

Nonconsolidated Balance Sheet

(Millions of yen)

As of March 31	2014	2013
Assets		
Cash and deposits	¥ 1,663,576	¥ 724,181
Cash	4,258	5,196
Deposits	1,659,318	718,984
Call loans	230,025	203,452
Receivables under securities borrowing transactions	2,822,188	2,331,286
Monetary claims bought	107,448	427,417
Money held in trust	581,627	256,832
Securities	*1, 2, 9, 11 69,378,975	*1, 2, 9, 11 72,558,181
Government bonds	52,522,914	56,472,609
Local government bonds	9,173,780	8,698,497
Corporate bonds	6,441,832	6,483,840
Stocks	*8 984	*8 984
Foreign securities	1,239,464	902,249
Loans	*3, 4 11,020,585	*3 12,691,554
Policy loans	54,271	35,924
Industrial and commercial loans	763,298	676,792
Loans to the Management Organization	10,203,015	11,978,837
Tangible fixed assets	*5 89,322	*5 85,968
Land	40,726	40,726
Buildings	33,287	33,262
Lease assets	1,456	1,335
Construction in progress	1,648	15
Other tangible fixed assets	12,204	10,628
Intangible fixed assets	126,040	106,933
Software	126,022	106,909
Other intangible fixed assets	18	24
Agency accounts receivable	102,651	133,911
Reinsurance receivables	234	–
Other assets	374,320	482,227
Accounts receivable	172,115	147,478
Prepaid expenses	814	516
Accrued income	195,169	327,778
Money on deposit	2,158	1,700
Derivatives	166	1,237
Suspense payments	787	628
Other assets	3,108	2,886
Deferred tax assets	592,665	461,513
Allowance for doubtful accounts	(1,036)	(1,095)
Total assets	¥87,088,626	¥90,462,364

(Millions of yen)

As of March 31	2014	2013
Liabilities		
Policy reserves and other reserves	¥80,799,941	¥84,746,052
Reserve for outstanding claims	*10 831,690	947,123
Policy reserves	*10, 13 77,745,490	*13 81,401,981
Reserve for policyholders' dividends	*7 2,222,759	*7 2,396,947
Reinsurance payables	1,234	191
Other liabilities	4,077,493	3,662,976
Payables under securities lending transactions	*9 3,703,176	*9 3,114,558
Income taxes payable	15,804	12,840
Accounts payable	229,922	395,091
Accrued expenses	15,626	14,898
Unearned revenue	4	5
Deposits received	12,172	12,700
Deposits received from the Management Organization	*14 66,221	*14 78,877
Derivatives	15,805	6,417
Lease obligations	1,528	1,401
Asset retirement obligations	15	15
Suspense receipt	16,433	25,798
Other liabilities	781	371
Reserve for possible claim payments	1,881	7,003
Reserve for employees' retirement benefits	59,385	58,331
Reserve for directors' retirement benefits	–	164
Reserve under the special law	614,233	522,872
Reserve for price fluctuations	*13 614,233	*13 522,872
Total liabilities	¥85,554,169	¥88,997,593
Net assets		
Capital stock	¥ 500,000	¥ 500,000
Capital surplus	500,044	500,044
Legal capital surplus	405,044	405,044
Other capital surplus	95,000	95,000
Retained earnings	349,627	308,948
Legal retained earnings	17,222	12,672
Other retained earnings	332,404	296,276
Retained earnings brought forward	332,404	296,276
Total shareholders' equity	1,349,671	1,308,993
Net unrealized gains on available-for-sale securities	184,774	155,778
Deferred gains (losses) on derivatives under hedge accounting	11	–
Total of valuation and translation adjustments	184,785	155,778
Total net assets	¥ 1,534,457	¥ 1,464,771
Total liabilities and net assets	¥87,088,626	¥90,462,364

Nonconsolidated Statement of Income

(Millions of yen)

Years ended March 31	2014	2013
Ordinary income	¥11,233,925	¥11,834,920
Insurance premiums and the other	5,911,643	6,481,772
Insurance premiums	*6 5,911,269	*6 6,481,772
Reinsurance income	374	—
Investment income	1,540,615	1,560,789
Interest, dividends and other income	1,458,190	1,500,194
Interest on deposits	465	419
Interest and dividends on securities	1,180,339	1,188,796
Interest on loans	12,478	10,949
Interest on loans to the Management Organization	260,797	295,861
Other interest and dividends	4,109	4,167
Gains from money held in trust	*4 9,736	—
Gains on sales of securities	*2 71,074	*2 60,344
Gains on redemption of securities	54	62
Foreign exchange gains	1,452	—
Other investment income	107	188
Other ordinary income	3,781,665	3,792,358
Reversal of reserve for outstanding claims	*5 115,432	48,611
Reversal of policy reserves	*5 3,656,490	3,741,858
Reversal of reserve for possible claim payments	5,122	—
Reversal of reserve for directors' retirement benefits	164	—
Other ordinary income	4,455	1,888
Ordinary expenses	10,770,418	11,305,545
Insurance claims and others	10,160,877	10,673,000
Insurance claims	*7 9,511,326	*7 10,189,390
Annuity payments	256,746	197,107
Benefits	33,941	26,231
Surrender benefits	220,263	154,965
Other refunds	135,968	105,305
Reinsurance premiums	2,631	—
Provision for policy reserves and others	4,627	9,008
Provision for interest portion on reserve for policyholders' dividends	4,627	9,008
Investment expenses	18,122	29,515
Interest expenses	4,963	3,753
Losses on money held in trust	—	*4 4,108
Losses on sales of securities	*3 10,205	*3 19,665
Losses on redemption of securities	62	78
Losses on derivative financial instruments	2,161	318
Foreign exchange losses	—	672
Provision for allowance for doubtful accounts	8	18
Other investment expenses	721	900
Operating expenses	513,046	512,908
Other ordinary expenses	73,744	81,111
Taxes	38,193	38,068
Depreciation	34,217	34,422
Provision for reserve for possible claim payments	—	7,003
Provision for reserve for employees' retirement benefits	608	1,395
Provision for reserve for directors' retirement benefits	—	1
Other ordinary expenses	725	219
Ordinary profit	¥ 463,506	¥ 529,375

(Millions of yen)

Years ended March 31	2014	2013
Extraordinary gains	¥ –	¥ 127
Other extraordinary gains	–	127
Extraordinary losses	99,999	67,107
Losses on disposal of fixed assets	8,638	1,958
Provision for reserve under the special law	91,360	64,656
Provision for reserve for price fluctuations	91,360	64,656
Group reorganization expenses	–	491
Provision for reserve for policyholders' dividends	*8 242,146	*8 307,427
Income before income taxes	121,361	154,969
Income taxes – current	200,701	199,231
Income taxes – deferred	(142,768)	(135,262)
Total income taxes	57,932	63,968
Net income	¥ 63,428	¥ 91,000

Nonconsolidated Statement of Changes in Net Assets

For the year ended March 31, 2014

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus		Retained earnings		Total shareholders' equity
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings	
				Retained earnings brought forward		
Balance at the beginning of the year	¥500,000	¥405,044	¥95,000	¥12,672	¥296,276	¥1,308,993
Changes during the year						
Dividends				4,550	(27,300)	(22,750)
Net income					63,428	63,428
Net changes other than shareholders' equity						
Total changes during the year	–	–	–	4,550	36,128	40,678
Balance at the end of the year	¥500,000	¥405,044	¥95,000	¥17,222	¥332,404	¥1,349,671

	Valuation and translation adjustments	
	Net unrealized gains on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting
Balance at the beginning of the year	¥155,778	¥ –
Changes during the year		
Dividends		
Net income		
Net changes other than shareholders' equity	28,996	11
Total changes during the year	28,996	11
Balance at the end of the year	¥184,774	¥11

For the year ended March 31, 2013

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus		Retained earnings		Total shareholders' equity
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	
Balance at the beginning of the year	¥500,000	¥405,044	¥95,000	¥ 9,285	¥225,596	¥1,234,926
Changes during the year						
Dividends				3,386	(20,320)	(16,933)
Net income					91,000	91,000
Net changes other than shareholders' equity						
Total changes during the year	—	—	—	3,386	70,680	74,066
Balance at the end of the year	¥500,000	¥405,044	¥95,000	¥12,672	¥296,276	¥1,308,993

	Valuation and translation adjustments	
	Net unrealized gains on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting
Balance at the beginning of the year	¥ 57,151	¥—
Changes during the year		
Dividends		
Net income		
Net changes other than shareholders' equity	98,627	
Total changes during the year	98,627	—
Balance at the end of the year	¥155,778	¥—

Notes to the nonconsolidated financial statements

Basis of presentation

(1) The accompanying nonconsolidated financial statements of Japan Post Insurance Co., Ltd. (the "Company") have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the nonconsolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

The nonconsolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

(2) Fractional amounts of less than ¥1 million are rounded down, except for per share information. Accordingly, the totals do not necessarily agree with the sum of the individual amounts.

Significant accounting policies

1. Valuation methods for securities

Securities, including cash and deposits, monetary claims bought which are equivalent to securities, and securities managed as assets of money held in trust, are carried as explained below:

(1) Held-to-maturity bonds

Stated at amortized cost (straight-line method), determined by the moving-average method

(2) Policy-reserve-matching bonds (in accordance with Industry Audit Committee Report No. 21 "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching bonds in the Insurance Industry" issued by the Japanese Institute of Certified Public Accountants)

Stated at amortized cost (straight-line method), determined by the moving-average method

(3) Stocks of subsidiaries and affiliated companies (stocks issued by subsidiaries as defined in Article 2, Paragraph 12 of the Insurance Business Act and closely related parties (excluding subsidiaries) and affiliated companies as defined in Article 13-5-2, Paragraph 3 of the Order for Enforcement of the Insurance Business Act))

Stated at cost determined by the moving-average method

(4) Available-for-sale securities

(i) Available-for-sale securities with fair value

Valued at fair value at the end of the fiscal year (for stocks and stock mutual funds, the average quoted price for the last month immediately prior to the end of the fiscal year), with cost determined by the moving-average method.

(ii) Available-for-sale securities whose fair value is extremely difficult to measure

• Government and corporate bonds (including foreign bonds), whose premium or discount represents the interest adjustments

Valued at the amortized cost (straight-line method), determined by the moving-average method

• Others

Valued at cost determined by the moving-average method

Net unrealized gains or losses on available-for-sale securities are presented as a separate component of net assets.

2. Valuation methods of derivative transactions

Derivatives are reported at fair value.

3. Depreciation methods for tangible fixed assets

(1) Tangible fixed assets (excluding lease assets)

Depreciation of tangible fixed assets is calculated using the straight-line method.

Estimated useful lives of major assets are as follows:

(i) Buildings, attached improvements and structures

2 to 55 years

(ii) Other tangible fixed assets

2 to 20 years

(2) Intangible fixed assets (excluding lease assets)

Amortization of software for internal use is calculated using the straight-line method over the estimated useful life (generally 5 years).

(3) Lease assets

Depreciation of lease assets with regard to finance leases whose ownership does not transfer to the lessees is computed by the straight-line method assuming zero-salvage value over the lease terms.

4. Allowances and reserves

(1) Allowance for doubtful accounts

Allowance for doubtful accounts is determined based on the internal rules for self-assessment and internal rules for write-offs and provisions. It is calculated based on the historical credit loss experience and estimated uncollectible amounts for specific loans.

For all loans and claims, the relevant department performs an asset quality assessment in accordance with the internal rules for self-assessment, and an independent audit department reviews the results of the assessment. The allowance is provided based on the result of such assessment.

For loans and claims to bankrupt obligors (obligors that have already experienced formal or legal failure, such as bankruptcy and reorganization) and obligors at risk of bankruptcy (obligors that have not yet suffered business failure but are considered highly likely to fail), the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amounts written off during the years ended March 31, 2013 and 2014, were ¥64 million and ¥138 million, respectively.

(2) Reserve for possible claim payments

Reserve for possible claim payments includes an additional estimated amount of possible claims based on past experience due to improvement of notification of claims the Company is currently working on.

(3) Reserve for employees' retirement benefits

Reserve for employees' retirement benefits is provided for payments of retirement benefits to employees and is recorded based on the estimated amount of retirement benefit obligations at the end of this fiscal year based on the estimated amount of benefits.

(i) Attribution method for projected retirement benefit obligations

The retirement benefit obligations are determined using the straight-line attribution method to attribute the projected retirement benefit obligations in each period to the end of this fiscal year.

(ii) Amortization of actuarial gain or loss

Actuarial gain or loss is amortized ratably using the straight-line method over a certain period (14 years), within the average remaining service years of the employees at the date when the actuarial gain or loss was incurred, commencing with the following fiscal year.

5. Calculation method for reserve for price fluctuations

A reserve for price fluctuations is calculated in accordance with the provisions of Article 115 of the Insurance Business Act.

6. Hedge accounting**(1) Hedge accounting**

Hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments"(ASBJ Statement No. 10). Fair value hedges using foreign currency forward contracts are used to hedge against exchange rate fluctuations of certain foreign currency-denominated bonds. Special hedge accounting for interest rate swaps and the deferral hedge are used for cash flow hedges of certain loans.

(2) Hedging instruments and hedged items**(i) Hedging instruments ... foreign currency forward contracts**

Hedged items ... foreign currency-denominated bonds

(ii) Hedging instruments ... interest rate swaps

Hedged items ... loans

(3) Hedging policies

Foreign currency risk of foreign currency-denominated bonds and interest rate risk of loans are hedged within a certain range.

(4) Assessment of hedge effectiveness

Hedge effectiveness is assessed by comparing cumulative fluctuations in market quotations or cash flows of hedged items to those of hedging instruments. However, for foreign currency forward contracts and interest rate swaps under special hedge accounting, which demonstrate a high correlation between

hedging instruments and hedged items, the assessment of hedge effectiveness is omitted.

7. Other significant policies**(1) Policy reserves**

Policy reserves are established in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are calculated as follows:

(i) Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Commissioner of Financial Services Agency (the Notification of the Minister of Finance No. 48, 1996).

(ii) Reserves for other policies are established based on the net level premium method.

In addition, for 10 years from the fiscal year 2010, additional policy reserves for certain assumed reinsurance from the Management Organization for Postal Savings and Postal Life Insurance (the "Management Organization") have been provided in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act. The amounts of the additional provision for policy reserves for the years ended March 31, 2013 and 2014, were ¥171,491 million and ¥175,129 million, respectively.

(2) Accounting treatment for retirement benefits

Accounting for actuarial gain or loss in relation to retirement benefits is different from that for the consolidated financial statements.

(3) Accounting treatment for consumption taxes

National and local consumption taxes are accounted for using the tax-exclusion method.

(4) Consolidated tax payment system

Consolidated tax payment system has been adopted. Japan Post Holdings Co., Ltd. is the parent company of the consolidated tax payment system.

Notes to the Nonconsolidated Balance Sheet

*1. Carrying amount, fair value, and the risk management policy for policy-reserve-matching bonds are as follows:

(1) The carrying amount and the fair value for policy-reserve-matching bonds are as follows:

(Millions of yen)

As of March 31	2014	2013
Carrying amount	¥17,953,667	¥23,508,816
Fair value	19,052,820	24,927,941

(2) The risk management policy for policy-reserve-matching bonds is as follows:

The Company categorizes its insurance contracts into the following subgroups by their characteristics in order to manage interest rate risk of assets and liabilities, and matches the duration of the corresponding policy-reserve-matching bonds with the duration of the policy reserves in the respective subgroups within a certain range. The Company also periodically monitors the duration of the policy-reserve-matching bonds and the policy reserves in the subgroups.

- 1) The Postal Life Insurance contracts category
- 2) The Japan Post Insurance contracts (general) category
- 3) The Japan Post Insurance contracts (single premium annuity) category

*2. The carrying amount of securities lent under lending agreements is as follows:

(Millions of yen)

As of March 31	2014	2013
Carrying amount	¥3,380,035	¥2,815,546

*3. Loans do not include any loans to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans.

The respective definitions of the loans are as follows:

Loans to bankrupt borrowers are loans, after write-offs, to bankrupt borrowers as defined in Article 96-1-3-1 to 5 or 96-1-4 of the Order for Enforcement of the Corporation Tax Act (No. 97 in 1965) on which accrued interest income is not recognized ("Non-accrual loans") as there is substantial doubt as to the collection of principal and/or interest because of delinquencies in payment of principal and/or interest for a significant period of time or for other reasons.

Delinquent loans represent non-accrual loans other than loans to bankrupt borrowers and loans renegotiated at concessionary terms, which include reduction or deferral of interest in order to assist or support these borrowers in the restructuring of their business.

Loans past due for three months or more represent loans whose principal and/or interest payments have been past due for three months or more, excluding loans to bankrupt borrowers and delinquent loans.

Restructured loans represent loans renegotiated at concessionary terms, including reduction or deferral of interest or principal and waiver of the claims in order to assist or support these borrowers in the restructuring of their business, excluding loans to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

*4. The amount of unused commitments related to loans is as follows:

(Millions of yen)

As of March 31	2014	2013
Unused commitments related to loans	¥1,250	¥-

*5. Accumulated depreciation of tangible fixed assets is as follows:

(Millions of yen)

As of March 31	2014	2013
Accumulated depreciation	¥63,476	¥62,596

6. The total amounts of receivables from and payables to subsidiaries and affiliates are as follows:

(Millions of yen)

As of March 31	2014	2013
Receivables	¥ 345	¥ 341
Payables	121,647	92,456

*7. Changes in the reserve for policyholders' dividends are as follows:

(Millions of yen)

As of March 31	2014	2013
Balance at the beginning of the year	¥2,396,947	¥2,511,441
Policyholders' dividends paid during the year	420,523	430,448
Increase due to interest accrued during the year	4,627	9,008
Decrease due to purchasing additional annuity benefits	438	481
Provision for reserve for policyholders' dividends	242,146	307,427
Balance at the end of the year	2,222,759	2,396,947

*8. Stocks of subsidiaries and affiliates held are as follows:

(Millions of yen)

As of March 31	2014	2013
Stocks of subsidiaries and affiliates	¥984	¥984

*9. Assets pledged as collateral are as follows:

(Millions of yen)

As of March 31	2014	2013
Securities	¥3,380,035	¥2,815,546

The amount of secured liabilities is as follows:

(Millions of yen)

As of March 31	2014	2013
Payables under securities lending transactions	¥3,703,176	¥3,114,558

All of "Securities" above are pledged as collateral for securities lending transactions with cash collateral.

*10. The ceded amount of reserve for outstanding claims, which is accounted for in accordance with Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, as applied pursuant to Article 73, Paragraph 3 of the Ordinance for Enforcement of the Insurance Business Act ("Reserve for outstanding claims-ceded") is as follows:

(Millions of yen)

As of March 31	2014	2013
Reserve for outstanding claims-ceded	¥82	¥-

The ceded amount of policy reserves, which is accounted for in accordance with Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act ("Policy reserves-ceded") is as follows:

(Millions of yen)

As of March 31	2014	2013
Policy reserves-ceded	¥183	¥-

*11. The fair value of securities borrowed under securities borrowing agreements held at the end of the year that can be sold or pledged as collateral at the Company's discretion is as follows:

(Millions of yen)

As of March 31	2014	2013
Fair value	¥2,816,810	¥2,330,656

12. The estimated amount of future contributions to the Life Insurance Policyholders Protection Corporation of Japan as stipulated in Article 259 of the Insurance Business Act is as follows.

The contributions are accounted for as operating expenses in the year when the contributions are made.

(Millions of yen)

As of March 31	2014	2013
Estimated amount of future contributions	¥18,834	¥14,672

*13. Policy reserves assumed from the Management Organization (excluding contingency reserve) are provided based on the calculation method prescribed by the Company for its premiums and policy reserves in order to exceed the amount calculated for the policy reserves for the Postal Life Insurance designated under the Act on the Management Organization for Postal Savings and Postal Life Insurance (Act No. 101 of 2005). Also, the Company provides contingency reserve and a reserve for price fluctuations for the reinsurance contracts assumed.

Policy reserves mentioned above (excluding contingency reserve), contingency reserve and the reserve for price fluctuations are as follows:

(Millions of yen)

As of March 31	2014	2013
Policy reserves (excluding contingency reserve)	¥57,879,628	¥64,325,970
Contingency reserve	2,350,030	2,514,762
Reserve for price fluctuations	554,723	480,865

*14. "Deposits from the Management Organization" in the nonconsolidated balance sheet represents the amount equivalent to the reserve for outstanding claims and provision for loss on compensation for damages (related to litigation or conciliation) of the Management Organization. Such deposits were made upon privatization in accordance with the outsourcing agreements with the Management Organization for the administrative operation of the Postal Life Insurance and were not paid by March 31, 2014.

Notes to the Nonconsolidated Statement of Income

1. The total income and expenses from transactions with the parent, subsidiaries, affiliates etc. are as follows:

(Millions of yen)

Years ended March 31	2014	2013
Total income	¥ 0	¥ 0
Total expenses	10,448	11,093

*2. The breakdown of gains on sales of securities is as follows:

(Millions of yen)

Years ended March 31	2014	2013
Government bonds and others	¥70,968	¥60,344
Foreign securities	106	—

*3. The breakdown of losses on sales of securities is as follows:

(Millions of yen)

Years ended March 31	2014	2013
Government bonds and others	¥2,948	¥19,665
Foreign securities	7,256	—

*4. Gains or losses from money held in trust for the fiscal years ended March 31, 2013 and 2014, includes losses on valuation of securities amounting to ¥3,893 million and ¥131 million, respectively.

*5. The amount of provision for reserve for outstanding claims-ceded that is added to the calculation of reversal of the reserve for outstanding claims is ¥82 million for the year ended March 31, 2014. The amount of provision for policy reserves-ceded that is added to the calculation of reversal of policy reserves is ¥183 million for the year ended March 31, 2014 (those amounts for the year ended March 31, 2013, are nil).

*6. Insurance premiums for reinsurance contracts assumed from the Management Organization included in Insurance premiums and the other are as follows:

(Millions of yen)		
Years ended March 31	2014	2013
Insurance premiums	¥2,155,398	¥2,685,558

*7. Insurance claims for reinsurance contracts assumed from the Management Organization included in Insurance claims are as follows:

(Millions of yen)		
Years ended March 31	2014	2013
Insurance claims	¥9,477,426	¥10,165,661

*8. Provision for reserve for policyholders' dividends provided on behalf of the Management Organization, which is calculated based on profit or loss from reinsurance contracts assumed under the reinsurance contracts with the Management Organization, is as follows:

(Millions of yen)		
Years ended March 31	2014	2013
Provision for reserve for policyholders' dividends	¥222,812	¥281,642

Notes to the Nonconsolidated Statement of Changes in Net Assets

(For the years ended March 31, 2013 and 2014)

Class and number of treasury stock

None

Leases

As lessee

1. Non-ownership transferable finance leases

(1) Lease assets

Lease assets include the following tangible fixed assets: vehicles

(2) Depreciation method

See Note Significant accounting policies 3. Depreciation methods for tangible fixed assets.

2. Operating leases

Future lease payments related to non-cancelable operating leases are as follows:

(Millions of yen)		
As of March 31	2014	2013
Due within one year	¥448	¥ 957
Due after one year	-	448
Total	¥448	¥1,406

Securities

The fair value of stocks of subsidiaries and affiliates is not presented because the fair value of these stocks is extremely difficult to measure.

The carrying amount of these stocks is as follows:

(Millions of yen)		
As of March 31	2014	2013
Stocks of subsidiaries	¥984	¥984

Income taxes

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

As of March 31	2014	2013
Deferred tax assets		
Policy reserves	¥485,089	¥375,640
Reserve for price fluctuations	106,845	71,826
Reserve for outstanding claims	53,823	53,247
Reserve for employees' retirement benefits	18,277	18,166
Unrealized losses on available-for-sale securities	3,815	4,200
Others	13,621	15,479
Subtotal	681,474	538,561
Valuation allowance	(2,991)	(3,003)
Total deferred tax assets	678,482	535,557
Deferred tax liabilities		
Unrealized gains on available-for-sale securities	(84,569)	(73,343)
Others	(1,247)	(700)
Total deferred tax liabilities	(85,817)	(74,044)
Net deferred tax assets	¥592,665	¥461,513

2. Reconciliation between the statutory tax rate and effective tax rate

As of March 31	2014	2013
Statutory tax rate	33.33%	33.33%
Effect of change in tax rate for current and subsequent years	14.32%	7.15%
Others	0.09%	0.80%
Effective income tax rate	47.74%	41.28%

3. Adjustment of deferred tax assets and liabilities due to the change of the statutory tax rate

Following the issuance of the Act for Partial Revision of Income Tax Act on March 31, 2014, the Special Corporate Tax for Reconstruction will be abolished for the consolidated fiscal years beginning on or after April 1, 2014. Accordingly, the statutory tax rate applicable to the temporary differences which are expected to be reversed in the fiscal year beginning April 1, 2014, decreased from 33.33% in the previous year to 30.78%. As a result of the change, deferred tax assets (net of deferred tax liabilities) decreased by ¥5,216 million yen, and income taxes deferred increased by ¥5,250 million yen for the year ended March 31, 2014.

Per share information

(Yen)

As of/Years ended March 31	2014	2013
Net assets per share	¥76,722.86	¥73,238.56
Net income per share	3,171.42	4,550.02

Notes: 1. Calculation of "Net assets per share" is based on the following figures:

As of March 31	2014	2013
Total net assets (Millions of yen)	¥1,534,457	¥1,464,771
Deductions from total net assets (Millions of yen)	¥ –	¥ –
Net assets attributable to common stocks (Millions of yen)	¥1,534,457	¥1,464,771
Number of common stocks used for the calculation of net assets per share (Thousands of shares)	20,000	20,000

2. Calculation of "Net income per share" is based on the following figures:

Years ended March 31	2014	2013
Net income (Millions of yen)	¥63,428	¥91,000
Net income not attributable to common shareholders (Millions of yen)	¥ –	¥ –
Net income attributable to common shareholders (Millions of yen)	¥63,428	¥91,000
Average number of common stocks (Thousands of shares)	20,000	20,000

3. Diluted net income per share is not presented because no potential shares exist.

Subsequent events

None

Nonconsolidated Supplemental Schedules

Schedule of operating expenses

(Millions of yen)

Type of operating expenses	Amount
Sales activity expenses	¥190,508
Sales representatives	8,641
Sales agencies	181,867
Selection of policyholders	0
Sales administration expenses	13,847
Management of sales force	7,961
Education and trainings for sales representatives	47
Advertisements	5,838
General administration expenses	308,690
Personnel expenses	43,394
Property expenses	263,659
Donations, sponsorships, and membership fees	390
Obligation expenses	1,636
Total	¥513,046

Notes: (1) "Property expenses" includes expenses for maintenance and management of policies, and those related to information systems.

(2) "Obligation expenses" represents contributions to the Life Insurance Policyholders Protection Corporation of Japan as stipulated Article 259 of the Insurance Business Act.

Schedule of tangible fixed assets and intangible fixed assets

(Millions of yen)

Type of assets	Balance at the beginning of the year	Increase	Decrease	Balance at the end of the year	Accumulated depreciation	Depreciation for the period	Balance at the end of the year (Net)
Tangible fixed assets							
Land	¥ –	¥ –	¥ –	¥ 40,726	¥ –	¥ –	¥ 40,726
Buildings	–	–	–	49,323	16,036	1,889	33,287
Lease assets	–	–	–	2,432	976	364	1,456
Construction in progress	–	–	–	1,648	–	–	1,648
Other tangible fixed assets	–	–	–	58,668	46,463	3,848	12,204
Total tangible fixed assets	–	–	–	152,799	63,476	6,103	89,322
Intangible fixed assets							
Software	–	–	–	265,048	139,025	28,088	126,022
Other intangible fixed assets	–	–	–	30	12	2	18
Total intangible fixed assets	–	–	–	265,078	139,038	28,091	126,040
Long-term prepaid expenses	239	21	–	260	97	22	162
Deferred assets	–	–	–	–	–	–	–

Notes: (1) "Balance at the beginning of the year," "Increase," and "Decrease" of tangible fixed assets and intangible fixed assets are omitted as those amounts are below 1% of total assets.

(2) Long-term prepaid expenses are included in "Prepaid expenses" in the nonconsolidated balance sheet.

Schedule of provisions and reserves

(Millions of yen)

Type of provisions and reserves	Balance at the beginning of the year	Increase	Decrease	Balance at the end of the year	Accumulated depreciation
Allowance for doubtful accounts	¥ 1,095	¥ 1,036	¥ 72	¥1,023	¥ 1,036
General allowance for doubtful accounts	83	91	—	83	91
Specific allowance for doubtful accounts	1,012	944	72	940	944
Reserve for possible claim payments	7,003	—	5,122	—	1,881
Reserve for directors' retirement benefits	164	10	39	135	—
Reserve for price fluctuations	522,872	91,360	—	—	614,233

Notes: (1) Decrease of allowance for doubtful accounts represents the reversal of the allowance in full to renew the reserve.

(2) Decrease of reserve for directors' retirement benefits represents the reversal of the reserve in full due to the abolishment of the retirement benefit plan for directors.

Significant Assets and Liabilities

Significant assets and liabilities as of March 31, 2014, are as follows:

① Cash and deposits

(Millions of yen)

Type	Amount
Cash	¥ 4,258
Deposits	
Transfer deposits	166,161
Ordinary deposits	788,855
Negotiable certificates of deposit	704,300
Other deposits	0
Subtotal	1,659,318
Total	¥1,663,576

② Securities

a. Breakdown of securities

(Millions of yen)

Type	Balance at the beginning of the year	Balance at the end of the year	Net increase/ (decrease)
Government bonds	¥56,472,609	¥52,522,914	¥(3,949,694)
Local government bonds	8,698,497	9,173,780	475,282
Corporate bonds:	6,483,840	6,441,832	(42,007)
Government agency bonds	4,045,633	4,060,169	14,535
Financial institution bonds	–	–	–
Corporate bonds	2,438,206	2,381,663	(56,543)
Stocks	984	984	–
Foreign securities:	902,249	1,239,464	337,214
Foreign stocks	140,000	140,000	–
Other foreign securities	762,249	1,099,464	337,214
Other securities	–	–	–
Total	¥72,558,181	¥69,378,975	¥(3,179,205)

b. Breakdown of stocks by industry

(Millions of yen, %)

Industry category		Carrying amount	Composition rate
Fishery, agriculture, and forestry		¥ -	-
Mining		-	-
Construction		-	-
Manufacturing	Food	-	-
	Textiles and apparel	-	-
	Pulp and paper	-	-
	Chemicals	-	-
	Pharmaceutical	-	-
	Oil and coal products	-	-
	Rubber products	-	-
	Glass and ceramic products	-	-
	Iron and steel	-	-
	Nonferrous metals	-	-
	Metal products	-	-
	Machinery	-	-
	Electric appliances	-	-
	Transportation equipment	-	-
	Precision instruments	-	-
Other products	-	-	
Electric power and gas		-	-
Transport, information and communication	Land transportation	-	-
	Marine transportation	-	-
	Air transportation	-	-
	Warehousing and harbor transportation services	-	-
	Information and communication	984	100.0
Trade	Wholesale trade	-	-
	Retail trade	-	-
Finance and insurance	Banks	-	-
	Securities and commodity futures	-	-
	Insurance	-	-
	Other financial business	-	-
Real estate		-	-
Services		-	-
Total		¥984	100.0

Note: Industry categories above are based on the classifications established by Securities Identification Code Committee.

③ Loans

a. Breakdown of loans

(Millions of yen)

Type	Balance at the beginning of the year	Balance at the end of the year
Policy loans	¥ 35,924	¥ 54,271
Policyholder loans	35,922	54,270
Premium loans	1	0
Industrial and commercial loans	12,655,629	10,966,313
[Loans to nonresidents]	[-]	[-]
Corporate loans	12,202,467	10,462,147
[Loans to domestic corporations]	[12,202,467]	[10,462,147]
Loans to national, international, and government-related organizations	-	-
Loans to local governments and public entities	453,162	504,165
Mortgage loans	-	-
Consumer loans	-	-
Others	-	-
Total	¥ 12,691,554	¥ 11,020,585

Note: Loans to the Management Organization is included in "Corporate loans" because the Management Organization is categorized as "Finance and insurance" in Appendix: The Table of Industrial Sector attached to the survey on loans by industry in the Guide of Financial Statistics Survey Paper, prepared by the Bank of Japan.

b. Breakdown of loans by collateral

(Millions of yen)

Type of loans secured	Balance at the beginning of the year	Balance at the end of the year
Secured loans	¥ 2,000	¥ 1,922
Loans secured by securities	-	-
Loans secured by real estate, movables, and foundation collateral	-	-
Loans secured by receivables	2,000	1,922
Guaranteed loans	15,600	24,600
Unsecured loans	659,192	736,775
Others	11,978,837	10,203,015
Industrial and commercial loans	-	-
Subordinated loans	-	-
Policy loans	35,924	54,271
Total	¥12,691,554	¥11,020,585

Note: Loans to the Management Organization are included in "Other loans."

c. Breakdown of loans by industry

(Millions of yen)

Industry category	Balance at the beginning of the year	Balance at the end of the year	Net increase/ (decrease)
Fishery, agriculture and forestry	¥ –	¥ –	¥ –
Mining, quarrying of stone and gravel	–	–	–
Construction	–	–	–
Manufacturing	75,840	79,040	3,200
Wholesale trade and retail trade	51,699	64,400	12,700
Finance and insurance	22,400	45,100	22,700
Real estate, goods rental and leasing	21,180	18,980	(2,200)
Information and communication	8,000	7,950	(50)
Transport and postal services	41,510	43,662	2,152
Electricity, gas, heat supply, and waterworks	–	–	–
Other services	3,000	–	(3,000)
Others	–	–	–
[Individual mortgage and consumer loans]	[–]	[–]	[–]
Subtotal	¥ 223,629	¥ 259,132	¥ 35,503
Local governments and public entities	453,162	504,165	51,002
Government agencies	–	–	–
Policy loans	35,924	54,271	18,347
Loans to the Management Organization	11,978,837	10,203,015	(1,775,822)
Total	¥12,691,554	¥11,020,585	¥(1,670,968)

④ Policy reserves and other reserves

a. Reserve for outstanding claims

(Millions of yen)

Type	Balance at the beginning of the year	Balance at the end of the year	Net increase/ (decrease)
Reserve for outstanding claims (Note)	¥822,940	¥700,953	¥(121,986)
Individual insurance	10,271	14,379	4,107
Individual annuities	6,918	5,855	(1,063)
Asset-formation insurance/ Asset-formation annuities	5	0	(5)
Others	805,744	680,718	(125,025)
Reserve for claims incurred but not reported	124,182	130,737	6,554
Total	¥947,123	¥831,690	¥(115,432)

Note: The table above excludes the reserve for claims incurred but not reported.

b. Policy reserves

(Millions of yen)

Type	Balance at the beginning of the year	Balance at the end of the year	Net increase/ (decrease)
Policy reserves (Note)	¥78,718,375	¥75,156,691	¥(3,561,683)
Individual insurance	11,358,817	13,988,727	2,629,909
Individual annuities	3,033,367	3,288,109	254,742
Asset-formation insurance/ Asset-formation annuities	219	226	6
Others	64,325,970	57,879,628	(6,446,341)
Contingency reserve	2,683,606	2,588,798	(94,807)
Total	¥81,401,981	¥77,745,490	¥(3,656,490)

Note: Excluding contingency reserve

c. Reserve for policyholders' dividends

(Millions of yen)

Type of product	Balance at the beginning of the year	Balance at the end of the year	Net increase/ (decrease)
Individual insurance	¥ 37,081	¥ 55,117	¥ 18,035
Individual annuities	918	1,317	398
Asset-formation insurance/ Asset-formation annuities	—	—	—
Others	2,358,946	2,166,325	(192,621)
Total	¥2,396,947	¥2,222,759	¥(174,187)

Others

None