

# Main Business Indicators

## (1) Policies in Force and New Policies

### 1) Policies in Force

(Number of policies, millions of yen, %)

As of March 31	2015				2014			
	Number of policies		Policy amount		Number of policies		Policy amount	
		Year-on-year comparison		Year-on-year comparison		Year-on-year comparison		Year-on-year comparison
Individual insurance	13,539,479	116.0	¥39,159,046	116.1	11,668,254	118.2	¥33,735,661	118.5
Individual annuities	1,318,287	110.4	3,615,908	105.0	1,194,072	112.9	3,443,863	107.8
Group insurance	–	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–	–

Note: Policy amounts for individual annuities are the total of (a) the accumulated contribution payment as of the date of annuity payment commencement for the annuity before payments commence and (b) amount of policy reserves for the annuity after payments have commenced.

### 2) New Policies

(Number of policies, millions of yen, %)

For the years ended March 31	2015					2014				
	Number of policies		Policy amount			Number of policies		Policy amount		
		Year-on-year comparison		Year-on-year comparison	Net increase arising from the conversion		Year-on-year comparison		Year-on-year comparison	Net increase arising from the conversion
Individual insurance	2,381,977	106.6	¥7,002,593	106.8	–	2,233,907	101.2	¥6,559,803	100.7	–
Individual annuities	137,965	92.7	493,582	94.2	–	148,824	81.8	524,095	82.7	–
Group insurance	–	–	–	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–	–	–	–

Note: Policy amounts for individual annuities are the total of the accumulated contribution payment as of the date of annuity payment commencement.

## (2) Annualized Premiums

### 1) Policies in Force

(Millions of yen, %)

As of March 31	2015		2014	
		Year-on-year comparison		Year-on-year comparison
Individual insurance	¥2,526,861	115.3	¥2,192,230	118.1
Individual annuities	673,838	101.9	661,402	99.1
<b>Total</b>	<b>¥3,200,699</b>	<b>112.2</b>	<b>¥2,853,633</b>	<b>113.1</b>
Medical coverage, living benefits and other	257,460	113.2	227,460	121.1

Notes: (1) Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined according to the relevant payment method to arrive at a single annualized amount. For lump-sum payments, annualized premiums are calculated by dividing the total premium by the insured period.

(2) Medical coverage, living benefits and other includes medical benefits (including hospitalization and surgery benefits), living benefits (including limited illness and nursing care benefits), and premium payment waivers benefits (excluding disability and including specified diseases and nursing benefits).

### 2) New Policies

(Millions of yen, %)

For the years ended March 31	2015		2014	
		Year-on-year comparison		Year-on-year comparison
Individual insurance	¥457,852	104.3	¥439,081	101.7
Individual annuities	162,575	90.4	179,878	80.7
<b>Total</b>	<b>¥620,427</b>	<b>100.2</b>	<b>¥618,960</b>	<b>94.6</b>
Medical coverage, living benefits and other	41,120	83.6	49,175	120.4

Notes: (1) Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined according to the relevant payment method to arrive at a single annualized amount. For lump-sum payments, annualized premiums are calculated by dividing the total premium by the insured period.

(2) Medical coverage, living benefits and other includes medical benefits (including hospitalization and surgery benefits), living benefits (including limited illness and nursing care benefits), and premium payment waivers benefits (excluding disability and including specified diseases and nursing benefits).

### (3) New Policies by Product

(Number of policies, millions of yen)

For the years ended March 31	2015		2014	
	Number of policies	Policy amount	Number of policies	Policy amount
Individual insurance	2,381,977	¥7,002,593	2,233,907	¥6,559,803
Ordinary whole life insurance	292,827	1,002,218	351,885	1,176,837
Fixed amount type	84,197	226,816	98,192	247,766
Increased amount type	208,630	775,402	253,693	929,071
Special whole life insurance	297,911	1,052,297	304,736	1,002,628
Ordinary term insurance	539	1,209	610	1,470
Ordinary endowment insurance	777,359	2,163,389	963,201	2,459,956
Special endowment insurance	344,033	1,380,944	432,143	1,724,894
Designated endowment insurance	1,400	1,738	2,651	2,873
Educational endowment insurance	930	992	168,086	178,939
Educational endowment insurance with scholarship annuity	112	125	10,595	12,203
Educational endowment insurance (H24)	666,866	1,399,677	–	–
Individual annuities	137,965	¥ 493,582	148,824	¥ 524,095
Immediate term annuity	29,758	101,282	40,910	137,231
Deferred term annuity	108,207	392,300	107,914	386,863
Asset formation insurance	26	¥ 0	34	¥ 0
Asset formation savings insurance	25	0	32	0
Asset formation housing funding insurance	1	0	2	0
Asset formation annuities	3	¥ 13	3	¥ 12
Asset formation whole life annuities	3	13	3	12

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

(2) Policy amounts for individual annuities and asset formation annuities are the total of the accumulated contribution payment as of the date of annuity payment commencement.

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

(4) Educational endowment insurance (H24) includes educational endowment insurance (H24) (without premium protection agreement).

#### (4) Policies in Force by Product

(Number of policies, millions of yen)

As of March 31	2015		2014	
	Number of policies	Policy amount	Number of policies	Policy amount
Individual insurance	13,539,479	¥39,159,046	11,668,254	¥33,735,661
Ordinary whole life insurance	1,899,469	6,383,252	1,688,020	5,684,650
Fixed amount type	440,434	1,120,353	368,198	925,012
Increased amount type	1,459,035	5,262,898	1,319,822	4,759,638
Special whole life insurance	1,357,312	4,376,825	1,094,695	3,448,724
Whole life insurance with nursing benefit	129	379	134	401
Ordinary term insurance	3,662	15,662	3,492	14,883
Ordinary endowment insurance	5,544,136	13,917,569	4,987,377	12,483,847
Special endowment insurance	2,723,853	11,003,909	2,495,667	10,123,843
Designated endowment insurance	71,809	128,600	77,884	128,732
Educational endowment insurance	1,183,928	1,784,974	1,224,533	1,700,681
Educational endowment insurance with scholarship annuity	93,014	155,717	95,945	147,778
Educational endowment insurance (H24)	661,691	1,390,168	–	–
Husband-and-wife insurance	75	183	80	196
Whole life insurance with whole life annuity	400	1,799	426	1,917
Husband-and-wife insurance with husband-and-wife annuity	1	3	1	3
Individual annuities	1,318,287	¥ 3,615,908	1,194,072	¥ 3,443,863
Immediate whole life annuity	1,034	4,528	1,041	4,819
Deferred whole life annuity	10,827	86,320	11,233	90,188
Whole life annuity with additional nursing annuity	5	51	5	51
Immediate term annuity	383,967	765,755	358,219	790,194
Deferred term annuity	922,442	2,759,172	823,562	2,558,528
Immediate husband-and-wife annuity	2	6	2	7
Deferred husband-and-wife annuity	10	72	10	72
Asset formation insurance	216	¥ 175	258	¥ 217
Asset formation savings insurance	208	165	247	209
Asset formation housing funding insurance	8	10	11	7
Asset formation annuities	12	¥ 51	10	¥ 42
Asset formation whole life annuities	12	51	10	42

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

(2) Policy amounts for individual annuities and asset formation annuities are the total of (a) the accumulated contribution payment as of the date of annuity payment commencement for the annuity before payments commence and (b) amount of policy reserves for the annuity after payments have commenced.

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

(4) Educational endowment insurance (H24) includes educational endowment insurance (H24) (without premium protection agreement).

## (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	2015		2014
		Increase (Decrease)	
EV	¥3,501.3	¥114.5	¥3,386.8
Adjusted net worth	2,975.5	679.5	2,295.9
Total net assets on the balance sheet (Note 1)	1,412.0	60.9	1,351.0
Retained earnings in liabilities (Note 2)	401.1	102.8	298.2
General allowance for doubtful accounts	0.0	(0.0)	0.0
Unrealized gains/losses on securities (Note 3)	1,741.5	716.5	1,025.0
Unrealized gains/losses on loans (Note 4)	56.6	14.9	41.7
Unrealized gains/losses on real estate	(10.0)	(6.6)	(3.4)
Unfunded retirement benefit obligations (Note 5)	7.9	4.6	3.3
Tax effect on the above	(633.8)	(213.7)	(420.1)
Value of in-force covered business	525.8	(565.0)	1,090.9
Certainty equivalent present value of future profits	901.4	(479.9)	1,381.4
Time value of financial options and guarantees	(292.7)	(72.3)	(220.3)
Cost of holding required capital	(0.1)	(0.1)	(0.0)
Allowance for non-financial risk	(82.7)	(12.6)	(70.0)
Value of new business	¥ 134.2	¥ (50.9)	¥ 185.1
Certainty equivalent present value of future profits	172.3	(48.8)	221.2
Time value of financial options and guarantees	(31.0)	(1.7)	(29.3)
Cost of holding required capital	(3.2)	(0.9)	(2.2)
Allowance for non-financial risk	(3.8)	0.5	(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) Stocks are evaluated using the average market value over the one-month period prior to the valuation date based on Japanese accounting principles; however they are evaluated using the market value at the valuation date in the calculation of EV. Excluded those in respect of the Postal Insurance policies.

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

(5) Related to unrecognized prior service cost and unrecognized actuarial differences.

## 2) Movement Analysis

(Billions of yen)

	Adjusted net worth	Value of in-force covered business	EV
Values as of March 31, 2014	¥2,295.9	¥1,090.9	¥3,386.8
Opening adjustments	(20.3)	—	(20.3)
Values as of March 31, 2014 after adjustment	¥2,275.5	¥1,090.9	¥3,366.4
Value of new business	—	134.2	134.2
Expected existing business contribution (risk-free rate)	1.0	46.7	47.8
Expected existing business contribution (in excess of risk-free rate)	2.2	15.5	17.7
Expected transfer from value of in-force covered business to adjusted net worth	(25.3)	25.3	—
On in-force at the beginning of the year	4.5	(4.5)	—
On new business	(29.8)	29.8	—
Non-economic experience variances	12.4	(0.9)	11.5
Non-economic assumption changes	27.4	(37.1)	(9.6)
Economic variances	682.0	(748.9)	(66.8)
Values as of March 31, 2015	¥2,975.5	¥ 525.8	¥3,501.3

## 3) Sensitivities

(Billions of yen)

	EV	Value of new business	
		Change in EV	Change in value of new business
Base Scenario March 31, 2015	¥3,501.3	—	—
Sensitivity 1 50bp increase in risk-free rate	3,685.7	¥ 184.4	¥ 64.5
Sensitivity 2 50bp decrease in risk-free rate	3,148.7	(352.5)	(72.9)
Sensitivity 3 10% decrease in equity and real estate value	3,467.5	(33.7)	—
Sensitivity 4 10% decrease in maintenance expenses	3,608.5	107.2	15.4
Sensitivity 5 10% decrease in surrender and lapse rates	3,542.5	41.2	9.4
Sensitivity 6 5% decrease in claim incidence rates for life business	3,592.6	91.3	5.6
Sensitivity 7 5% decrease in claim incidence rates for annuity business	3,413.4	(87.8)	0.0
Sensitivity 8 Change the required capital to statutory minimum	3,501.5	0.1	2.3
Sensitivity 9 25% increase in implied volatilities of equity and real estate values	3,492.9	(8.3)	(0.4)
Sensitivity 10 25% increase in implied volatilities of swaptions	3,335.9	(165.4)	(12.9)

#### 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 40 years were the same as the 40 year forward rate (note that, as for September 30, 2013 and March 31, 2014, 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, 2015	September 30, 2013	September 30, 2014
1	0.058%	0.030%	0.089%	0.065%
2	0.072%	0.037%	0.092%	0.078%
3	0.112%	0.057%	0.133%	0.093%
4	0.150%	0.093%	0.175%	0.122%
5	0.174%	0.131%	0.229%	0.167%
10	0.641%	0.402%	0.674%	0.529%
15	1.129%	0.817%	1.257%	1.001%
20	1.679%	1.198%	1.740%	1.441%
25	1.811%	1.406%	1.787%	1.678%
30	1.849%	1.450%	1.839%	1.749%
40	1.899%	1.581%	1.936%	1.890%

Source: September 30, 2013 and March 31, 2014: analysis of Bloomberg data  
September 30, 2014 and March 31, 2015: analysis of the Ministry of Finance data

##### (ii) Non-Economic Assumptions

All cash flows (premiums, expenses, claims and benefits, cash surrender values, taxes, 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/en/index.html>).