



**Kunio Yokoyama**  
President & CEO  
Japan Post Co., Ltd.

### Aiming to Contribute to the Realization of Enriched Lives and to Secure Sustainable Earnings

The environment surrounding Japan Post Co. is evolving every moment, as evidenced by such developments as the advance of a decreasing population, ultra-declining birthrates and aging population; the diversification of settlement methods; and the emergence of innovative new digital technologies. In Japan Post Co.'s business as well, difficult conditions such as the downtrend in mail and a persistently low interest rate environment are expected to continue. Under such conditions, to sustainably grow our businesses, I believe we must grasp these changes in the business environment and make quick responses a step ahead of the times rather than only relying on conventional experience and knowhow.

In working to realize this sustainable growth, our greatest strength is our network of 24,000 post offices. This postal network is unique to Japan Post Co. and represents a valuable asset created together with



**Norito Ikeda**  
Director, President and Representative Executive Officer  
Japan Post Bank Co., Ltd.

### Vigorously Promoting Three Pillars in Aiming to Be a Bank that Continues Medium- and Long-term Growth

During the fiscal year ended March 31, 2019, Japan Post Bank Co. steadily promoted the three pillars embodied in the Medium-term Management Plan and solidified its foundation for growth toward the fiscal year ending March 31, 2020 and onward.

First, to respond to rising customer needs for asset building, we made efforts to strengthen investment trust sales in collaboration with post offices. To this end, we expanded the number of post offices handling investment trusts to 1,540 post offices as of the end of March 2019. Additionally, we reviewed our product composition to realize a more-simplified lineup that is easier for customers to understand and increased and nurtured financial consultants. In our ATM strategy, we proactively promoted collaboration with regional financial institutions and replaced existing ATMs with Japan Post Bank Co. ATMs in branches of Aozora Bank. In May 2019, we began handling Yucho Pay, a new



**Mitsuhiko Uehira**  
Director and President, CEO,  
Representative Executive Officer  
Japan Post Insurance Co., Ltd.

### Providing Security to Customers and Aiming for Sustainable Growth

We have established “pursue customer-first business operations,” “achieve sustainable growth,” and “maintain sound business operations” as our fundamental management approach, with the aim of increasing profit in both sales and asset management in an extremely low interest rate environment, as well as reversing the declining trend and achieving growth in annualized premiums from policies in force.

In the fiscal year ended March 31, 2019, we have strengthened sales activities focusing on protection needs, and made efforts to cultivate new customer bases, including the uninsured as well as the young and middle-aged. As a result, annualized premiums from new policies for individual insurance amounted to ¥351.3 billion (6.6% decrease year on year). However, we have steadily increased the number of new policies for ordinary whole life insurance (increased amount type) and special endowment insurance with high protection features, which together accounted for nearly 50% of all new policies. Annualized

our customers. By fully leveraging this one-and-only postal network, providing products and services that respond to the needs of society and undertaking efficient operations, we aim to contribute to the realization of enriched lives and to secure stable profits into the future.

In the postal and domestic logistics business, we will provide high value-added products and services with convenience that make it easier for customers to send and receive parcels. Concurrently, we will also work to improve business efficiency by proactively introducing cutting-edge technologies such as drones and self-driving vehicles.

In the post office business, to promote the trend of people shifting away from savings toward asset-building, we will work to support asset-building and people's life plans and expand new customer segments by proposing services tailored to the life stages of each customer.

In the international logistics business, we will progress with growth strategies for improving profits while supporting domestic B2B transactions and providing integrated and optimal logistics services in Japan and overseas by leveraging synergies with JP TOLL LOGISTICS

Co., launched in October 2018.

Moreover, in adhering to the basic concept that compliance is our most important management issue, we will steadily work to provide thoroughgoing customer-first services in collaboration with other business partners that include Japan Post Bank Co. and Japan Post Insurance Co.

In the future as well, we will work to maintain and enhance our best brand, which is the security provided by and trust in post offices, and uphold our social mission of operating post offices that co-exist with and support local communities.

We will also further enhance the appeal of post offices and operate exciting post offices with diverse and distinctive features that meet customer needs and even make people say, "I want to visit the post office" or "I'm glad I went to the post office."

We appreciate your patronage and continued use of our post offices.

smartphone settlement service. We are now proactively cultivating new outlets where this service can be used to raise convenience for customers.

In investment management, we will strive to secure stable earnings under appropriate risk management by promoting internationally diversified investments through the effective utilization of capital and expanding investments in risk assets to improve profitability. Among risk assets, we will selectively execute alternative investments based on changes in the market environment. It has been more than one year since the establishment of Japan Post Investment Corporation in February 2018, and with five investment projects so far, progress has been generally in line with our expectations. We will bolster our research capabilities and focus human and capital resources in areas that appear likely to exhibit growth.

We also participate in regional vitalization funds and as of March 31, 2019 we increased the regional vitalization funds we have invested in to 18 funds. Through these equity funds, we aim to circulate equity funds in

and thus vitalize regional communities. We will also promote collaboration and further strengthen relationships with regional financial institutions in service-related areas such as collaboration in the use of ATM networks and promoting common back-office procedures as we grow together.

In working to strengthen corporate governance, we will expand the scope of our risk appetite framework, the core of risk governance, from our asset liability management (ALM) and asset management operations to encompass our entire business operations for the purpose of increasing the sophistication of our business management system. Additionally, we will further strengthen anti-money laundering and countering terrorist financing measures.

I will execute management with a sense of passion and responsibility to enable Japan Post Bank Co. to realize further growth and share the value created by this growth with shareholders and investors. As we pursue these objectives, I ask for your continued support and patronage.

premiums from new policies for third-sector insurance amounted to ¥61.6 billion (4.1% increase year on year), marking a record high.

Looking at policies in force as of March 31, 2019, although annualized premiums from policies in force for individual insurance were on a declining trend amounting to ¥4,677.1 billion (3.8% decrease year on year), annualized premiums from policies in force for third-sector insurance amounted to ¥753.1 billion (0.3% increase year on year), and were on an increasing trend. Moving forward, we aim to reverse the current pattern, and achieve a growth in annualized premiums from policies in force during this Medium-term Management Plan period, by strengthening sales focused on protection, cultivating new customer bases, and improving solicitation quality and working to increase our policy maintenance rate by pursuing customer-first business operations.

An important mission of all life insurance companies is to provide long-term protection and peace of mind, by providing attentive explanations, while grasping the intentions of our customers, and ensuring that they purchase insurance with adequate understanding and consent. In order to achieve this mission, we are collaborating with Japan

Post Co. to conduct "customer-first sales activities."

Currently, we deliver peace of mind in the form of insurance to the people of Japan, via approximately 20,000 post offices located nationwide. We will never cease fulfilling our mission of protecting people's well-being through insurance, while also contributing to our customers as a member of the Japan Post Group. Leveraging our "trustworthy" and "reliable" brand image accumulated over the years as assets, we will do our best to stay by our customers' sides, and continue to earn their trust and affection.

In these endeavors, we request and appreciate your everlasting patronage.