**Japan Post Group Medium-Term Management Plan 2020**


Japan Post Group achieved most of its key numerical targets during the three-year period from the fiscal year ended March 2016. Moreover, in keeping with the intent of privatization, we promoted Group strategies for attaining growth and development including the simultaneous listings of three companies, namely Japan Post Holdings Co., Japan Post Bank Co. and Japan Post Insurance Co., and the acquisition of Australia-based Toll Holdings Limited.

<table>
<thead>
<tr>
<th>Three-year Business Targets</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group consolidated net income</strong>&lt;br&gt;(including income attributable to non-controlling interests)</td>
<td><strong>Approx. 450.0 billion yen</strong>&lt;br&gt;512.0 billion yen</td>
</tr>
<tr>
<td><strong>Japan Post Co.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Consolidated net income</strong></td>
<td><strong>Approx. 30 billion yen</strong>&lt;br&gt;58.4 billion yen</td>
</tr>
<tr>
<td><strong>Number of Yu-pack handled</strong></td>
<td><strong>Approx. 680 million</strong>&lt;br&gt;Approx. 880 million</td>
</tr>
<tr>
<td><strong>Real estate business</strong></td>
<td><strong>Stable operating income of 25.0 billion yen</strong></td>
</tr>
</tbody>
</table>


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

<table>
<thead>
<tr>
<th>Basic policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Development of business that supports the total lifestyles of customers</td>
</tr>
<tr>
<td>3 Development of environment that enables employees to demonstrate their full capabilities</td>
</tr>
</tbody>
</table>

**Basic policies by business**

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

**Numerical targets for FY2021/3 and dividend policy**

<table>
<thead>
<tr>
<th>Group consolidated</th>
<th>Japan Post Co.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Earnings per share of at least 100 yen</strong>&lt;br&gt;(<em>Assuming the current number of issued shares (excluding treasury stock), net income attributable to Japan Post Holdings Co. of approximately 405 billion yen</em>)</td>
<td><strong>Consolidated net operating income</strong>&lt;br&gt;90 billion yen</td>
</tr>
<tr>
<td><strong>Dividend per share of at least 50 yen</strong>&lt;br&gt;(Implementation of stable dividends)</td>
<td><strong>Postal and logistics business</strong>&lt;br&gt;40 billion yen</td>
</tr>
<tr>
<td></td>
<td><strong>Post office business</strong>&lt;br&gt;30 billion yen</td>
</tr>
<tr>
<td></td>
<td><strong>International logistics business</strong>&lt;br&gt;20 billion yen</td>
</tr>
<tr>
<td></td>
<td><strong>Consolidated net income</strong>&lt;br&gt;65 billion yen</td>
</tr>
<tr>
<td></td>
<td><strong>Number of Yu-pack handled</strong>&lt;br&gt;Approx. 200 million&lt;br&gt;(compared to FY2018/3)</td>
</tr>
</tbody>
</table>
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.

### Three-year Business Targets

<table>
<thead>
<tr>
<th>Japan Post Bank Co.</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>Approx. 330.0 billion yen</td>
</tr>
<tr>
<td>Expand assets under management (three years)</td>
<td>Deposits: +3 trillion yen</td>
</tr>
<tr>
<td></td>
<td>Asset management products: +1 trillion yen</td>
</tr>
<tr>
<td>Japan Post Insurance Co.</td>
<td>Net income: Approx. 80.0 billion yen</td>
</tr>
<tr>
<td>Expand premiums for new policies</td>
<td>Achieve the 50 billion yen level in FY2017/3 and expand further</td>
</tr>
</tbody>
</table>

### Total Lifestyle Support Group

- Sustainable growth of business
- Securing stable income
- Demonstrating public benefits and contributions to local communities

### Japan Post Bank Co.

- 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 (compared to FY2018/3): Approx. +1.8 trillion yen including investment trusts balance Approx. +1.7 trillion yen
  Secure dividends per share of 50 yen (implementation of stable dividends)
  * The cumulative total of "sales amount - cancellation amount" for 3 years (not market price basis)

### Japan Post Insurance Co.

- Annualized premiums for policies in force: Approx. 4.9 trillion yen
- Earnings per share: 155 yen (Reference) Consolidated net income 93 billion yen
- Aim to increase dividends to 76 yen per share while ensuring the soundness of management

Note: 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.
Basic policies by business

Postal and domestic logistics business

Conduct comprehensive review of product and operations systems, and strengthen service infrastructure to support an expansion in parcels in order to respond to a decrease in mail usage and expansion of e-commerce markets.

- Shift management resources to parcel field through review of services and operations, etc.
- Review of services and creation of high added value in consideration of changes in lifestyles
- Strengthen service infrastructure to support expansion of parcels
- Improvements in convenience and productivity through active use of IoT and new technologies such as AI and automatic driving

Post office business

Coexist 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.

- Enhancement of products and services using post office network (Watch Over Service, contracted administration from municipalities, etc.)
- Provision of products and services in accordance with regional needs, and diversification of counter business hours, etc.
- Improvements in sales productivity/efficiency of counter operation, etc.

International logistics business

Improve management of Toll and deploy contract logistics in Japan through strengthening synergy between JP and Toll to provide integrated solutions through the development of comprehensive logistics business in Japan and overseas.

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

<table>
<thead>
<tr>
<th>Management Improvement Measures</th>
<th>Growth strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT reform program (Aggregation of IT distributed in each business divisions, etc.)</td>
<td>Establishment of market position in major industries (Energy, Retail and Engineering industries)</td>
</tr>
<tr>
<td>Reduction of operational costs (Sharing operation across divisions)</td>
<td>Concentration on major regions and regions with high growth potential (Australia, Singapore/China - US, etc.)</td>
</tr>
<tr>
<td>Strengthening of synergies between JP and Toll (Deployment of contract logistics in Japan)</td>
<td>Expansion into high growth fields (Medical and Technology fields)</td>
</tr>
</tbody>
</table>
### Banking business

Work toward sophistication and diversification of investment management, expansion of non-interest revenue, and efficient resource allocation to secure stable profits

<table>
<thead>
<tr>
<th>Ensuring secure living</th>
<th>More convenience in everyday life</th>
<th>Securing stable, income over medium-to long term through diversification and sophistication of investment management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution to asset building</td>
<td>Provision of “New Convenience”</td>
<td>Promotion of long-term diversification and sophistication of investment management</td>
</tr>
<tr>
<td>Investment trusts balance</td>
<td>• Enhancement of payment services</td>
<td>Reduce administrative workload equivalent to 1,000 people</td>
</tr>
<tr>
<td>FY2028/3: + 1.7 trillion yen*</td>
<td>• Channel enhancement</td>
<td>Diversification of asset management and sophistication of investment management</td>
</tr>
<tr>
<td>FY2021/3: 1.6 trillion yen</td>
<td>• Enhancement of product lineup</td>
<td>• Diversification of investment scope</td>
</tr>
<tr>
<td>FY2020/3: 3.4 trillion yen</td>
<td>• Expansion of ATM network</td>
<td>• Expansion of in-house investment</td>
</tr>
<tr>
<td>FY2020/3: 4.9 trillion yen</td>
<td>• Steady provision of existing services</td>
<td>• Cooperation with other life insurance companies including joint investment, etc.</td>
</tr>
<tr>
<td>FY2021/3: 10 trillion yen</td>
<td>• Deposit, settlement services</td>
<td>• Advancement of ALM and risk management</td>
</tr>
<tr>
<td>* The cumulative total of “sales amount - cancellation amount” for 3 years (not market price basis)</td>
<td>** 2,000 people</td>
<td>• Strengthening of specialized human resources</td>
</tr>
</tbody>
</table>

### Life insurance business

Reversal/growth of policies in force through sales activities focusing on protection needs and improvement in solicitation quality to attain sustainable profit growth

<table>
<thead>
<tr>
<th>Redistribution of management resources</th>
</tr>
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<tbody>
<tr>
<td>Annualized premiums for policies in force (trillion yen)</td>
</tr>
<tr>
<td>FY2018/3</td>
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<tr>
<td>4 trillion yen</td>
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<tr>
<td>FY2019/3</td>
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<tr>
<td>4.9 trillion yen</td>
</tr>
<tr>
<td>FY2020/3</td>
</tr>
<tr>
<td>5.5 trillion yen</td>
</tr>
<tr>
<td>FY2021/3</td>
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<tr>
<td>6.0 trillion yen</td>
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<td>FY2023/3</td>
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<td>FY2025/3</td>
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<td>8.0 trillion yen</td>
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<td>FY2026/3</td>
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<tr>
<td>9.5 trillion yen</td>
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<tr>
<td>FY2029/3</td>
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<tr>
<td>10.0 trillion yen</td>
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<tr>
<td>FY2030/3</td>
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### 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 ventures participation and acquisition of profit-making properties, etc.

<table>
<thead>
<tr>
<th>Operating income and net operating income for real estate business overall</th>
<th>Large-scale scheduled development projects through assets held by the Group</th>
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</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>Large-scale scheduled development projects through assets held by the Group</td>
</tr>
<tr>
<td>FY2016/3: 28.5 billion yen</td>
<td>Gotanda project (formerly U-Port) Construction completion: FY2023/3 (planned)</td>
</tr>
<tr>
<td>FY2017/3: 32.5 billion yen*</td>
<td>Toranomon/Abzabudai project (Japan Post Co., Tokyo Regional Office, Azabu Post Office) Construction completion: FY2024/3 (planned)</td>
</tr>
<tr>
<td>FY2018/3: 33.0 billion yen*</td>
<td>Osaka station-front project (formerly Osaka Central Post Office) Construction completion: FY2024/3 (planned)</td>
</tr>
</tbody>
</table>

* Total operating income of Japan Post Real Estate and real estate business of Japan Post Co.