

Main Business Indicators

(1) Policies in Force and New Policies

1) Policies in Force

(Number of policies, millions of yen, %, rounded to the nearest unit)

As of March 31	2014				2013			
	Number of policies		Policy amount		Number of policies		Policy amount	
		Rate of increase/decrease		Rate of increase/decrease		Rate of increase/decrease		Rate of increase/decrease
Individual insurance	11,668,254	118.2	¥33,735,661	118.5	9,871,863	123.1	¥28,480,738	123.6
Individual annuities	1,194,072	112.9	3,443,863	107.8	1,058,046	119.2	3,194,647	114.9
Group insurance	–	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–	–

Note: The amount of individual annuities is the total of annuity resources at the beginning of the payout phase and policy reserves for policies in the payout phase.

2) New Policies

(Number of policies, millions of yen, %, rounded to the nearest unit)

Years ended March 31	2014					2013				
	Number of policies		Policy amount			Number of policies		Policy amount		
		Rate of increase/decrease		Rate of increase/decrease	Net increase arising from the conversion		Rate of increase/decrease		Rate of increase/decrease	Net increase arising from the conversion
Individual insurance	2,233,907	101.2	¥6,559,804	100.7	–	2,207,801	104.0	¥6,515,865	104.8	–
Individual annuities	148,824	81.8	524,095	82.7	–	181,965	86.6	633,489	87.7	–
Group insurance	–	–	–	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–	–	–	–

Note: The amount of individual annuities is the annuity resources at the beginning of the payout phase.

(2) Annualized Premiums

1) Policies in Force

(Millions of yen, %, rounded to the nearest unit)

As of March 31	2014		2013	
		Rate of increase/decrease		Rate of increase/decrease
Individual insurance	¥2,192,231	118.1	¥1,855,653	123.1
Individual annuities	661,403	99.1	667,359	103.6
Total	¥2,853,633	113.1	¥2,523,011	117.2
Medical coverage, living benefits and other	227,461	121.1	187,762	121.3

2) New Policies

(Millions of yen, %, rounded to the nearest unit)

Years ended March 31	2014		2013	
		Rate of increase/decrease		Rate of increase/decrease
Individual insurance	¥439,082	101.7	¥431,676	105.0
Individual annuities	179,879	80.7	222,773	86.2
Total	¥618,960	94.6	¥654,449	97.8
Medical coverage, living benefits and other	49,176	120.4	40,858	102.2

Notes: (1) Annualized premiums are one-time insurance premiums factored according to the payment method and calculated as insurance premiums for one year. (Single payments are insurance premiums divided by the term of coverage.)

(2) "Medical coverage, living benefits and other" includes medical benefits (hospitalization and surgery benefits, etc.), living benefits (limited illness and nursing care benefits, etc.) and premium payment waivers (excluding disability and including specified diseases and nursing) and is recorded as annualized premiums.

(3) New Policies by Product

(Number of policies, millions of yen, rounded to the nearest unit)

Years ended March 31	2014		2013	
	Number of policies	Policy amount	Number of policies	Policy amount
Individual insurance	2,233,907	¥6,559,804	2,207,801	¥6,515,865
Ordinary whole life insurance	351,885	1,176,838	310,652	1,071,876
Fixed amount type	98,192	247,766	72,099	183,792
Increased amount type	253,693	929,072	238,553	888,084
Special whole life insurance	304,736	1,002,628	239,282	775,134
Ordinary term insurance	610	1,470	623	1,410
Ordinary endowment insurance	963,201	2,459,957	952,853	2,512,856
Special endowment insurance	432,143	1,724,894	470,661	1,909,092
Designated endowment insurance	2,651	2,874	14,524	14,034
Educational endowment insurance	168,086	178,939	205,419	215,840
Educational endowment insurance with scholarship annuity	10,595	12,204	13,787	15,622
Individual annuities	148,824	¥ 524,095	181,965	¥ 633,489
Term annuity	148,824	524,095	181,965	633,489
Immediate term annuity	40,910	137,232	51,512	170,217
Deferred term annuity	107,914	386,863	130,453	463,272
Asset formation insurance	34	¥ 1	47	¥ 1
Asset formation savings insurance	32	0	45	1
Asset formation housing funding insurance	2	0	2	0
Asset formation annuities	3	¥ 12	1	¥ 4
Asset formation whole life annuities	3	12	1	4

Notes: (1) Figures for asset formation insurance and asset formation annuities are the number of insured persons.

(2) Amounts for individual annuities and asset formation annuities are the annuity resources at the beginning of the payout phase.

(3) Amount for asset formation insurance is the amount of the first premium payment.

(4) Policies in Force by Product

(Number of policies, millions of yen, rounded to the nearest unit)

As of March 31	2014		2013	
	Number of policies	Policy amount	Number of policies	Policy amount
Individual insurance	11,668,254	¥33,735,661	9,871,863	¥28,480,738
Ordinary whole life insurance	1,688,020	5,684,651	1,407,956	4,774,946
Fixed amount type	368,198	925,013	279,578	702,319
Increased amount type	1,319,822	4,759,638	1,128,378	4,072,627
Special whole life insurance	1,094,695	3,448,725	817,996	2,539,934
Whole life insurance with nursing benefit	134	401	142	429
Ordinary term insurance	3,492	14,884	3,166	13,300
Ordinary endowment insurance	4,987,377	12,483,848	4,207,555	10,613,954
Special endowment insurance	2,495,667	10,123,843	2,167,451	8,848,350
Designated endowment insurance	77,884	128,732	88,349	130,132
Educational endowment insurance	1,224,533	1,700,681	1,090,786	1,430,498
Educational endowment insurance with scholarship annuity	95,945	147,779	87,921	126,927
Husband-and-wife insurance	80	197	86	211
Whole life insurance with whole life annuity	426	1,917	454	2,054
Husband-and-wife insurance with husband-and-wife annuity	1	3	1	3
Individual annuities	1,194,072	¥ 3,443,863	1,058,046	¥ 3,194,647
Whole life annuity	12,279	95,060	12,821	100,156
Immediate whole life annuity	1,041	4,820	1,045	5,105
Deferred whole life annuity	11,233	90,188	11,770	94,978
Whole life annuity with additional nursing annuity	5	52	6	72
Term annuity	1,181,781	3,348,723	1,045,213	3,094,410
Immediate term annuity	358,219	790,194	320,898	765,899
Deferred term annuity	823,562	2,558,528	724,315	2,328,511
Husband-and-wife annuity	12	80	12	81
Immediate husband-and-wife annuity	2	8	2	8
Deferred husband-and-wife annuity	10	73	10	73
Asset formation insurance	258	¥ 217	279	¥ 212
Asset formation savings insurance	247	210	267	198
Asset formation housing funding insurance	11	7	12	14
Asset formation annuities	10	¥ 43	7	¥ 30
Asset formation whole life annuities	10	43	7	30

Notes: (1) Figures for asset formation insurance and asset formation annuities are the number of insured persons.

(2) Amounts for individual annuities and asset formation annuities are the total of annuity resources at the beginning of the payout phase and policy reserves for policies in the payout phase.

(3) Amount for asset formation insurance is the amount of policy reserves.

(5) Embedded Value (“EV”)

The Company has been disclosing EV calculated on the basis of the European Embedded Value Principles (“EEV Principles”) since the year ended March 31, 2013.

Note: The EEV Principles and Guidance were published in May 2004 by the CFO Forum, a group representing Chief Financial Officers of major European insurance companies, in order to improve consistency and transparency in EV calculation and reporting.

1) EV Results

(Billions of yen)

As of March 31	2014		2013
		Increase (Decrease)	
EV	¥3,386.8	¥520.5	¥2,866.2
Adjusted net worth	2,295.9	53.6	2,242.2
Total net assets on the balance sheet (Note 1)	1,351.0	40.0	1,311.0
Retained earnings in liabilities (Note 2)	298.2	87.4	210.8
General allowance for doubtful accounts	0.0	0.0	0.0
Unrealized gains/losses on securities (Note 3)	1,025.0	(67.3)	1,092.4
Unrealized gains/losses on loans (Note 3)	41.7	0.0	41.6
Unrealized gains/losses on real estate (Note 3)	(3.4)	(0.0)	(3.3)
Unrecognized actuarial differences relating to pension benefit obligations	3.3	(0.5)	3.8
Tax effect on the above	(420.1)	(5.8)	(414.2)
Value of in-force covered business	1,090.9	466.8	624.0
Certainty equivalent present value of future profits	1,381.4	263.7	1,117.6
Time value of financial options and guarantees	(220.3)	137.7	(358.1)
Cost of holding required capital	(0.0)	0.5	(0.5)
Allowance for non-financial risk	(70.0)	64.8	(134.9)

Value of new business	¥ 185.1	¥ 3.5	¥ 181.6
Certainty equivalent present value of future profits	221.2	9.0	212.1
Time value of financial options and guarantees	(29.3)	(5.9)	(23.3)
Cost of holding required capital	(2.2)	0.4	(2.7)
Allowance for non-financial risk	(4.4)	0.0	(4.4)

Notes: (1) The total net assets are the total net assets as on the consolidated balance sheet, excluding the total amount of accumulated other comprehensive income.

(2) Related to the contingency reserve and reserve for price fluctuations, excluding those in respect of the Postal Life Insurance policies.

(3) Excluded those assets in respect of the Postal Life Insurance policies.

2) Movement Analysis

(Billions of yen)

	Adjusted net worth	Value of in-force business	EV
Values as of March 31, 2013	¥2,242.2	¥ 624.0	¥2,866.2
(1) Opening adjustments	(22.7)	–	(22.7)
Values as of March 31, 2013 after adjustment	2,219.4	624.0	2,843.5
(2) Value of new business	–	185.1	185.1
(3) Expected existing business contribution (risk-free rate)	1.2	77.6	78.8
(4) Expected existing business contribution (in excess of risk-free rate)	1.8	12.1	14.0
(5) Expected transfer from value of in-force covered business to adjusted net worth	(11.8)	11.8	–
On in-force at the beginning of the year	30.1	(30.1)	–
On new business	(41.9)	41.9	–
(6) Non-economic experience variances	(16.5)	(2.9)	(19.5)
(7) Non-economic assumption changes	–	57.5	57.5
(8) Economic variances	101.6	125.5	227.1
Values as of March 31, 2014	¥2,295.9	¥1,090.9	¥3,386.8

3) Sensitivities

(Billions of yen)

		EV		Value of New Business	
			Change in EV		Change in value of new business
Base Scenario	March 31, 2014	¥3,386.8	¥ –	¥185.1	¥ –
Sensitivity 1	50bp increase in risk-free rate	3,486.9	100.1	232.7	47.5
Sensitivity 2	50bp decrease in risk-free rate	3,136.2	(250.5)	107.5	(77.6)
Sensitivity 3	10% decrease in equity and real estate value	3,372.6	(14.1)	185.1	–
Sensitivity 4	10% decrease in maintenance expenses	3,473.8	87.0	194.9	9.7
Sensitivity 5	10% decrease in surrender and lapse rates	3,434.4	47.6	195.6	10.4
Sensitivity 6	5% decrease in claim incidence rates for life business	3,468.6	81.8	191.0	5.8
Sensitivity 7	5% decrease in mortality rates for annuity business	3,317.1	(69.6)	185.2	0.0
Sensitivity 8	Change the required capital to statutory minimum	3,386.8	0.0	186.8	1.6
Sensitivity 9	25% increase in implied volatilities of equity and real estate values	3,386.8	0.0	185.1	–
Sensitivity 10	25% increase in implied volatilities of swaptions	3,250.1	(136.6)	171.8	(13.3)

4) Main EV Assumptions

(i) Economic Assumptions

Based on the assets held by the Company, the risk-free rates for use in the certainty equivalent calculation have been determined based on Japanese government bonds as at the valuation date.

The table right shows, for selected terms, the risk-free rates (converted to spot rates) used for the calculation. The Company assumed that the forward rates for terms longer than 30 years were the same as the 30 year forward rate.

Term (Years)	For calculation of the value of in-force covered business		For calculation of the value of new business	
	March 31, 2014	March 31, 2013	September 30, 2013	September 30, 2012
1	0.058%	0.069%	0.089%	0.110%
2	0.072%	0.049%	0.092%	0.104%
3	0.112%	0.076%	0.133%	0.118%
4	0.150%	0.102%	0.175%	0.139%
5	0.174%	0.148%	0.229%	0.209%
10	0.641%	0.557%	0.674%	0.819%
15	1.129%	1.112%	1.257%	1.437%
20	1.679%	1.566%	1.740%	1.794%
25	1.811%	1.631%	1.787%	1.963%
30	1.849%	1.678%	1.839%	2.080%

Source: Analysis of Bloomberg data

(ii) Non-Economic Assumptions

All cash flows (premiums, expenses, benefits and claims, cash surrender value, tax, etc.) are projected applying the best estimate assumptions up to the termination of the policies. Best estimate assumptions are specified by product group, considering recent experience and expected future prospects.

5) Notes on the Use of Results

(i) As the profits arising from the release of the contingency reserve and reserve for price fluctuations related to the Postal Life Insurance policies form a part of the reinsurance dividend paid to the Management Organization, the EV calculations take into consideration the profits net of this reinsurance dividend. Therefore, the contingency reserve and reserve for price fluctuations related to these policies are included in the VIF, rather than the ANW, as it is assumed that these reserves will be released in the future. Assets supporting the Postal Life Insurance policies are valued on a book value basis for the purposes of determining distributable earnings.

(ii) The calculation of EV results involves certain assumptions regarding the future that are subject to risk and uncertainty, many of which are outside the Company's control. Since actual future results might differ materially from the assumptions used in the EV calculation, the users are strongly advised to be cautious.

(iii) The Company requested an independent actuarial firm to review the assumptions and the calculation of the Company's EV results and obtained a written opinion verifying the validity. For further details of this written opinion and the Company's EV, please refer to the Company's website (http://www.jp-life.japanpost.jp/aboutus/press/2014/abt_prs_id000740.html (written in Japanese)).