Japan Post Group Medium-term Management Plan: New Japan Post Group Network Creation Plan 2017

On April 1, 2015, the Japan Post Group announced its "Japan Post Group Medium-term Management Plan: New Japan Post Group Network Creation Plan 2017," a medium-term management plan covering the period from fiscal year 2016/3 to 2018/3.

Toward the 100th anniversary of the establishment of Postal Life Insurance in fiscal year 2017/3 and the 10th anniversary of Japan Post Insurance's privatization in fiscal year 2018/3, Japan Post Insurance will accelerate our efforts to build a stable foundation for our sustainable growth and development in aiming for being the "No.1 Japanese Insurance Company Selected by Customers."

1. Management Strategy for Further Growth and Development

Business model

[customer] Further cultivate our existing customer base consists of 35 million policies

in force and 25 million of insured (women, middle-aged and older adult

customer are the core groups)

[channel] Pursue a business model to grow in cooperation with Japan Post Co.

[product] Start from revising existing products to expand gradually the lineup of

products with death benefits and medical coverage

Realize simple, prompt and accurate operations to differentiate our products and services

"Ensuring the quality of our product solicitation and achieving thorough compliance" are the platforms for our further growth

Strategic goals

- \blacksquare Establish our financial management base which will be necessary for growth
- \blacksquare Develop products and services to enhance our strengths
- Aim for the reversal of the decreasing trend of policies in force after the final fiscal year of the Medium-term Management Plan (FY2018/3)



Paving the way for a real growth to improve the corporate value of the Japan Post Group, as a whole

To prepare for the 100th anniversary of the establishment of Postal Life Insurance (in FY2017/3) and the 10th anniversary of Japan Post Insurance's privatization (in FY2018/3), accelerate our efforts to build a stable foundation for our sustainable growth and development.

2. Reversal of Policies in Force

- Accelerate expansion of new policy sales by strengthening quality and quantity of sales force
- Aim to reverse the decreasing trend of policies in force after the final fiscal year of the Medium-term Management Plan (FY2018/3)

Contracted monthly premiums for new policies Number of policies in force (million policies) (billions of yen) Growing further than in FY2017/3 Medium-term Management Plan Achieving 50 billion yen period 41.7 31.6 08/3 14/3 15/3 (estimated) 17/3 18/3 (FY) 14/3 3 15/3 (estimated) 16/3 17/3 18/3 19/3 20/3 21/3 22/3 (FY)

During the Medium-term Management Plan, we will strive to generate stable profits.

After the recovery of the number of policies in force, we will move on to the next phase of profit growth.

3. Deployment of Administrative and IT System

- Establish our administrative and IT system infrastructure, as a competitive edge for drawing future growth strategies
- Establish a simple, prompt and accurate infrastructure and strengthen our frame of administering policies, provide high quality services and be an "insurance company selected by customers"

[Post Offices]

Leverage IT

Lightening front-line administrative workloads and improving customer services at the same time as the active utilization of ICT

Major Initiatives

Introduce paperless applications

[Services Centers]

Strengthen administrative capabilities based on Image Work Flow

Facilitate an improvement in the quality of our administrative work and productivity, and promote the further sophistication of operations through the active utilization of ICT

Major Initiatives

- Consolidate organization among HQ and services centers (from Oct 2015)
- Leverage advanced technologies to upgrade our benefit payment operations

[IT System]

Strengthen IT system

Renewal of our core IT system in 2017, install in industry standard machines, enhance system development, recruitment and training of human resources, and new designs for administrative work

Major Initiatives

- Strengthen our capability to develop and maintain IT system
- Enhance governance of IT system

4. Enhancing Sales Force of Distribution Channel

- Together with Japan Post Co., strengthen sales force of post office channel to promote universal service products; endowment and whole life insurance
- Reinforce directly-managed wholesale channel to expand sales from corporate client, worksite, and internal market within Japan Post Group

Hire and train sales personnel Develop sales force effectively through increasing the number of field sales personnel and training program for high potential sales personnel

Key Initiatives

- Support Japan Post Co. to build a 20 thousand person network of post office based field sales personnel
- Intensive training for high potential experienced sales personnel with effective follow-ups and evaluation

Implement effective sales strategy

Post office channel

Increase the point of contact with customers to enable more frequent face to face marketing

Key Initiatives

- Follow up existing customers well ahead of maturity of policy. More frequent customer visit
- Develop new customers with revised educational endowment insurance and sales activities at worksite

Intensive supports for post office

Enhance supports for post offices

Key Initiatives

- Improve support operation for post offices
- Strengthen the capability of Partner Division

Directly-managed wholesale channel Increase the sales from corporate client, worksite and inner market through reinforcing our directly-managed wholesale channel

Key Initiatives

- Strengthen marketing for corporate client in Tokyo, Nagoya and Osaka
- Focus on developing new client (leverage third-party products, increase point of contacts with customers)
- Enhance internal marketing within Japan Post Group

5. Product Development Corresponding to Customers' Needs

- Enhance products and services lineup that correspond to customers' needs, for their accessibility and our sales of new policies
- Develop a business model for older adult customers with attentive and caring service, to acquire overwhelming support from its market, that is predicted to expand in the future

Product development to satisfy our customers' needs

Young generation New customers

- Revision of educational endowment insurance [April 2014]
- Decrease the age limit for whole life insurance [October 2014]
- Service improvements for existing customers
- Launch of endowment insurance with shortened premium period [October 2015]
- Introduction of a system which contribute for policies' retention Increase the age limit for endowment
- Responses to older
- Increase the age limit for whole life insurance [October 2015]

insurance [April 2015]

adult's needs

Further enhancement of insurance coverages Improvement of services for older adult

Re-examine all of our contact points with customers (post offices, call centers, etc.) through the eyes of older adult

and caring service

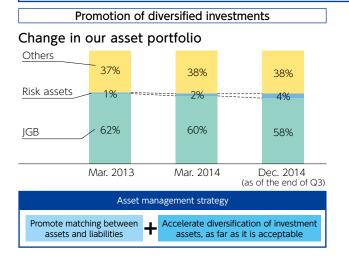
Establish corporate brand image that is "friendly to older adult" based on our reliability and trustworthiness

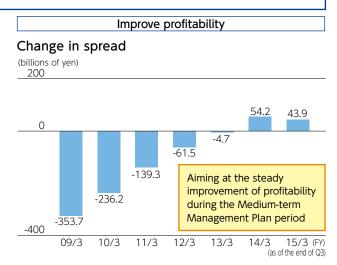
Contact to new customers (children and grandchildren) living with existing policyholders in the same households (parents)

The Medium-term Management Plar

6. Improve Capacity for Earnings from Investment

- Promote matching between assets and liabilities
- Take asset management risks as far as acceptable and push forward the diversification of our investment assets to improve profitability.





7. Enhance Our Internal Control System and Human Resource Development

- Strengthen our internal control system, assuming the ensured quality of our product solicitation and achievement of thorough compliance, which are the bases and the main prerequisites
- Promote human resource development and diversity management to establish the foundation for the sound and perpetual growth and development

Ensure the quality of our product solicitation and achieve thorough compliance

Strengthen our framework to prevent misconduct and incidents before they happen, or to detect them in early stages, in cooperation with Japan Post Co., and by providing focused instructions utilizing data extracted from past experiences.

Facilitate initiatives to make use of our customers' voices in management

Promote initiatives to improve our businesses based on customer feedback.

Enhancement of risk management

Seek to maintain financial soundness and to improve our capital efficiency (profitability) based on Enterprise Risk Management (ERM), and make a 6-8% RoEV as our benchmark in the medium

and long term, aim for stable and sustainable income and the improvement of our corporate value.

Strengthen our information security management system

Develop and strengthen our information security management system for the stricter management of customer information, etc.

Enhancement of our internal audit system

Enhance our internal auditing system, to utilize internal audits proactively to improve our business operations.

Enhancement of human resource development

Train and educate employees who will play the core rolls in the company's operations, as well as those who will become the foundation of our competitiveness, and creating a working environment for a variety of people to work together comfortably (which means the promotion of diversity management).

8. Business Objectives (FY2018/3)

Contracted monthly insurance premiums from new policies

Our target is to achieve 50 billion yen in contracted monthly premiums from new policies by the 100th anniversary of the establishment of Postal Life Insurance (in FY2017/3) and to make them grow further, aiming to reverse the decreasing trend of policies in force after the final fiscal year of the Medium-term Management Plan (FY2018/3) and enter into growth phase.

Net income

Assuming no drastic changes in the market environment, our target is to secure around 80 billion yen in net income.

Dividend payout ratio

We will redistribute profits to our shareholders steadily, setting a dividend payout ratio within the range of roughly 30-50%, while considering financial soundness and balance between shareholder and policyholder dividends.