
Investment area **
About 8.5 trillion yen

(2021/3)
(2018/3 : 1.6trillion yen)

Utilization of joint investment company
(Japan Post Investment Corporation)

Provision of risk money to domestic industry

Contribution to development of domestic industry

Acquisition of PE investment opportunities

Strengthening of risk governance

Introduction of risk appetite framework (RAF) in ALM and asset management operations

Clarification and visualization of risks

Appropriate risk taking and risk control

Advancement of business management systems

Maintain financial soundness while ensuring stable income

Capital adequacy ratio

Establishment of capital adequacy ratio floor from the perspective of financial soundness

Set capital adequacy ratio of about 10%***

*** After consideration of strengthening of financial regulations

* Assets other than yen interest-bearing assets (JGB, etc.)(existing SP+BP loans) (credit, foreign government bonds, equities, alternatives)

** Existing alternatives (PE, HF, Real estate funds (equity))+ real estate funds (debt(non-recourse loans, CMBS), direct lending funds)

Ensuring stable profits and providing stable dividends to gain the reassurance and trust from shareholders

8 Life insurance business (1)

“Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being”

Based on assurance and trust, aim for sustainable profit growth by reversing and growing of policies in force by providing life insurance products corresponding to customers' protection needs

External environment

Advent of super-aging society

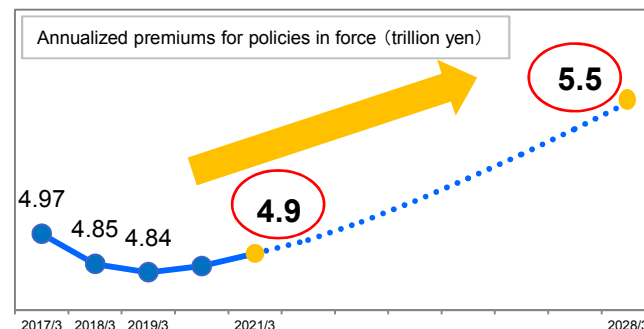
Evolution of medical technology and ICT

Continuation of historically low interest rate environment

Diversification of lifestyles

Principal measures in Medium-Term Management Plan

Strengthening of sales activities focusing on protection needs, Improvement in solicitation quality, Cultivation of new customer base, Development of new products, Establishment of sales foundation



Medium-Term Management Plan

Improvement of customer service and enhancement of efficiency in back-office administration through use of ICT

Diversification of asset management and sophistication of risk management

Annualized premiums for policies in force
About 4.9 trillion yen
(FY2021/3 numerical targets)

Reduction of administrative workload equivalent to **1,000** people

Return-seeking assets **12.3% → About 15%**
(FY2018/3→FY2021/3)

Future vision

- Sustainable profit growth and securing of solid business base

Annualized premiums for policies in force
About 5.5 trillion yen
(FY2028/3)

- Further enhancement in convenience and productivity through use of ICT
- Launch of new services and products, which contribute to raising customers' QOL* through use of AI and big data
- Further improvement in returns on risk under ERM framework

* Quality of life: Concept for evaluating whether someone lives a humane and satisfying life

8 Life insurance business (2)

Strengthening of sales activities focusing on protection needs,
Improvement in solicitation quality, Cultivation of new customer base,
Development of new products, Establishment of sales foundation

Strengthening of
sales activities
focusing on
protection needs

- Training for post office offsite sales personnel and counter sales personnel
- Cooperation with other life insurance companies in products supply including commissioned sales, etc.

Improvement in
solicitation quality

- Ensuring that solicitation materials are easy to understand
- Comprehensive measures to improve solicitation quality (introduction of policy maintenance evaluation, etc.)

Cultivation of new
customer base

- Cultivate potential customers who are uninsured and young / Strengthen sales activities at worksite, etc.
- Continue “Feel Secure with Kampo” activities / Launch of health promotion services

Development of
new products

- Development and diversification of protection-type products including third sector products (Annualized premiums from new policies (third sector)
: Up over 20% from 2018/3 (59.2 billion yen))

Establishment of
sales foundation

- Introduction of new mobile devices for sales, counter support using TV systems and marketing by utilizing SNS, etc.
- Increase in offsite sales personnel at post office
(Number of offsite sales personnel: around 18 thousands (FY2021/3))

Improvement of customer service and enhancement of efficiency in back-office administration through use of ICT

Improvement of
customer service

- Introduction of screen notification/automated assessment system and insurance procedure support system
- Introduction of billing procedures utilizing digital technologies such as “My Page”

Enhancement of
efficiency in
back-office
administration

- Digitalization of paper forms at Service Centers / Saving labor in policy maintenance administration process
- Stepwise introduction of RPA (Robotic Process Automation)
(Reduction of workload equivalent to 1,000 people* (2021/3))

*Convert the number into personnel expenses : about 3.0 billion yen

Diversification of asset management and
sophistication of risk management

Diversification of
asset management

- Diversification of foreign bond investment and alternative investment / Expansion of in-house management of stocks
- Cooperation with other life insurance companies including joint investment, etc.
(Ratio of Return-seeking assets : about 15% (2021/3))

Sophistication of
risk management

- Actively taking risk of underwriting insurance through products that support both customer needs and profitability
- Taking asset management risk within the scope of risk buffer based on ALM and risk appetite

9 Development of real estate business

Japan Post Real Estate established to more effectively develop the assets held by the Group and secure new sources of revenue through Joint venture participation and acquisition of profit-making properties, etc.

Operating income and net operating income for real estate business overall

Increase in rented building occupancy rates and increase in rent income from rental houses, etc. are expected

	FY2018/3	...	FY2021/3
Operating income	28.5 billion yen		33.0 billion yen*

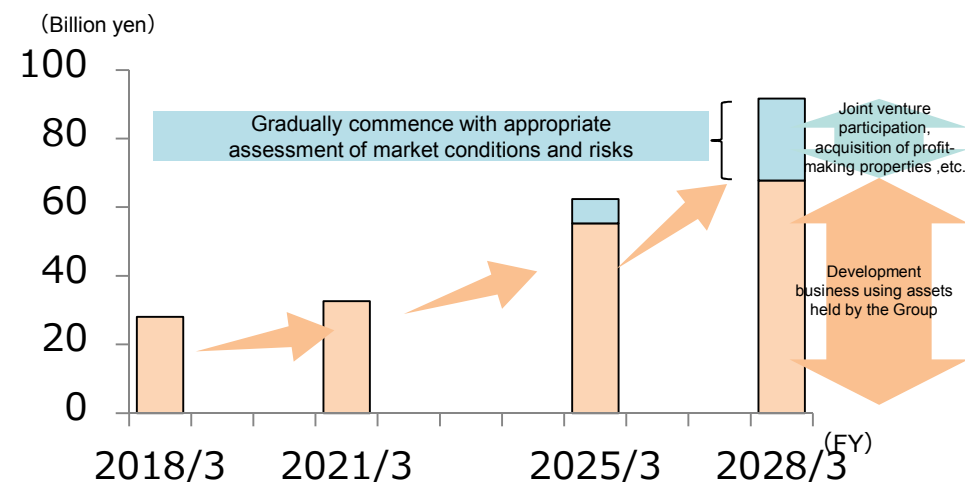
- Total operating income of Japan Post Real Estate and real estate business of Japan Post

Total investments (FY2019/3 to FY2021/3): 180 billion yen

Large-scale scheduled development projects through assets held by the Group

- ◆ Gotanda project (formerly U-Port)
Construction completion: FY2023/3 (planned)
- ◆ Toranomom/Azabudai project
(Japan Post Tokyo Regional Office, Azabu Post Office)
Construction completion: FY2024/3 (planned)
- ◆ Osaka station-front project (formerly Osaka Central Post Office)
Construction completion: FY2024/3 (planned)

Image of operating income target



Joint Venture participation	<ul style="list-style-type: none"> ○ Assessing market conditions and risks, absorb know-how and gain revenue through participation in redevelopment projects ○ Use the Group's financing capabilities and the network with other companies built through achievements to date
Acquisition of profit-making properties, etc.	<ul style="list-style-type: none"> ○ Gain profits through acquisition of profit-making properties from outside the Group and development of properties ○ Use the Group's brand strength and human resources

10 Growth investments

Aim to contribute to profits while taking into consideration investments of several hundred billions of yen over a period of three years until FY2021/3, through considering capital partnerships and M&As in a broad range of fields that will lead to the growth of the Group as a “Total Lifestyle Support Group”

Disciplined investments

- Conduct disciplined investments by making careful judgments in light of investment judgment criteria when conducting investments in consideration of the experience of impairment for Toll

Funds for investments

- Procure funds for investments, giving consideration to existing cash flows as well as borrowings that take advantage of ample borrowing capacity and the use of sales inflows if stocks of Japan Post Bank and Japan Post Insurance were sold

Capital partnerships and M&As in a broad range of fields

- Broadly consider projects that will strengthen the existing business of the Japan Post Group and areas where it will be possible to use management resources including the post office network and customer base, without being constrained by existing businesses

Investments for finding the seeds of new business

- Conduct investments through JAPAN POST CAPITAL Co., Ltd. in companies for which growth can be expected through the use of networks, brand strength, etc. in order to find the seeds of new business for the Japan Post Group

Aim to contribute to profits while taking into consideration **investments of several hundred billions of yen** over a period of three years until FY2021/3

11 Numerical targets for FY2021/3 and dividend policy

Group consolidated

Earnings per share of at least 100 yen*

Dividend per share of at least 50 yen

(Implementation of stable dividends)

* Assuming the current number of issued shares (excluding treasury stock), net income attributable to Japan Post Holdings of approximately 405 billion yen

Japan Post

Consolidated net operating income 90 billion yen

Postal and logistics business 40 billion yen

Post office business 30 billion yen

International logistics business 20 billion yen

Consolidated net income 65 billion yen

Number of Yu-pack handled About +200 million
(compared to FY2018/3)

Japan Post Bank

Consolidated net ordinary income 390 billion yen

Consolidated net income 280 billion yen

(Reference)
Earnings per share 74 yen

Secure capital adequacy ratio of about 10%*
* After consideration of strengthening of financial regulations

Assets under management About +1.8 trillion yen
including Investment trusts balance About +1.7 trillion yen**
(compared to FY2018/3)

Secure dividend per share of 50yen
(Implementation of stable dividends)

** The cumulative total of "sales amount - cancellation amount" for 3 years (not market price basis)

Japan Post Insurance

Annualized premiums for policies in force
About 4.9 trillion yen

Earnings per share 155 yen

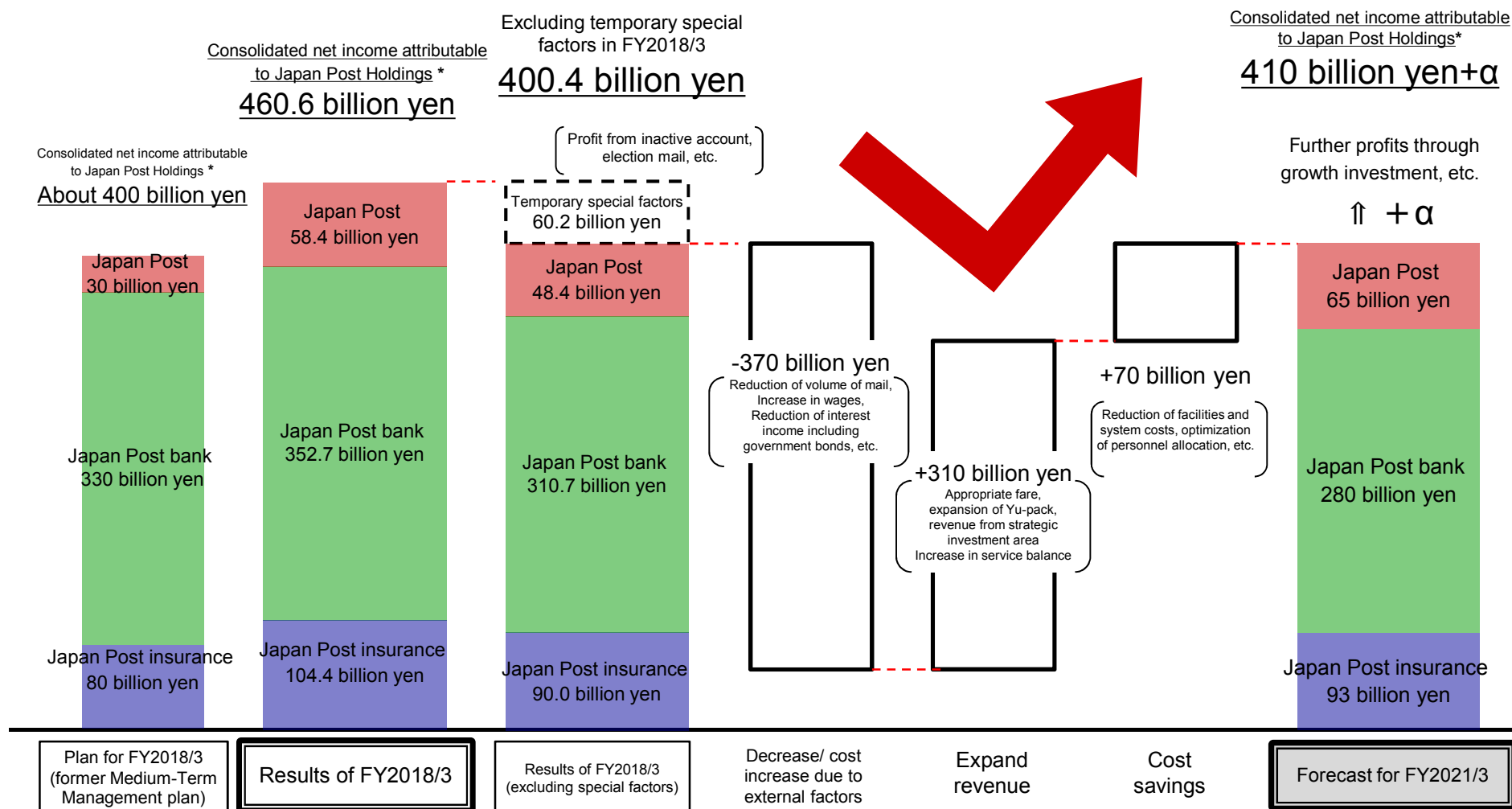
(Reference)
Consolidated net income 93 billion yen

Aim to increase dividend to 76 yen per share while ensuring the soundness of management

*The interest rates, foreign exchange rates, stock prices, which are the premise of each numerical target, are set based on the situation at the end of December 2017.

12 Profit levels for FY2021/3

Overcome reductions in revenue and increased costs due to external factors under a difficult management environment through measures to increase revenue and reduce costs to ensure profit levels that exceed the actual profits of FY2018/3 in FY2021/3



*Assuming the current holding ratio of Japan Post bank/ Japan Post insurance

Japan Post Group Medium-Term Management Plan 2020 Supplement

Supplement1 Results of the Group Medium-Term Management Plan - New Japan Post Group Network Creation Plan 2017

	FY2018/3 business targets (Announced April 2015)	FY2018/3 financial results (Announced May 2018)
Overall	Consolidated net income 450.0 billion yen (including income attributable to non-controlling interests)	(Including income attributable to non-controlling interests) 512.0 billion yen (Excluding income attributable to non-controlling interests) 460.6 billion yen
Japan Post	Consolidated operating income 3.1 trillion yen	3.88 trillion yen (Excluding income attributable to Toll) 3.17 trillion yen
	Consolidated net ordinary income 35 billion yen	85.4 billion yen
	Consolidated net income 30 billion yen	58.4 billion yen
Japan Post Bank	Deposit balance (compared to FY2015/3) +3 trillion yen	+2.3 trillion yen
	Asset management product balance (compared to FY2015/3) +1 trillion yen	+1.4 trillion yen
	Net ordinary income 480 billion yen	499.6 billion yen
	Net income 330 billion yen	352.7 billion yen
	Reduction of non-personnel expenses (compared to FY2015/3) -50 billion yen	-78.5 billion yen
Japan Post Insurance	Contracted monthly premiums for new policies 50 billion yen (FY2017/3)	41.4 billion yen
	Net income 80 billion yen	104.4 billion yen

Supplement2 Main external environment and response policies

	Main external environment	Response policies
Logistics industry	<ul style="list-style-type: none"> Continuation of declining trend in mail Continued expansion of the EC market 	<ul style="list-style-type: none"> Strengthening of logistics functions Development of comprehensive logistics business in Japan and overseas
Financial industry	<ul style="list-style-type: none"> Enduring historically low interest rate environment Consideration of strengthening international financial regulations Principle of customer-oriented operation of business Diversification of settlement methods 	<ul style="list-style-type: none"> Advancement and diversification of asset management and insurance sales activities focusing on protection needs Securing of appropriate financial soundness Promotion of fiduciary duty through company-wide measures and improvement in quality of insurance solicitation Provision of new transfer settlement services (smartphone settlement, account overdraft and debit cards)
Socio-economic Technology	<ul style="list-style-type: none"> Advent of declining population and ultra-low childbirth and aging society (decline in productive age population) Increase in personnel expenses and social security-related expense burden Emergence of new technologies (AI, RPA, automatic driving, drones, Fintech, etc.) 	<ul style="list-style-type: none"> Improvements in administrative efficiency through use of new technologies and systems Working style reforms Use of new technologies aimed at future business development Enhancement of non-face-to-face channel

Supplement3 Postal and logistics business (1) Outline of policies and measures



Implementation of Yu-Pack service improvements in pursuit of easier parcel drop off and pick up for each and every person

Accessible drop off

-Simple drop off service using the web

■ Web settlement Yu-Pack

- Advance settlement with credit card
- Simple issuance of shipping labels online
- Shipping that is cheaper than the basic fare

■ Provision of an app for creating the Yu-Pack address label

Service for reliable pick up at home

■ Implementation of designated location delivery service

- Delivery to location designated by recipient (in front of door at home, garage, etc.)

■ Expansion of desired delivery time frame

- Addition of 19:00 to 21:00

■ Expansion of services where initial pick up time and location can be designated

- Acceptance of designation or changing of delivery date, delivery time and free transfer to workplace, etc. from emails, etc. sent by mail order companies

Accessible pick up service

■ Establishment of access points for pick up within 5-minute walking distance

- Establishment of pick up facilities in station coin lockers, commercial facilities, etc. mainly in post offices and convenience stores

■ Point granting service for pick up at post offices, etc.



Supplement 3 Postal and logistics business

(3) Increase in parcel and strengthening of service infrastructure to support the increase

Shift management resources to parcel field through comprehensive review of product and operations systems

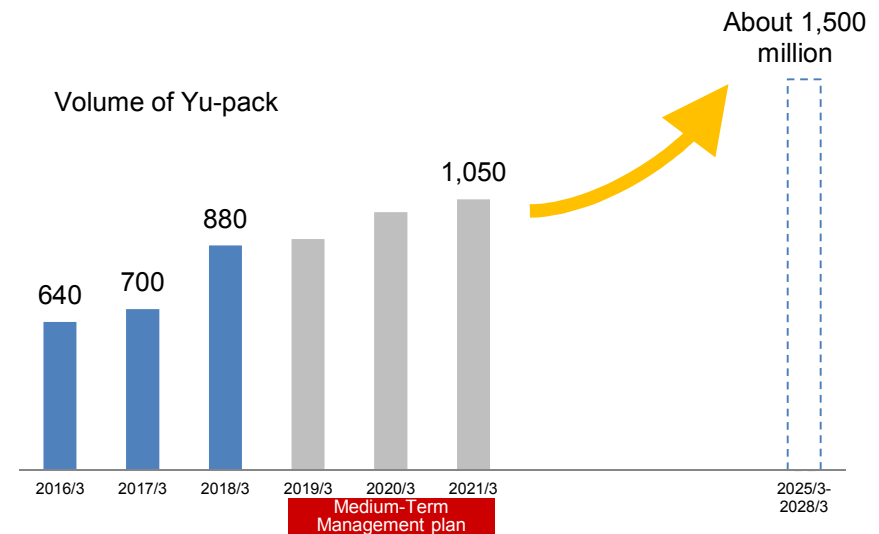
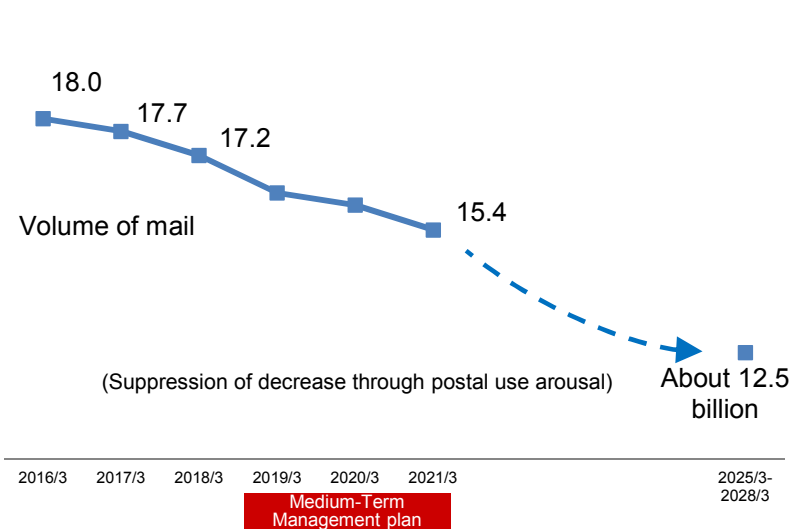
Decrease in mail due to spread of the Internet, etc.

Increase in Yu-Pack, etc. through expansion of e-commerce market, etc.

Shift management resources from postal field to parcel field

✓ Revisions for product characteristics that achieve a balance in terms of services and operations

✓ Liquidation of management resources through review of operations, etc.



Strengthening of service infrastructure to support expansion of parcel

✓ Augmentation of capacity through borrowing of facilities

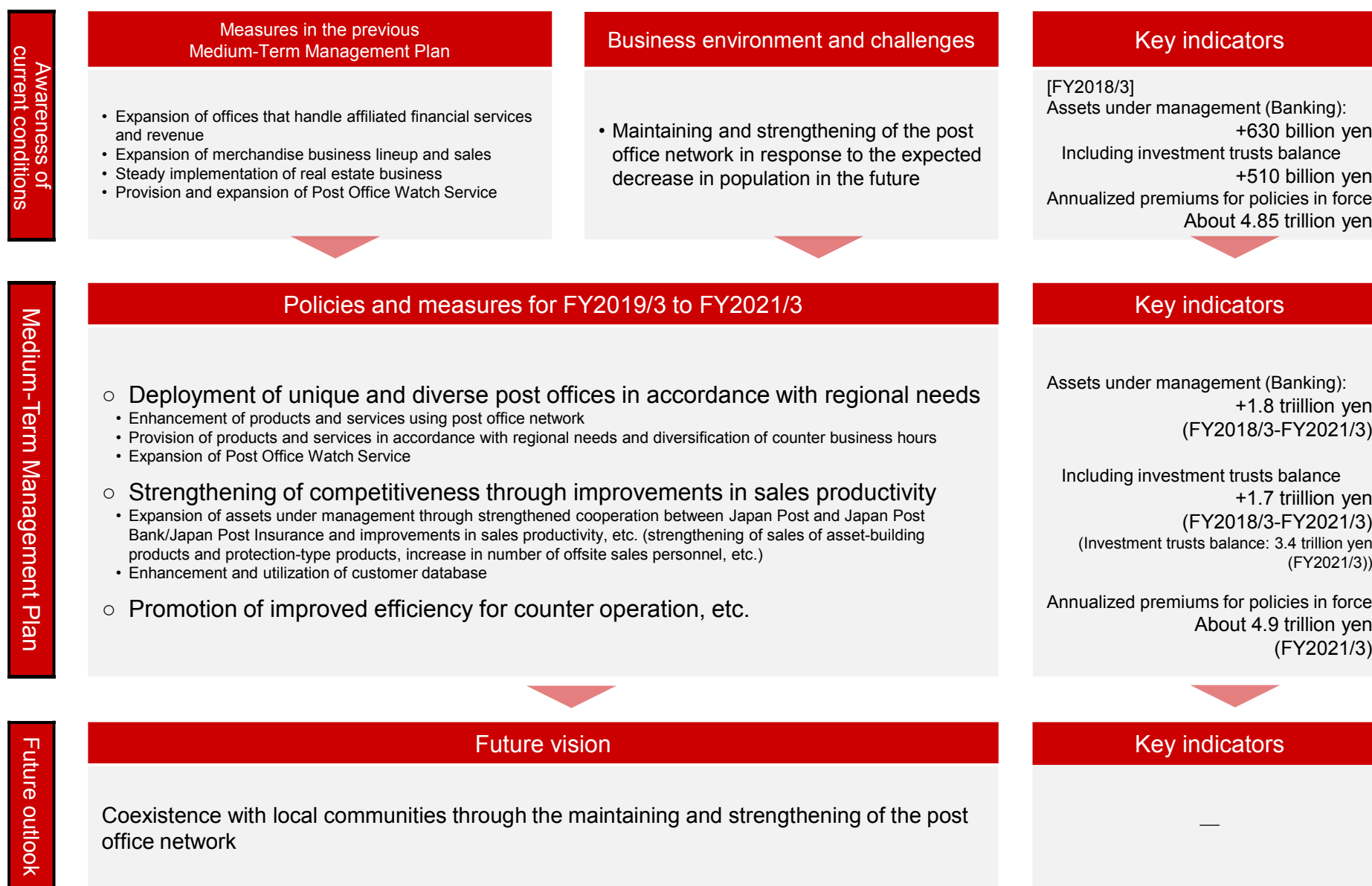
✓ Improvements in efficiency and strengthening of transport capacity through review of transport methods for Yu-Pack, etc.

✓ Liquidation of management resources through review of operations, etc. (restated)

✓ Improvements in productivity and review of operation flows through work centralization, mechanization, etc.

✓ Consideration of improvements in convenience and productivity in preparation for the future including drones and automatic driving

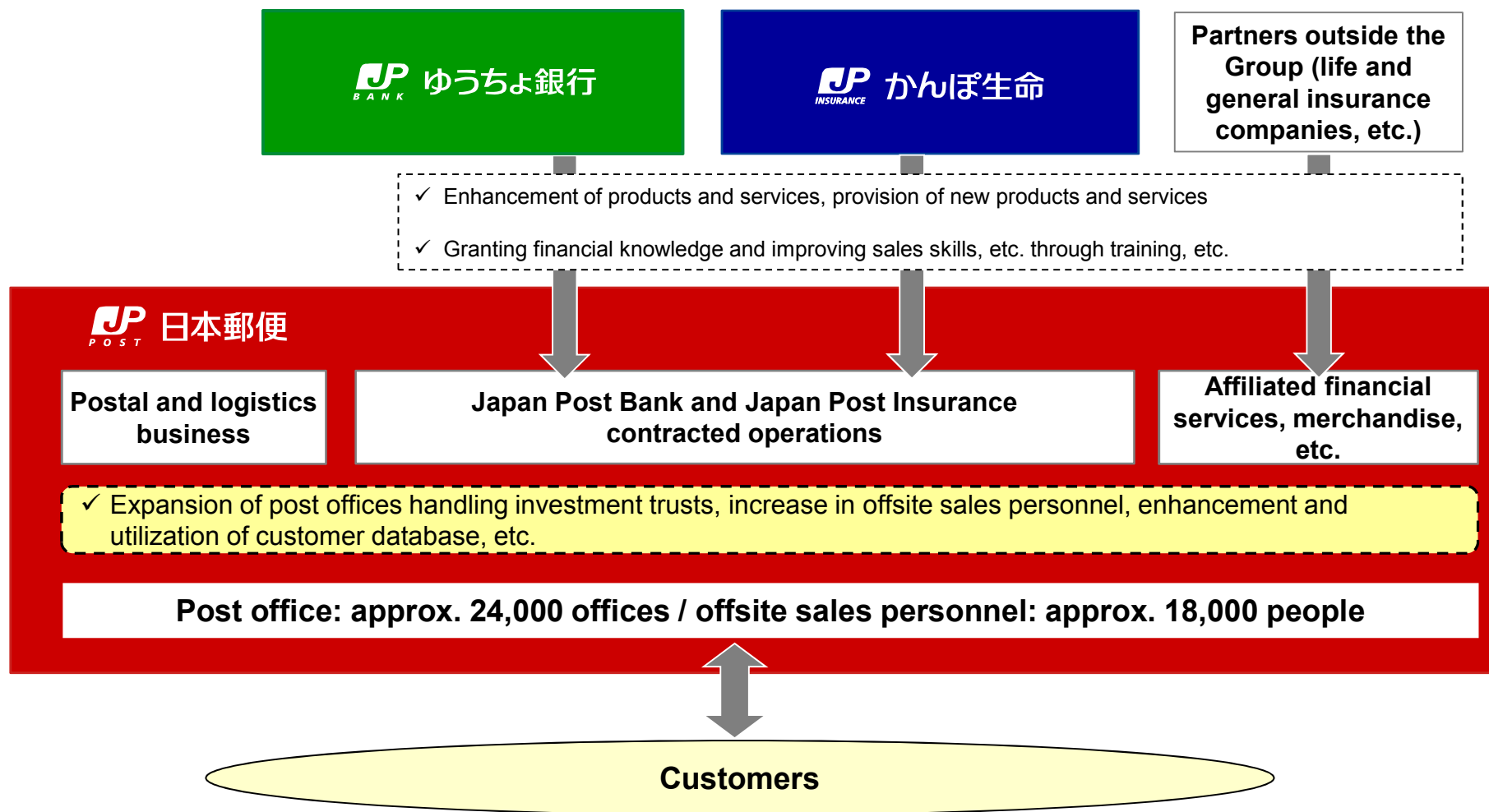
Supplement 5 Post office business (1) Outline of policies and measures



Supplement 4 Post office business

(2) Strengthening of competitiveness through improvements in sales productivity

Expansion of assets under management including asset-building products through strengthened cooperation between Japan Post and Japan Post Bank/Japan Post Insurance and improvements in sales productivity



Supplement 4 Post office business (Reference) Use of post office network

Measures to improve convenience for customers

Parallel establishment of convenience stores and post offices



Conduct for 85 offices*

Yafuso Post Office (Okinawa Prefecture)
(Relocation on September 19, 2017)

Opening of offices in shopping centers



Conduct for 27 offices*

AEON TOWN Yoshikawa Minami Post Office
(Saitama Prefecture)
(Open on September 20, 2017)

Opening of offices in local government facilities



Conduct for 15 offices*

Kawai Post Office (Tokushima Prefecture)
Relocation on March 21, 2017

* As of the end of March 2018, after privatization

Utilization of post office network

Expansion of post offices handling/referring investment trusts

- “Post offices handling investment trusts” Expanded to 1,416 offices* by adding a total of 101 offices including 13 offices from July 10, 2017 and 87 offices from October 16 2017, 1 offices from February 19 2017
- “Post offices referring investment trusts” Expanded from July 10, 2017 and conducted consultations on asset management and referral of investment trusts at 18,000 post offices*

* As of the end of March 2018

Establishment of “Multi-Bank-Shared Service Counter”



Image of
“Multi-Bank-Shared
Service Counter”

- Leased portion of Shinjuku Post Office and established “Multi-Bank-Shared Service Counter” operated by ATM Japan, Ltd. (September 2017)
- Provided account after-sales services (name and address changes, etc.) to individual customers of 27 banks in 16 prefectures that are partnered with ATM Japan, Ltd. (as of March 2018)

Establishment of Miyazaki Bank ATM corner



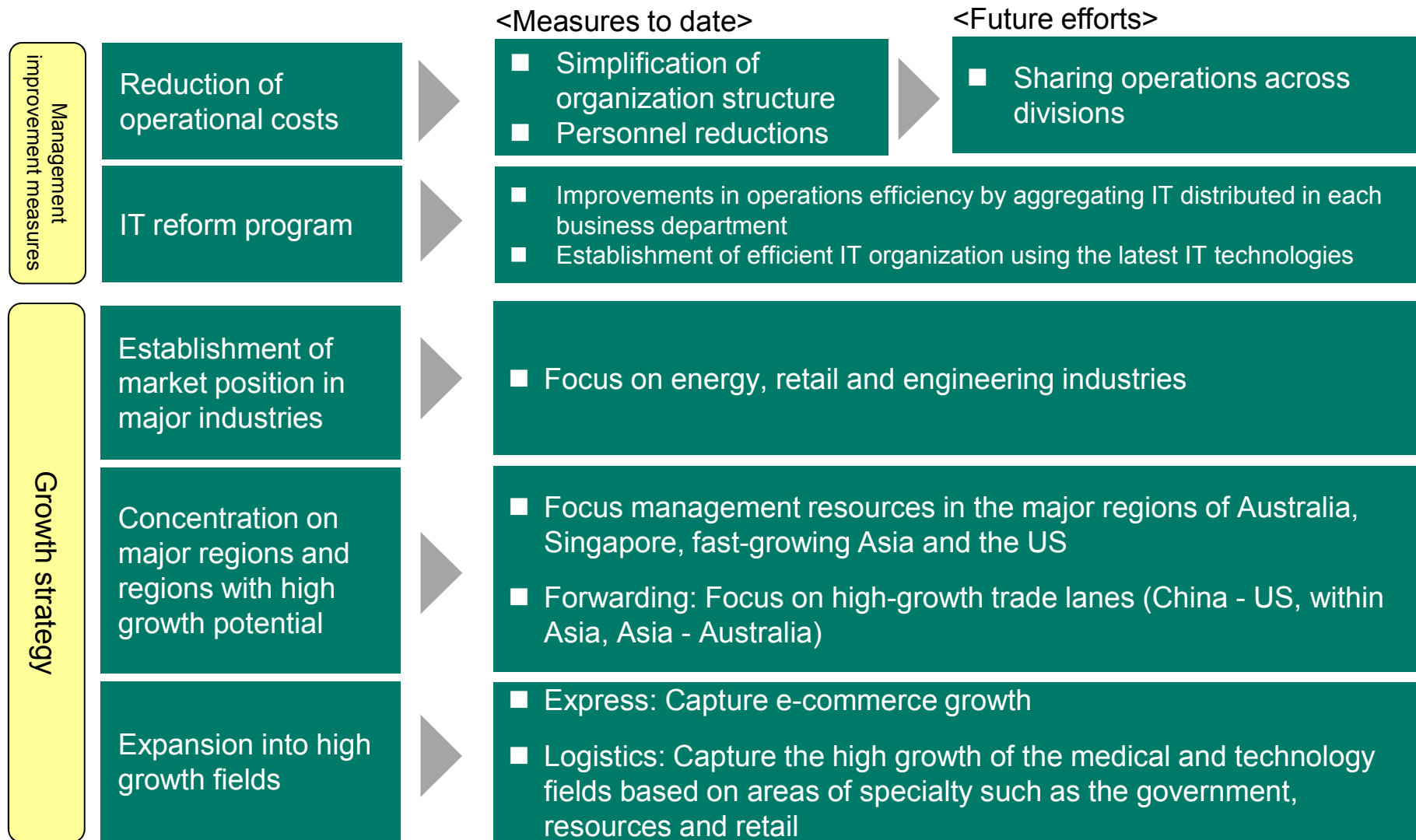
Image of
Miyazaki Bank ATM
(no cash handling
function)

- Leased portion of Kamishiiba Post Office in Shiiba Village, Miyazaki Prefecture to the Miyazaki Bank, Ltd. as an ATM corner where the bank provides some ATM services from July 2017

Supplement 5 International logistics business (1) Outline of policies and measures



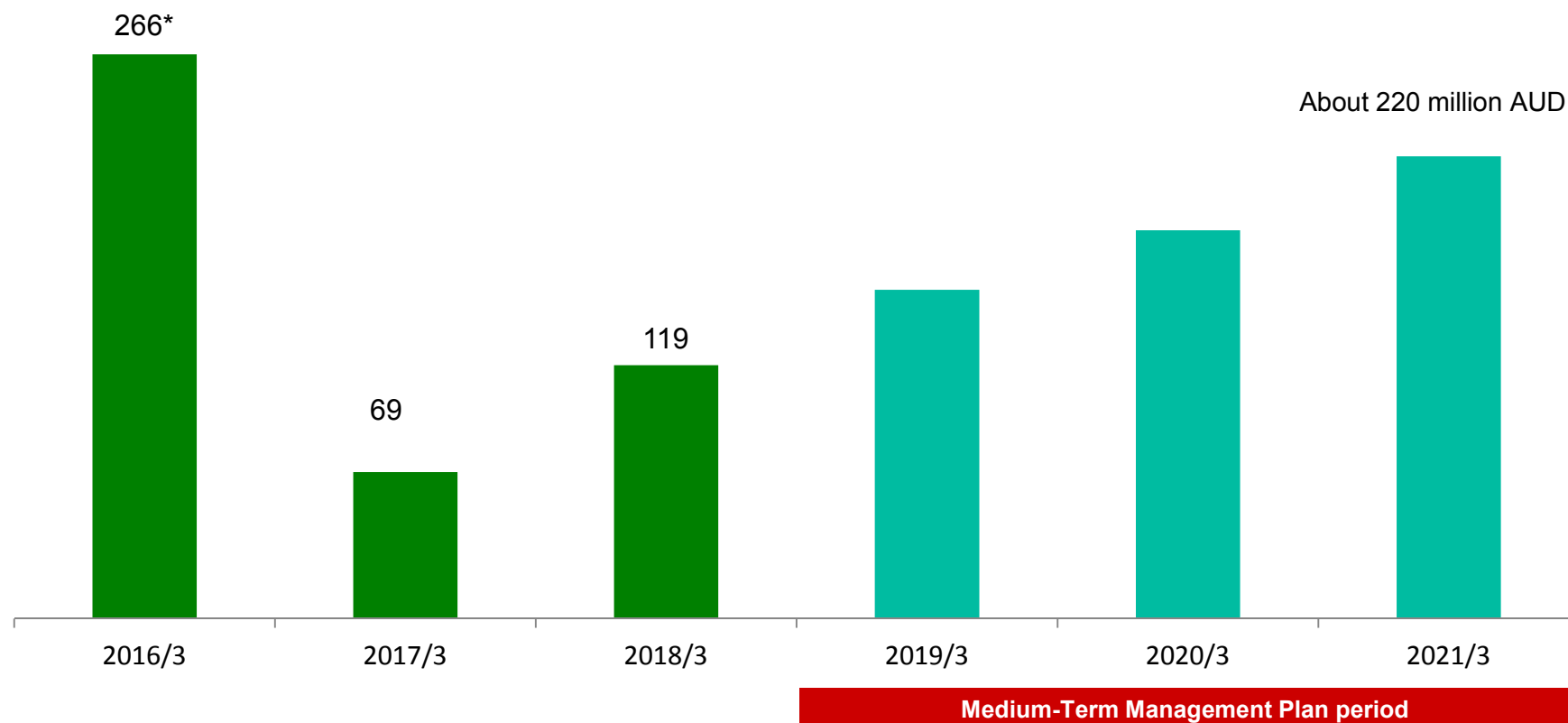
Steadily implement management improvement measures while improving revenue through growth strategy



Supplement 5 International logistics business (3) Improvements in Toll performance

Aim to improve performance from FY2017/3
when losses on impairment of fixed assets were recorded as a bottom
through steady implementation of management improvement measures and growth strategy

[Toll net operating income (EBIT)]

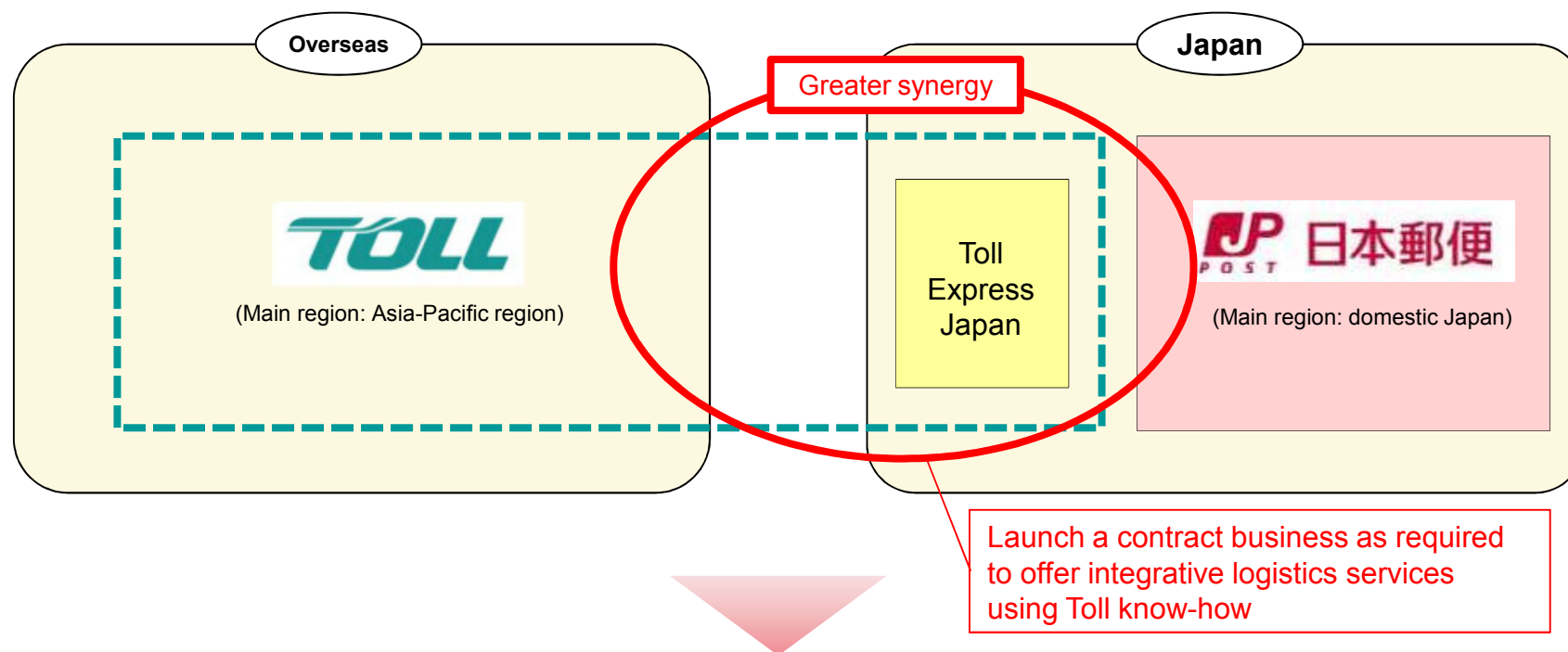


* Toll's EBIT for the FY2016/3 is reflected in the consolidated accounts of Japan Post from July(for 9 months), but converted for 12 months for comparison

Deploy contract logistics in Japan through strengthening synergy between JP and Toll

Major measures over three years

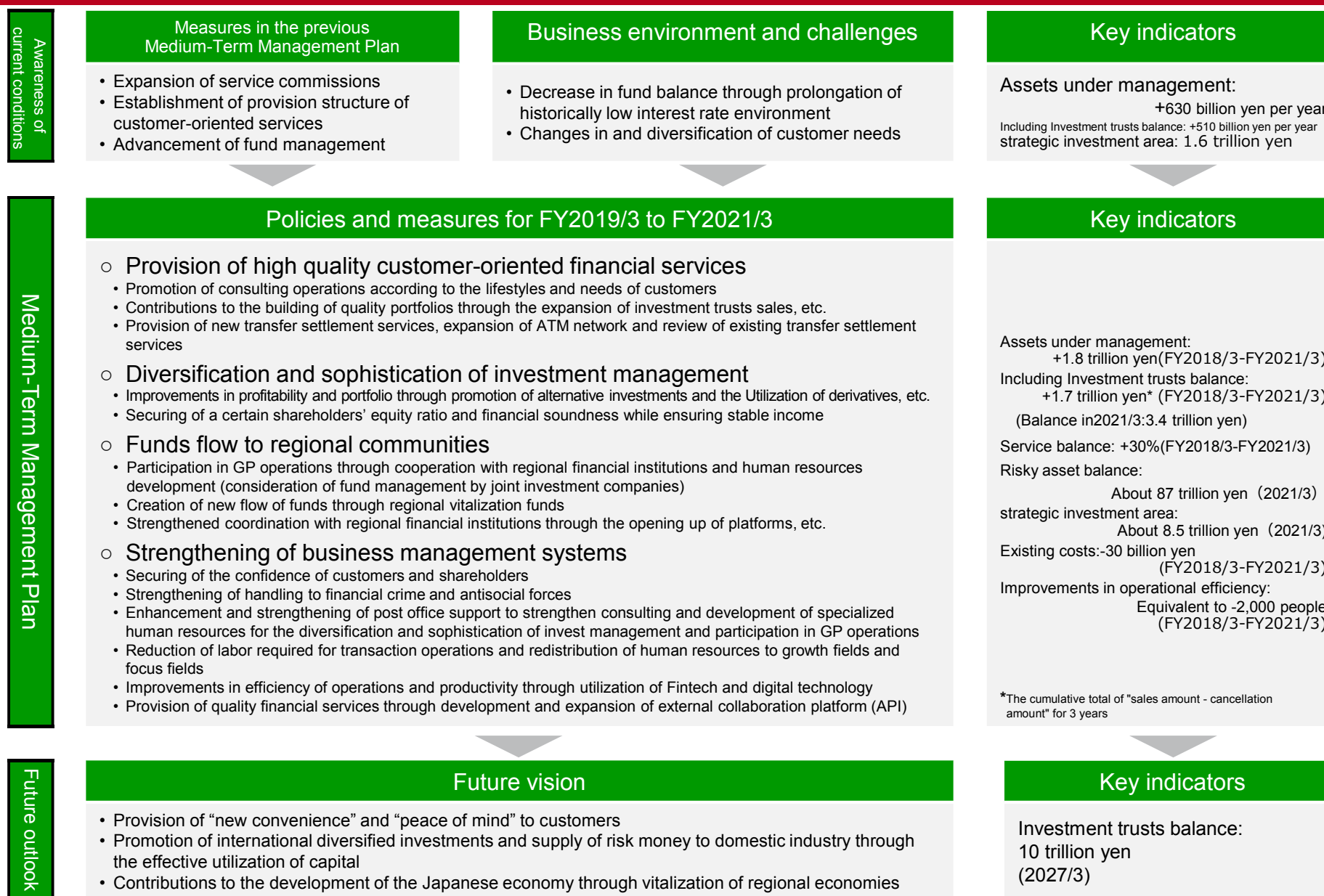
- ◆ Expansion of BtoB in Japan centering on contract logistics through strengthening synergies between Toll, which mainly engages overseas BtoB and Japan Post, which has a customer base in Japan



Future vision

Provision of integrated solutions through the development of comprehensive logistics business in Japan and overseas

Supplement 6 Banking business (1) Outline of policies and measures



Have more people say “JP Bank, of course”

In addition to enhancement of settlement services, provide added value for customers by contributing to the building of high-quality portfolios for customers

Ensuring secure living

Contributions to asset building
(Portfolio building)

Investment trusts



JGBs and variable annuities

- Face-to-face proposals according to the lifestyles stages of individual customers
- Asset building from a medium- to long-term perspective
- Customer-oriented product lineup
- Development and strengthening of sales system



- Vitalization of referrals from investment trust sales support locations by utilizing the nationwide network of post offices to respond to customers' needs

Enhancement of products and services
(Provision of products according to customer needs)

Enhancement of consulting
according to life events such as
employment, retirement and inheritance

Contribution as hub and contact point
in local communities

Maintaining and utilizing local
community network

Coordinating with and opening to
regional financial institutions

More convenience in everyday life

Enhancement of settlement service
(Provision of liquidity)

Steady provision of existing services

Teigaku deposits and
time deposit

Ordinary deposits

Receipt of pension payments and
transfer of wages

Automatic payments

Provision of “new Convenience”

Deployment of services based on a sense of security
which is the Bank's strength

Enhancement of cashless payments

Smartphone
settlement

Debit cards

mijica
(prepaid card)

Enhancement of product lineup

Account overdraft service

Expansion of channels

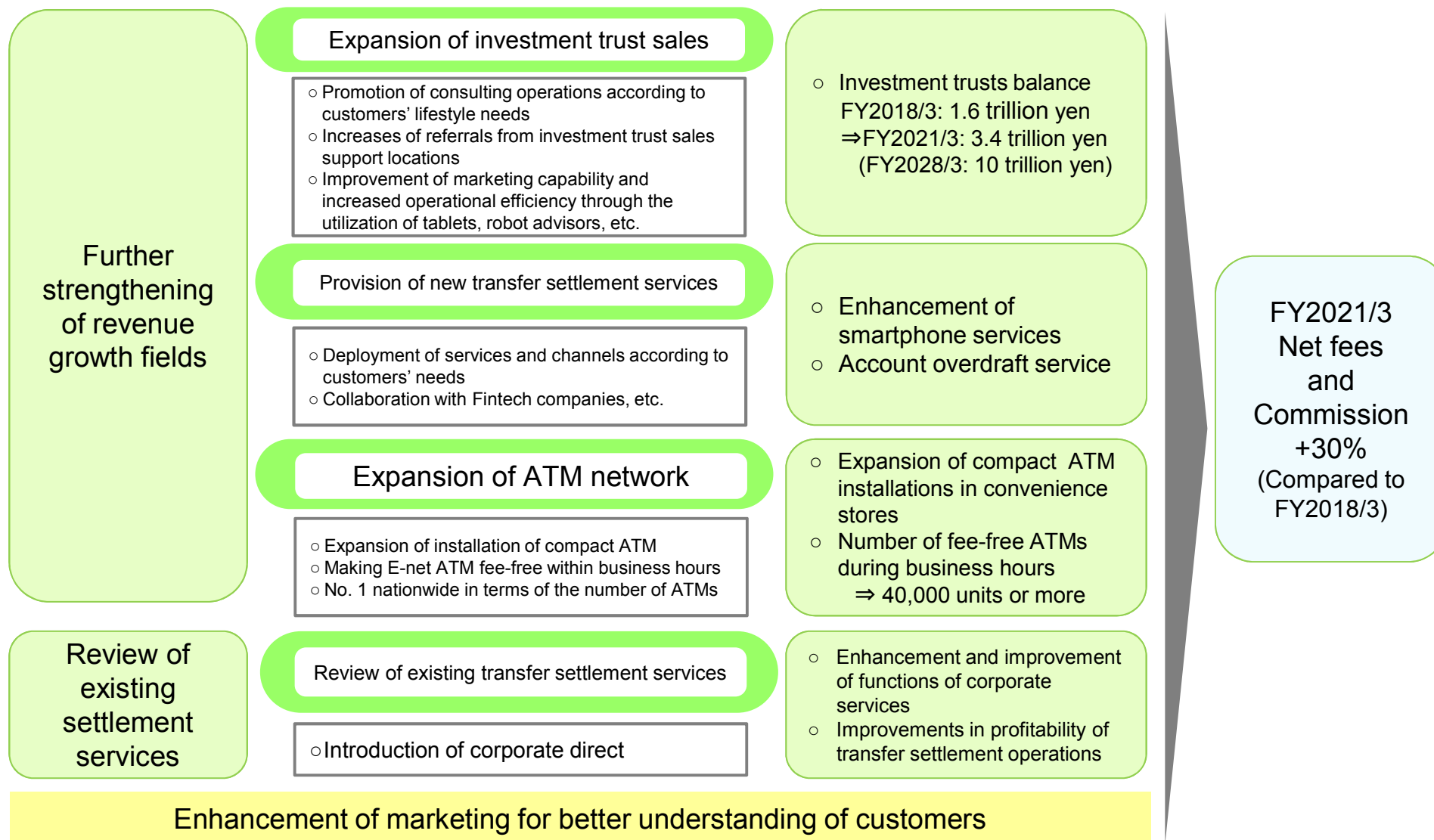
Smartphone app

Expansion of ATM network

Compact ATMs
(convenience stores)

E-net ATM
(Fee-free within business hours)

Growth and expansion of net fees and commission in the medium to long term by providing added value to customers



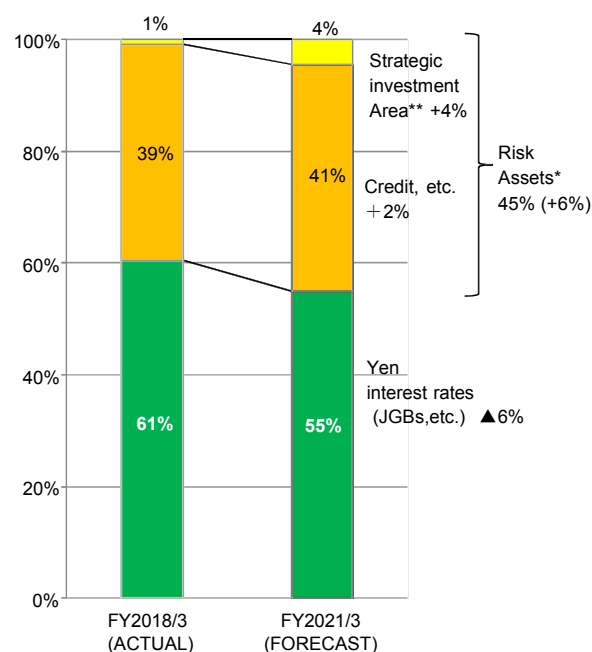
Supplement 6 Banking business (4) Diversification and sophistication of investment management

Aim to secure stable earnings in the medium to long term
through promoting the diversification and sophistication of investment management

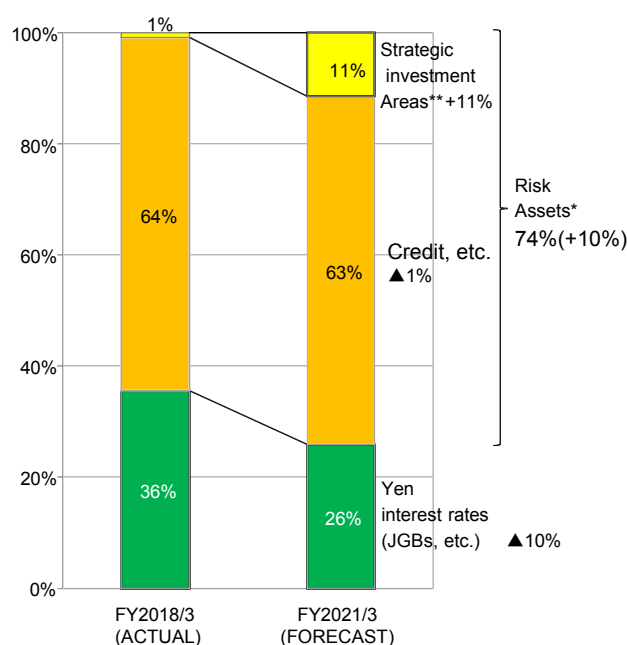
- The earnings from JGBs, etc. that accounted for a large portion of net interest income, etc. initially after privatization are in significant decline due to the decrease in interest rates.
- Aim to secure stable earnings by fully utilizing capital to take risks centered on risk assets such as overseas credit and alternative investments.
- Although the capital adequacy ratio will decline with the increase in risk assets, the capital adequacy ratio will be maintained at a level that can reassure and obtain the trust of customers and shareholders.

Impact on various indicators, etc.

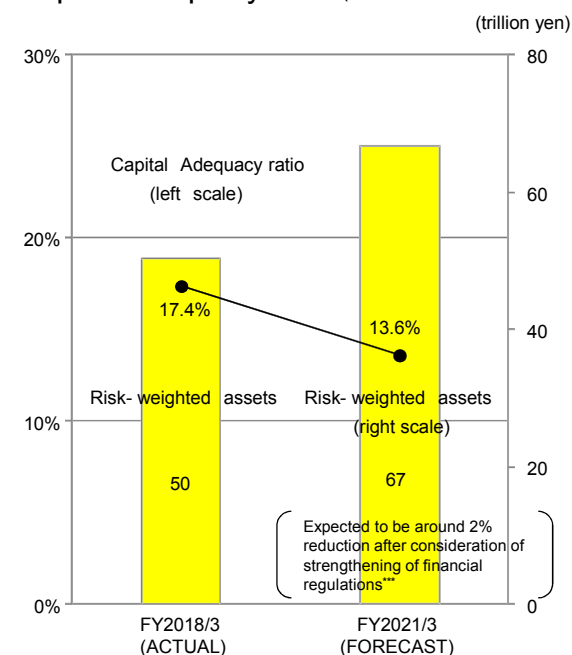
• Portfolio assets



• Net interest income, etc.



• Capital adequacy ratio (A non-consolidated basis)

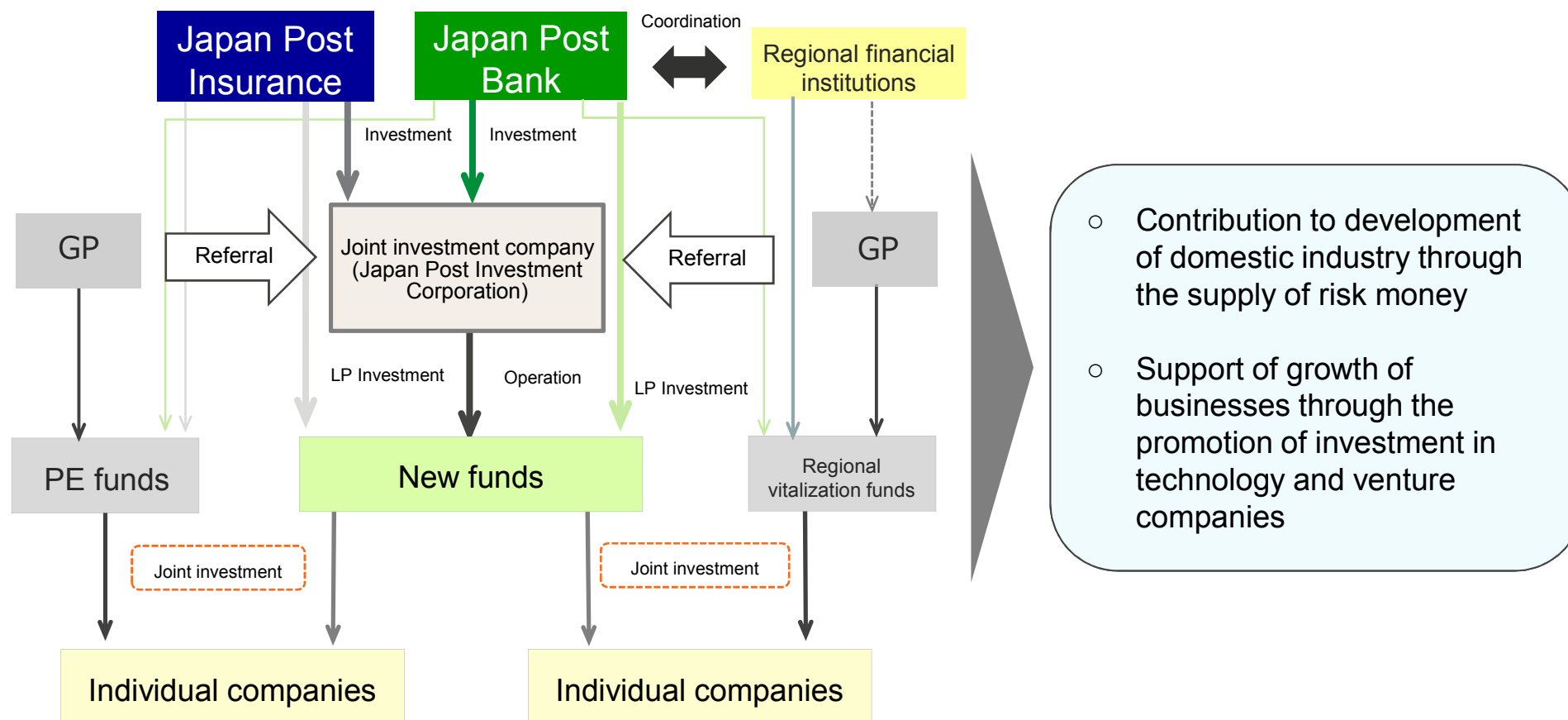


* Assets other than yen interest rates (JGBs, etc.)(existing SP+BP loans) (credit, foreign government bonds, equities, alternatives)

** Existing alternatives (PE, HF, real estate funds (equity))+ real estate funds (debt(non-recourse loans, CMBS), direct lending funds)

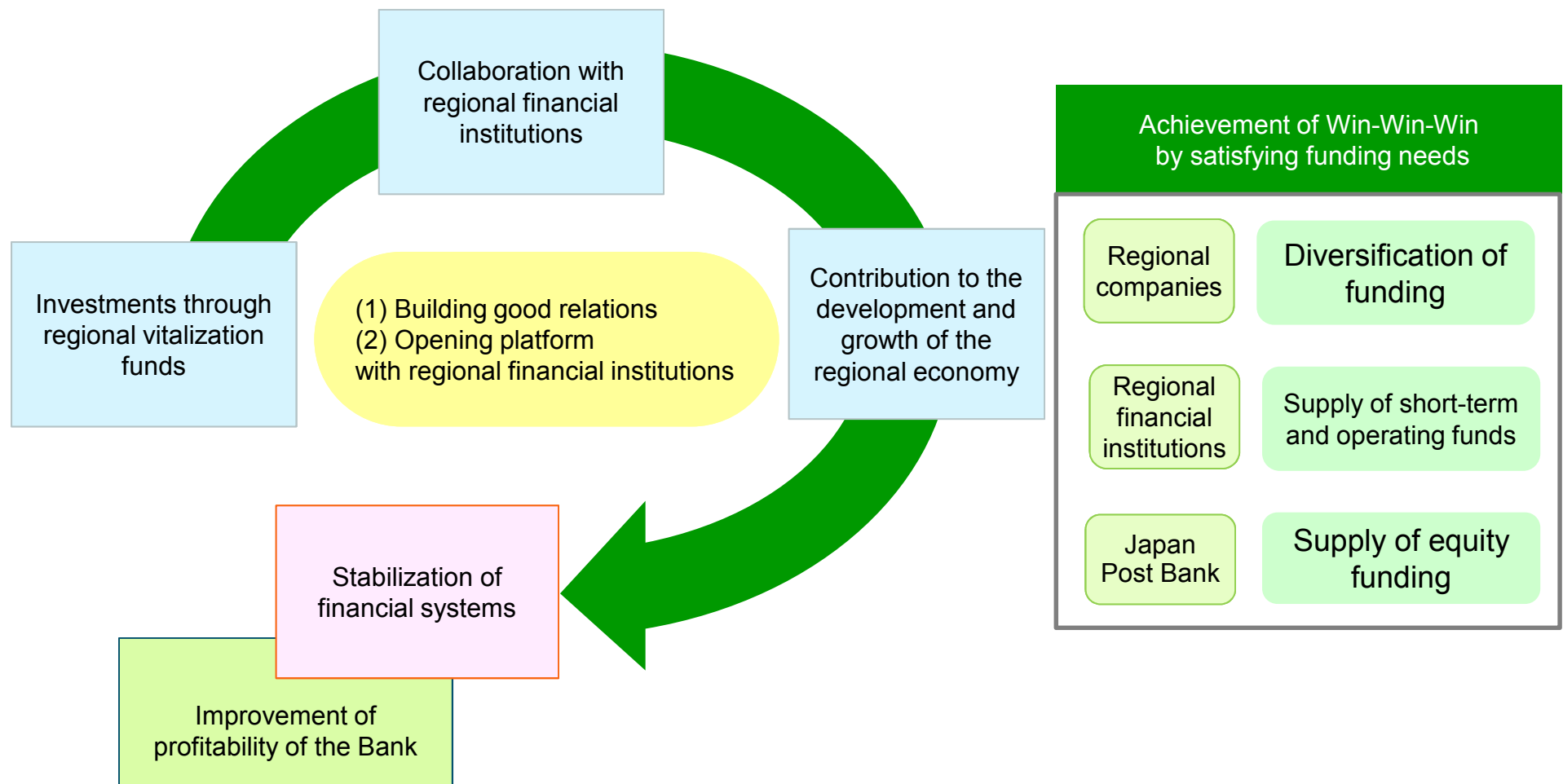
*** Review of standard methods pertaining to credit risks, etc.
(Planning for January 2022 and after)

- Aim to further expand earnings through the acquisition of private equity investment opportunities through a joint investment company
- Support the management of portfolio companies through the supply of equity funds



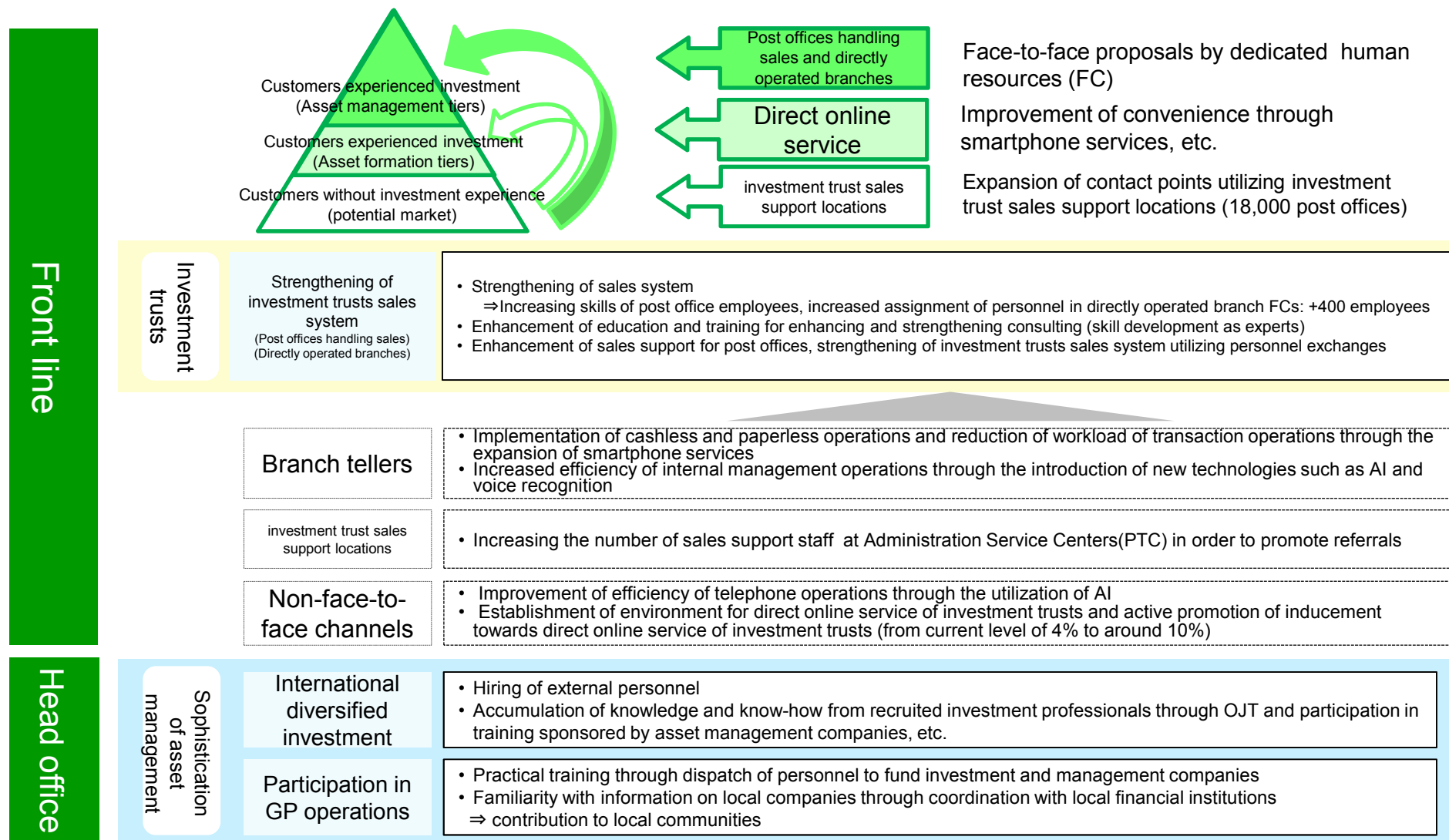
Supplement 6 Banking business (5) Funds flow to regional communities

- Coordinate and cooperate with regional institutions through regional vitalization funds
- Contribute to development and growth of regional economies through the supply of equity funding to regional companies
- Contribute to the stabilization of regional financial systems in the medium to long term through such initiatives



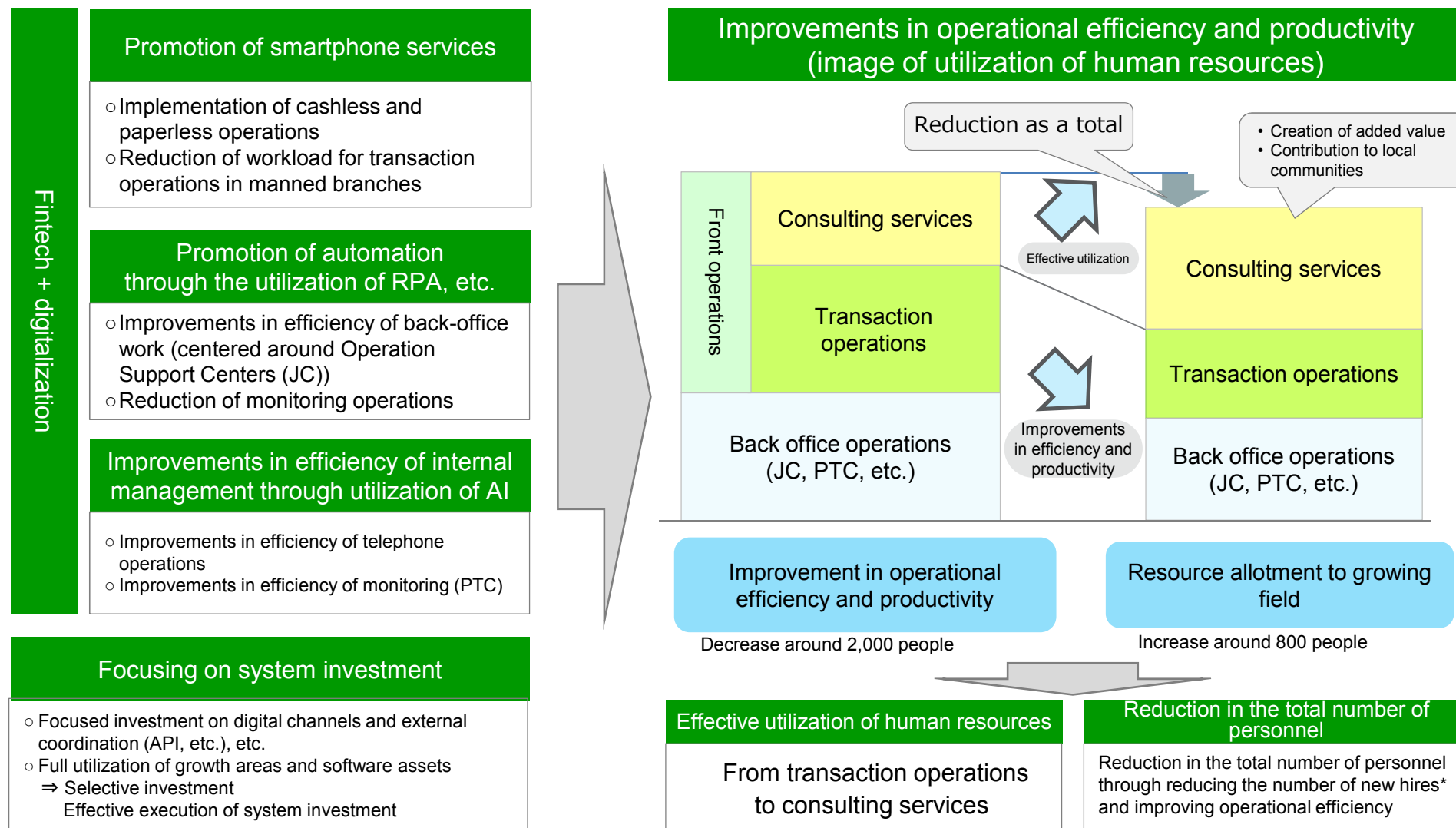
Supplement 6 Banking business (6) Human resource development as the creation of a foundation for growth

- Develop human resources that achieve provision of added value for customers and contributions to local communities
- Support the growth of each employee through the enhancement of human resource development programs such as systematic training



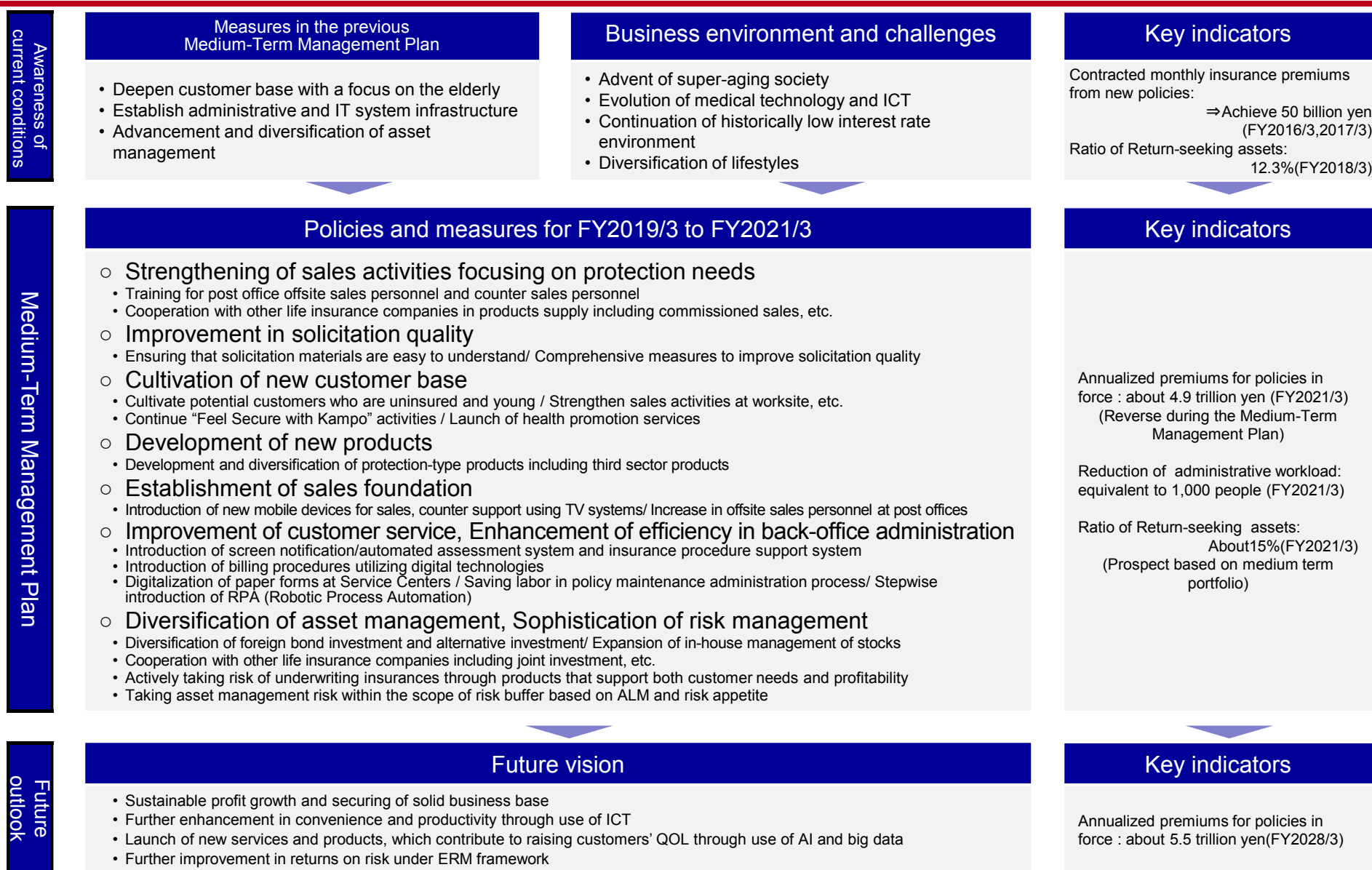
Supplement 6 Banking business (7) Ensuring cost management and strengthening structure

Reallocate management resources to create added value for customers and the Group and to strengthen the corporate structure



* From FY2020/3

Supplement 7 Life insurance business (1) Outline of policies and measures



Supplement 7 Life insurance business (2) Reversal and growth of in-force policies

Reverse annualized premiums for policies in force during the Medium-Term Management Plan

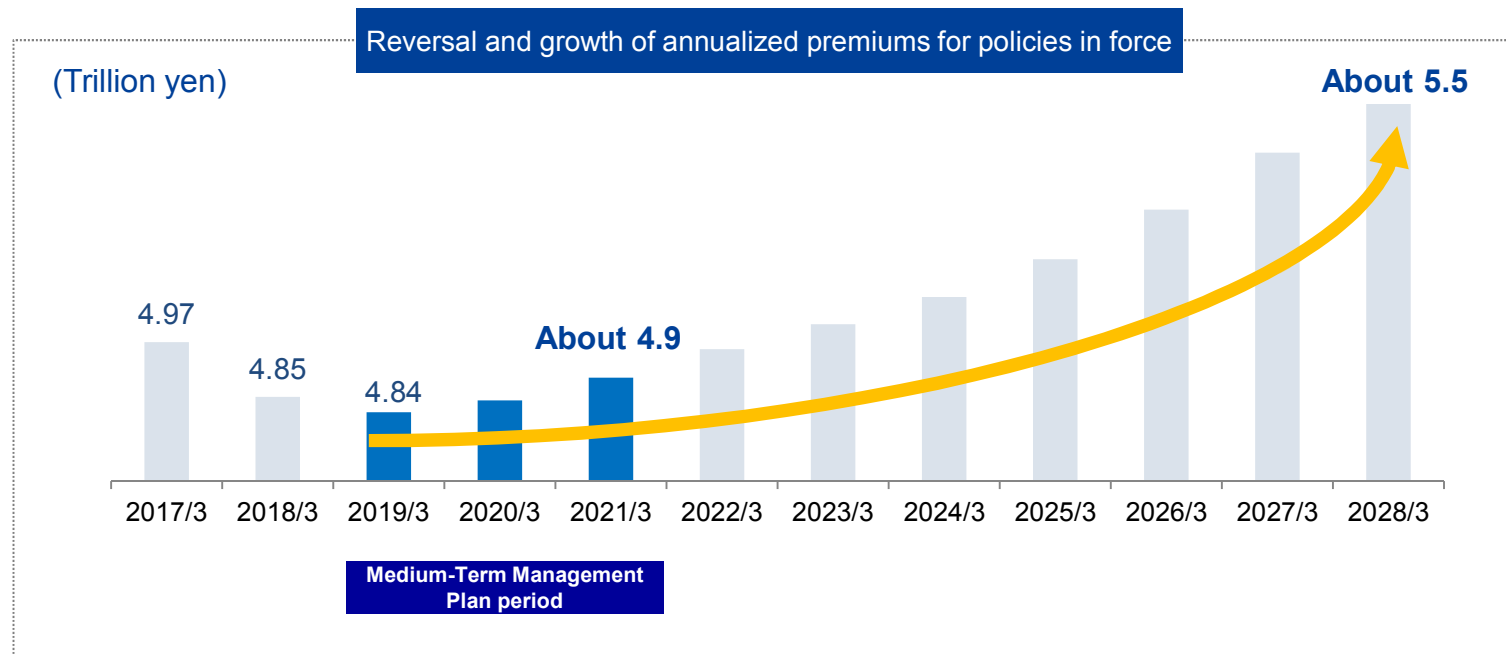
Securing new policies

- Securing of new policies through sales activities focusing on protection needs, cultivation of new customer base, etc.

+

Strengthening policy maintenance

- Strengthening of policy maintenance through improvement in solicitation quality, etc.



Strengthening of sales activities focusing on protection needs and policy maintenance for the reversal of in-force policies

Strengthening of sales activities focusing on protection needs

- Training for post office offsite sales personnel and counter sales personnel
- Cooperation with other life insurance companies in products supply including commissioned sales, etc.

Improvement in solicitation quality

- Ensuring that solicitation materials are easy to understand
- Comprehensive measures to improve solicitation quality (introduction of policy maintenance evaluation, etc.)

Cultivation of new customer base

- Cultivate potential customers who are uninsured and young / Strengthen sales activities at worksite, etc.
- Continue “Feel Secure with Kampo” activities / Launch of health promotion services

Development of new products

- Development and diversification of protection-type products including third sector products

Establishment of sales foundation

- Introduction of new mobile devices for sales, counter support using TV systems and marketing by utilizing SNS, etc.
- Increase in offsite sales personnel at post offices

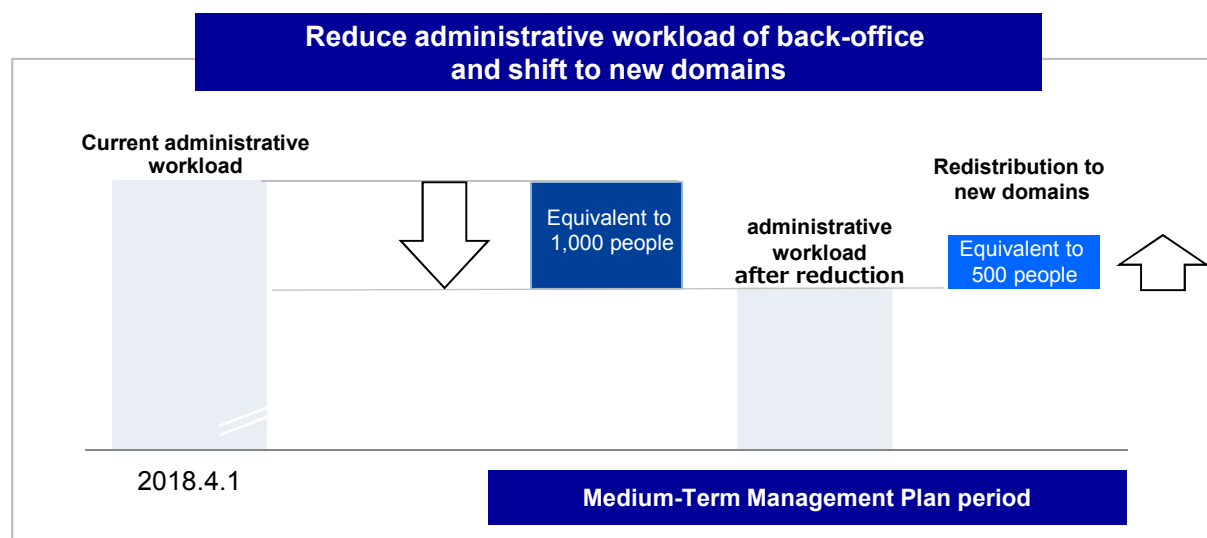
Improve our customer services and enhance the efficiency in back-office administration through use of ICT

**Improvement of
customer service**

- Introduction of screen notification/automated assessment system and insurance procedure support system
- Introduction of billing procedures through 'My Page'

**Enhancement of
efficiency in back-office
administration**

- Digitalization of paper forms at Service Centers / Saving labor in policy maintenance administration process
- Stepwise introduction of RPA (Robotic Process Automation)

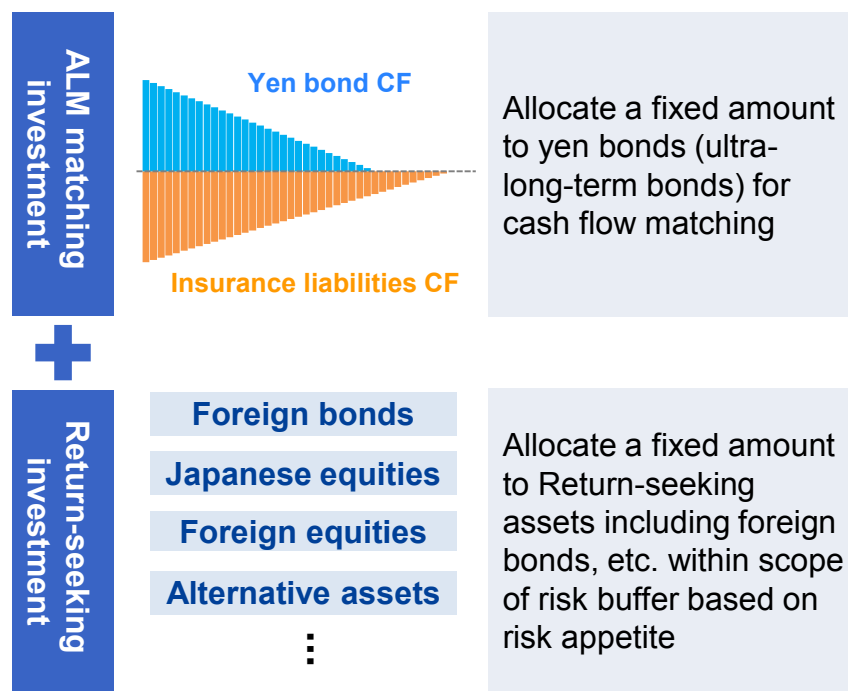


Diversify asset portfolio within scope of risk buffer under ERM framework

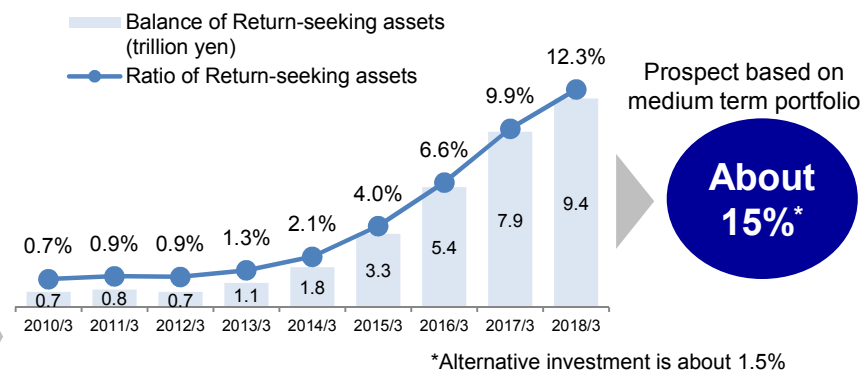
ERM framework

- Maintenance of appropriate financial soundness and improvements in profitability based on ERM approach

Basic approach towards asset management



Balance and ratio of Return-seeking assets



- Diversification of investment scope
- Expansion of in-house investment
- Cooperation with other life insurance companies including joint investment, etc.
- Advancement of ALM and risk management
- Strengthening of specialized human resources to support the above

Supplement 8 Group (common) (1) Outline of policies and measures

Awareness of current conditions

Business environment and challenges

- Decline in the labor population due to declining birthrates and aging population, etc.
- Spread of ESG (environment, social and governance) investment and SDGs (sustainable development goals)
- Need to Secure new sources of revenue
- Advance of IT and the increased need for cost savings in order to secure profits
- Listing of three Group companies

Medium-Term Management Plan

Policies and measures for FY2019/3 to FY2021/3

- Development of real estate business
 - Establishment of real estate subsidiary and investment participation in re-development projects by major real estate companies, etc.
- Promotion of working style reforms, development of the Group human resources and fostering a sense of unity in the Group
 - Appropriate management of working hours and health promotion, establishment of remuneration corresponding to legal revisions regarding equal wages for equal labor and promotion of hiring temporary employees as regular employees
 - Promotion of diversity management
 - Development of human resources to fulfill expected roles, promotion of personnel exchange within the Group and Group joint training
 - Cooperation between companies in training, etc., instilling Team JP, women's athletics team and employee satisfaction surveys common for the Group
- Promotion of sustainable coexistence with regional society and activities to reduce the environmental footprint and preserve the environment
 - Promotion of services to encourage the development and revitalization of regional society and promotion of services to achieve a society where people of all generations can live healthy lives
 - Reductions in greenhouse gas, reductions in consumption and disposal volume of paper resources
- Investment and partnership strategy
 - Consideration of capital partnerships and M&As in a broad range of fields and investment through JAPAN POST CAPITAL
- Development of IT platforms to support Group management
 - Use of shared Group infrastructure, establishment of integrated data centers and securing of human resources to support digitalization
- Customer-oriented operation of business, strengthening of governance and thoroughly ensuring compliance

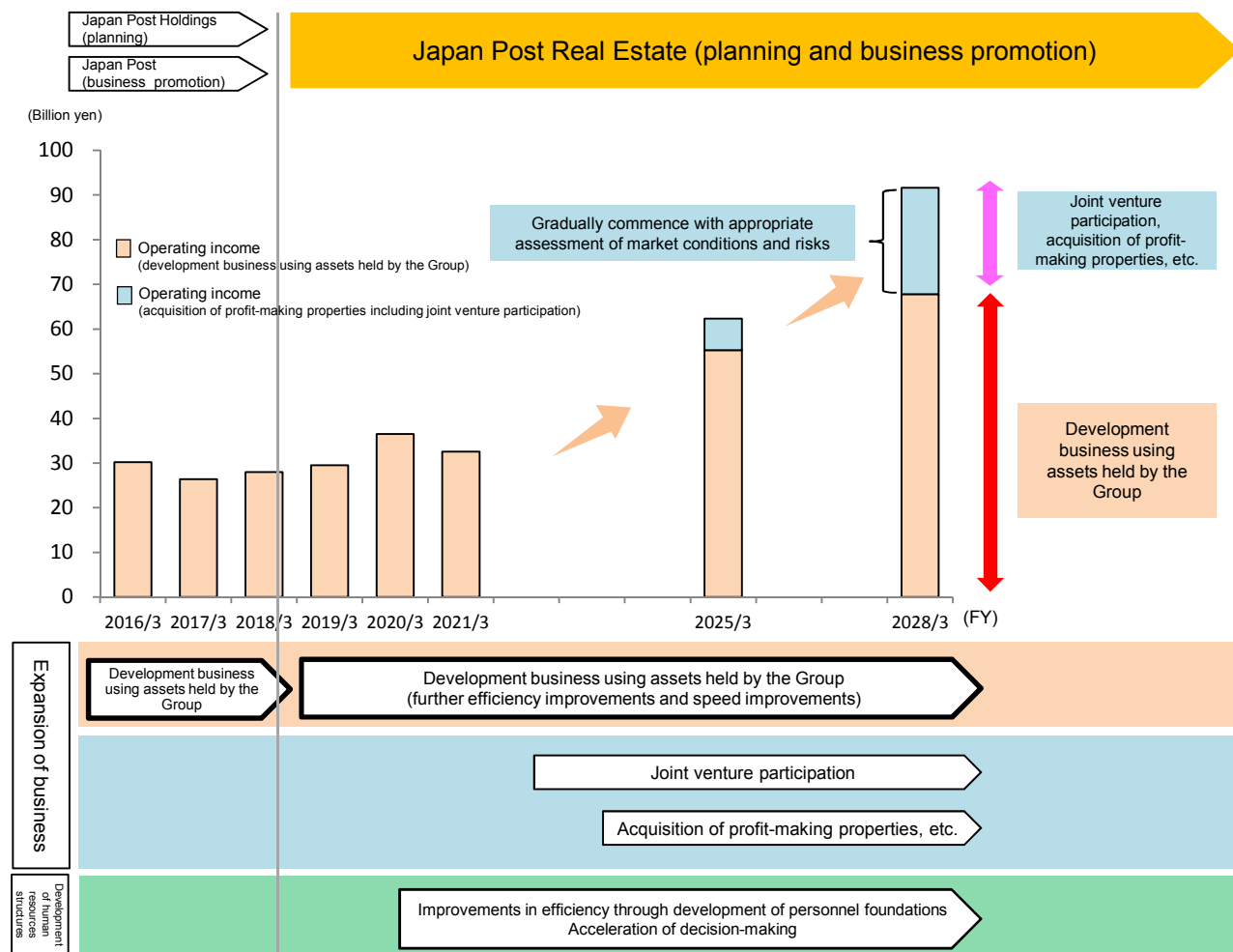
Future outlook

Future vision

- Ensuring work-life balance and healthy and flexible working styles for various employees and improvements in satisfaction towards remuneration
- Demonstration of sufficient performance of roles with awareness as members of Team JP by each and every employee
- Establishment of both sustainable growth and a sustainable society and future as a company
- Profits growth through the expansion of other new businesses in addition to existing businesses and development of new sources of revenue including participation in joint projects
- Implementation of efficient IT investment aimed at securing stable income

Supplement 8 Group (common) (2) Real estate business

Japan Post Real Estate established to more effectively develop the assets held by the Group and secure new sources of revenue



- Large-scale scheduled development projects through assets held by the Group

- ◆ Gotanda project (formerly U-Port)
Total floor area: 66,000 m²
Main uses: Offices, hotel, etc.
Construction completion: FY2023/3 (planned)
- ◆ Toranomon/Azabudai project
(Japan Post Tokyo Regional Branch, Azabu Post Office)
Total floor area: 864,100 m² (portion scheduled to be obtained by Japan Post)
Main uses: Offices, residential, commercial, post office, etc.
Construction completion: FY2024/3 (planned)
- ◆ Osaka station-front project (formerly Osaka Central Post Office)
Total floor area: 213,000 m²
Main uses: Offices, commercial, post office, etc.
Construction completion: FY2024/3 (planned)

- secure new sources of revenue

Joint venture participation	<ul style="list-style-type: none"> ○ Identify market conditions and risks, absorb know-how and gain revenue through investment participation in redevelopment projects ○ Use the Group's financing capabilities and the network with other companies built through achievements to date
Acquisition of profit-making properties, etc.	<ul style="list-style-type: none"> ○ Gain profits through acquisition of profit-making properties from outside the Group and development of properties ○ Use the Group's brand strength and human resources

Supplement 8 Group (common) (3) Promotion of diversity management

Promote diversity management for further productivity improvements and achievement of innovation

➤ Promoting the active participation of women

- Targets for ratio of women in management positions (achievement deadline: April 1, 2021)

	Japan Post	Japan Post Bank	Japan Post Insurance	Japan Post Holdings
Targets	10% or more	14% or more	14% or more	11% or more

- Implementation of various training for the promotion of female employees to higher positions including management positions
- Fostering a workplace environment which empowers female employees

➤ Support for balance between child care/family care and work

- Enhancement of systems that exceed the levels required under the Child Care and Family Care Leave Law and enhancement of support measures unique to the Company
- Promotion of telework
- Continued certification under the “KURUMIN” mark as a company supporting child raising

➤ Promotion of employment of people with disabilities

(employment of 6,700 people in the Group (FY2021/3))

- Use of a special subsidiary (Yusei Challenged) and active hiring of people with disabilities in close cooperation with facilities for people with disabilities, etc.

➤ Active participation of elderly people

(employment of 10,000 people in the Group (FY2021/3))









- Development of environment that enables the active and motivated employment of elderly people (review of hiring systems, adoption of more flexible working styles, etc.)

➤ Supporting gender diversity, etc.

- Development of an ideal working environment for diverse human resources, prevention of any harassment

Supplement 8 Group (common) (4) Measures aimed at achieving SDGs

Develop business that contributes to the creation of a sustainable society
in order to achieve the SDGs (sustainable development goals)

Priority issues		Future vision	Measures	FY2021/3 targets
① Provision of universal services		Provide products and services that are necessary for every stage of the lives of customers based on the post office network as an important infrastructure for society by prioritizing the lives of customers	<ul style="list-style-type: none"> Maintenance of post office network and provision of universal services 	<ul style="list-style-type: none"> Provision of universal services through an ongoing post office network
(Together with society and local communities) ② Promotion of healthy living ③ Development of next generation ④ Development and revitalization of regional society	  	Create a secure and prosperous society where everyone can live a safe and healthy life and a sustainable society that will lead this society into the future	<ul style="list-style-type: none"> Promotion of Post Office Watch Service Promotion of radio exercises Promotion of Kampo Platinum Life Service Promotion of letters Financial education (on-site lessons at elementary schools and Japan Post Bank Piggy Bank Design Contest for Children) Partnerships with local municipal organizations 	<ul style="list-style-type: none"> Continued promotion of Post Office Watch Service, etc.
(Together with the Earth) ⑤ Reduction of greenhouse gas emissions ⑥ Effective use of resources and reduction of waste	 	Actively contribute to society through corporate activities that take into consideration climate change and global warming	<ul style="list-style-type: none"> Regeneration of regional communities through provision of green areas Supporting environmental conservation activities through the expanded use of passbook-less type of general accounts Implementation of donations accompanying the provision of web version contract guidelines and policy conditions 	<ul style="list-style-type: none"> Reduction of CO² emissions by 47,000 tons (4.4%) compared to FY2017/3
(Together with people) ⑦ Development of human resources ⑧ Working style reforms		Each and every employee are motivated and can actively demonstrate their full potential to empower themselves in the workplace	<ul style="list-style-type: none"> Training in accordance with the career path (training by level, front line leader training, etc.) Group joint training (training for transferee to major career track, newly appointed executive training, etc.) Promotion of the active participation of female employees (promotion of female employee to higher positions including management) Promotion of the employment of people with disabilities Encouraging an understanding of gender diversity (LGBT) Encouraging the acquisition of child care leave and family care leave Working style reforms (reductions in working hours, etc.) Encouraging physical and mental health maintenance and improvement for employees 	<ul style="list-style-type: none"> Percentage of women in management Japan Post: 10% or more Japan Post Bank: 14% or more Japan Post Insurance: 14% or more Japan Post Holdings: 11% or more Achieve and maintain the Group target of 2.5% disabled person employment ratio
⑨ Fair business practices		Autonomously require transparent management, comply with regulations and contribute to the development of society and the local community	<ul style="list-style-type: none"> Thoroughly ensuring compliance at the Group Elimination of relationships with antisocial forces 	<ul style="list-style-type: none"> Achievement of zero internal crimes Continued elimination of relationships with antisocial forces

Supplement 8 Group (common) (5) IT investments (for entire the Group)

Promote business transformation using IT in response to changes in the business environment including customer needs

	Japan Post	Japan Post Bank	Japan Post Insurance
1 Promotion of IT that will support development of new businesses aimed at future growth	① Strengthening of contact points with customers (expansion of channels, improvements in convenience for customers and strengthening of sales capabilities) <ul style="list-style-type: none"> Enhancement and utilization of customer database ② Expansion and improvement of new businesses, products and services <ul style="list-style-type: none"> Yu-Pack service improvements 	<ul style="list-style-type: none"> Strengthening of consulting (considering use of tablets, robot advisors, etc.) <ul style="list-style-type: none"> New transfer settlement services (smartphone settlement, account overdraft and partnerships with Fintech companies) 	<ul style="list-style-type: none"> Screen notification/automated assessment system Simplification of billing procedures Adoption of multi-access customer contact points Introduction of My Page (personalized page)/ Utilization of Watson <ul style="list-style-type: none"> Diversification of protection-type products through new product development corresponding to customer needs Launch of health promotion services
2 Promotion of working style reforms and improvements in productivity	<ul style="list-style-type: none"> Improvement in convenience and productivity in preparation for the future (use of AI and deployment of IoT including improvements in efficiency of delivery operations, consideration of transport and delivery using drones and automatic driving) 	<ul style="list-style-type: none"> Improvements in efficiency of operations and productivity through use of Fintech and digital technology (smartphone services, use of AI/RPA and adoption of cashless and paperless transactions) 	<ul style="list-style-type: none"> Enhancement of efficiency in back-office administration through use of digital technologies such as RPA
3 Strengthening of management foundations for sustainable growth	<ul style="list-style-type: none"> Renewal of Toll's IT infrastructure and core systems 	<ul style="list-style-type: none"> Development and expansion of external collaboration platform (API) (building of open API, supporting the expansion of Zengin System operating hours) 	<ul style="list-style-type: none"> Building of next generation open systems
Common for the Group <ul style="list-style-type: none"> Stable operation of IT infrastructure and reductions in IT costs through overall optimization <ul style="list-style-type: none"> Consideration of system structure in preparation for the future (adoption of cloud technologies and digital platforms) Promotion of shared technologies (use of Group-integrated data centers, etc.) Strengthening of IT human resources (strengthening systems and strengthening digital human resources) 			

Strengthen management foundations for sustainable growth

(Main IT platform measures/details)

1. Next generation PNET (from July 2019)

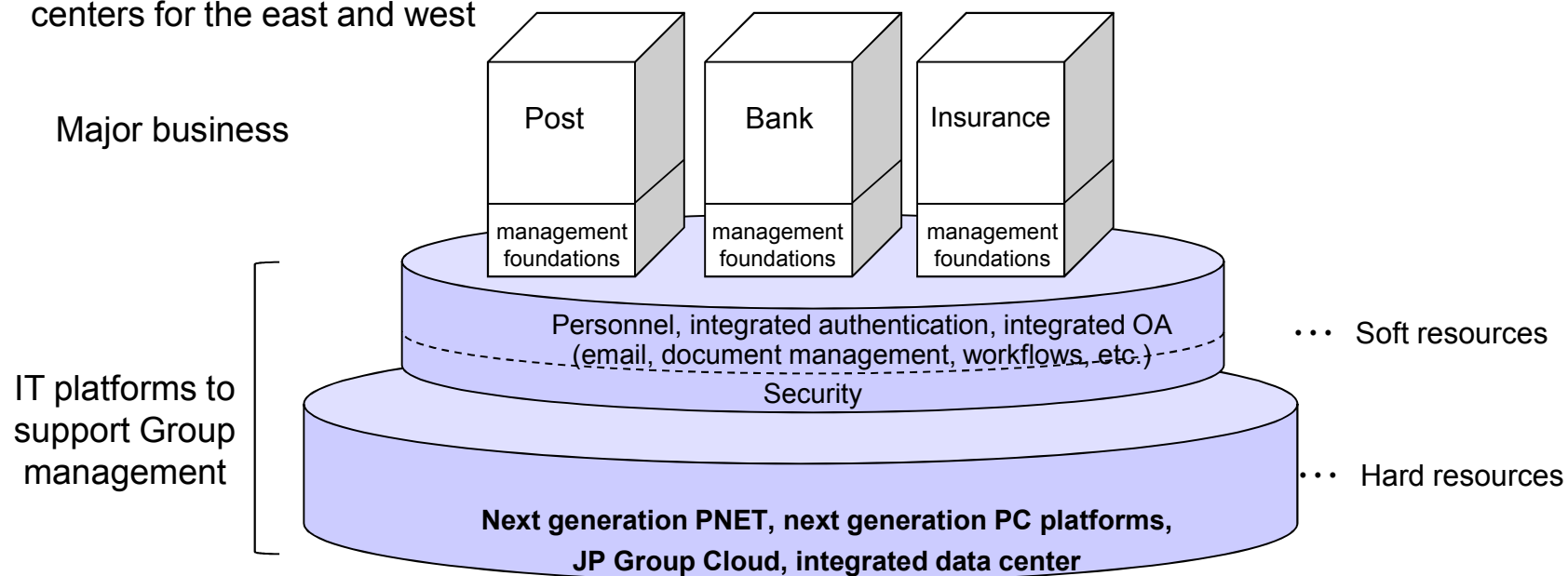
Improve support for audio and video communications and provide mobile access services in response to the needs of each Group company

2. Continuation and expansion of the JP Group Cloud

Create mechanisms for use of external cloud services (AI, IoT, security, etc.) in order to support various digital technologies

3. Integrated data centers (from October 2019)

Integrate individual data centers owned or used by each Group company into two integrated data centers for the east and west



Work to maintain and improve the quality of operations and strengthen the compliance system to secure the confidence of customers and shareholders over the medium to long term

		Current issues	Future approach
Implementation of customer-oriented measures		<ul style="list-style-type: none"> Company-wide fiduciary duty incorporation and retention Quantitative validation of effects and nimble and flexible improvements 	<ul style="list-style-type: none"> Improvements in service and convenience in response to the changes in lifestyles and needs of customers Improvement and advancement of measures for all contact points with customers Quantitatively ensuring execution and improvements ⇒ Setting of KPI Fulfillment of expectations and gain of trust of customers
Strengthening of risk governance		<ul style="list-style-type: none"> Ensuring stable income and financial soundness through appropriate risk taking and risk control 	<ul style="list-style-type: none"> Introduction of risk appetite framework (RAF) (Clarification and visualization of risks, strengthening of risk governance) Achieving sustainable growth while ensuring the soundness of business operations based on enterprise risk management (ERM)
		<ul style="list-style-type: none"> Improvements in the effectiveness of the risk management function 	<ul style="list-style-type: none"> Strengthening of internal control systems in consideration of “three defensive lines” <ul style="list-style-type: none"> Strengthening of the autonomous control of business execution departments Enhancement of monitoring function (2nd line) and internal audit function (3rd line)
Enhancement of compliance system, etc	Strengthening of internal control systems	<ul style="list-style-type: none"> Establishment of structures for Insurance solicitation Development of appropriate internal control systems corresponding to expanding sales of investment trusts 	<ul style="list-style-type: none"> Comprehensive measures to improve solicitation quality ((introduction of policy maintenance evaluation, etc.) Achieving both an increase in number of cases handled and maintenance and improvement of operations quality ⇒ Improvements in efficiency of operations and review of management systems
	Prevention of scandals	<ul style="list-style-type: none"> Occurrence of crimes including inappropriate collection and payment of rates in mail Reduction in burden for front line and improvements in effectiveness 	<ul style="list-style-type: none"> Prevention of crime including establishment of system for appropriate collection and payment of rates in mail Prevention in occurrence of scandals through effective risk control, etc.
Protection from external threats		<ul style="list-style-type: none"> Increase in threats regarding cyber security 	<ul style="list-style-type: none"> Strengthening of defense measures in consideration of the advance of digitalization and the increasing sophistication of cyber attacks
Strengthening response to financial crime and antisocial forces		<ul style="list-style-type: none"> Strengthening response to financial crimes (countermeasures against money laundering and provision of funds to terrorism, etc.) Deployment of response to antisocial forces 	<ul style="list-style-type: none"> Fulfillment of social responsibility as a financial institution in response to financial globalization
Corporate sustainability		<ul style="list-style-type: none"> Strengthening of governance that contributes to improvements in corporate value 	<ul style="list-style-type: none"> Appropriate disclosure of a governance system that is aware of “the perspectives of investors” and “sustainable development”

Supplement 9 Investment plan

Plan to invest around 1 trillion yen in 3 years until 2021/3, in order to promote infrastructure improvements that will contribute to the strengthening of management foundations including improvements in customer satisfaction, sales capabilities and efficiency of operations

Business segment (Total investment amount)	Details of investment	Investment amount (FY2019/3 to FY2021/4 total)	Investment effect
Postal and logistics (180billion yen)	Construction of post office, etc.	78 billion yen	Development of service environment
	Renewal of postal system	30 billion yen	Regular renewal
Post office (270billion yen)	Real estate development	180 billion yen	Expansion of real estate revenue
	Construction of post office, etc.	60 billion yen	Development of service environment
International logistics (150billion yen)	Renewal of ship	15 billion yen	Secure stable business operation
	Construction of new accounting system	12 billion yen	Updating of IT infrastructure
Banking (130billion yen)	Development of total information system	30 billion yen	Improvements in customer convenience, operation efficiency and secure stable business operation
	Renewal of auto cashier	22 billion yen	Strengthening internal control over cash management
	Rebuilding of operation support centers	20 billion yen	Resolution of the aging/narrowing of the building
	ATM purchase	19 billion yen	Improvements in customer convenience, secure stable business operation
Life insurance (150billion yen)	Construction of next generation open system	49 billion yen	Improvement of system infrastructure for utilization of ICT
	Development of core systems	41 billion yen	Improvements in customer convenience through providing new product and services, operation efficiency
	Introduction of new mobile devices for sales	12 billion yen	Improvements in customer convenience, operation efficiency
Others (120billion yen)	Data center building	34 billion yen	Strengthening of management infrastructure for group
	Next generation PNET	30 billion yen	Strengthening of management infrastructure for group

* Growth investments for capital partnerships, M&As, etc. are not included in this table

Forecasts and other forward-looking statements presented in this document are based on information available to Japan Post Holdings Co., Ltd (the “Company”) at present and assumptions that will be achieved or with respect to any other forward-looking statements. The actual future results may vary considerably depending upon various factors, such as interest rate fluctuations, stock price fluctuations, foreign exchange fluctuations, asset value fluctuations, changes in economic and financial environment, changes in competition terms , the occurrence of large-scale disasters, etc. and changes in laws and regulations.