

2015

JAPAN POST INSURANCE Annual Report
Year ended March 31, 2015

Japan Post Insurance delivers reliable security and reassurance to customers across Japan through its network of post offices.

Profile

- Company Name
JAPAN POST INSURANCE Co., Ltd.
- Starting Date of Business
October 1, 2007
- Head Office
3-2, Kasumigaseki 1-chome, Chiyoda-ku,
Tokyo 100-8798, Japan
TEL +81-3-3504-4411
(Japan Post Group main number)
- President, CEO
(Representative Executive Officer)
Masami Ishii
- Number of Employees
7,153 (as of March 31, 2015)
- Main Offices
Regional Headquarters: 13
Branches: 82
Services Centers: 5
- Paid-in Capital
¥500,000 million (as of September 30, 2015)
- Shareholder
Japan Post Holdings Co., Ltd. (100%)
(as of September 30, 2015)

Disclaimer

This report is intended to provide information to the public and is not intended to constitute a solicitation to invest in stock or other marketable securities of Japan Post Insurance Co., Ltd. or its subsidiaries. This report contains forward-looking statements regarding the outlook and targets of Japan Post Insurance or other companies in the Japan Post Group, which are based on the information available when the report was produced or Japan Post Insurance's expectations derived from projections or assumptions made at the time of report development. Please note that these forward-looking statements are subject to a broad range of risks and uncertainties, and actual results may vary materially from the statements contained in this report as a result of a change in the economic conditions or business trends, a revision to laws or regulations, effects of a large-scale disaster, fluctuations in the value of assets owned or harmful rumors or false information. Unless otherwise noted, financial figures in this report are reported on a consolidated basis. Unless the context indicates otherwise, references in this report to "we," "us," "our" or similar terms are to Japan Post Insurance Co., Ltd. Unless otherwise specified in this report, the information herein is as of November 4, 2015.





Our Numbers

Total Assets

¥84,915.0 billion

Number of Policies in Force

33,489 thousand

Core Profit

¥515.4 billion

Embedded Value

¥3,501.3 billion

Status of Accumulation of Internal Reserves

(Total of contingency reserve and reserve for price fluctuations)

¥3,210.8 billion

Real Net Assets

¥11,521.1 billion

Nationwide Network

20,076 post offices

*1 For details, please refer to "Business Overview and Results" on pages 17-29.

*2 The number of policies in force is the sum of individual insurance and Postal Life Insurance Policies reinsured by us.

*3 The amount of core profit is on a non-consolidated basis.

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kokoro: heart

**We sincerely reach out and connect closely
with the desires and hopes of our customers,
providing them with services from the heart.**

Various events occur at different times over the course of one's lifetime. Japan Post Insurance offers a variety of products and services according to the different circumstances of each and every individual and family. Working as one with the Japan Post Group, we also provide people in the community with peace of mind through post offices that are always accessible. Japan Post Insurance's mission is to ensure that people spend every day with a sense of assurance wherever they live.





yume: dream

We support the dreams of people and our employees throughout the stages of their lives.

All of us flourish by having dreams. The growth of each individual employee in turn enables Japan Post Insurance to prosper. Currently, we are about to undergo a major transformation and are uniting the strengths of our employees as we move toward a new stage. Japan Post Insurance will support the dreams of people and our employees as well as earn the trust and meet the expectations of our customers so that we grow to become the No. 1 Japanese insurance company selected by customers.



Top Message

Aiming to be the “No. 1 Japanese Insurance Company Selected by Customers”

I would like to express my deep appreciation for your kind support for Japan Post Insurance Co., Ltd.

We hereby present to you our Annual Report for the year ended March 31, 2015, which describes our financial results, business performance and various initiatives undertaken during the term under review. Through this report, we hope to bring a better understanding of our operations and ask for your continued support.

Review of the Year Ended March 2015

During the fiscal year ended March 31, 2015, we made steady progress in various initiatives specifically undertaken to reinforce our management foundation.

Firstly, as part of an effort to organize and reinforce our payments management structure for providing better customer service through simple, prompt and accurate payments of insurance benefits, we started the phased implementation of a Claim Payment Processing System (SATI) in April 2014 and completed the task in October of the same year. This system offers enhanced IT-supported assistance to the payment examination process and enables us to implement a fundamental reform of the examination flow for further upgrading our payment operations and improving payment processing efficiency. By leveraging this system and enhancing development of human resources, we intend to attain the industry's highest-quality payments management structure.

Based on customer feedback collected via our call center, which we regard as an important asset, we have been working to ensure better customer service through various improvement activities. These include making statements on various notifications easier to understand for customers and simplifying claim filing procedures.

In promoting sales, we strived to strengthen our sales capabilities through the marketing of new products and products offered under business alliances. In April 2014, we commenced sales of the educational endowment insurance product *Hajime no Kampo*, which has gained

popularity among customers. We also launched sales of cancer insurance products of American Family Life Assurance Company of Columbus (Aflac) in July and started selling another cancer product, New Cancer Days - Cancer Insurance for Daily Living (JP Only Product), developed by Aflac for the Japan Post Group, in October 2014.

In addition, we obtained approval from the Financial Services Agency and the Ministry of Internal Affairs and Communications for sales of our Short-Term Premium Payment Endowment Insurance in April 2015. This product is ordinary endowment insurance, in which the premium paying period is shorter than the term of the insurance. The product releases customers from the burden of paying premiums early, and we believe that it can still satisfy customer needs for higher savings performance.

Amid these circumstances, Japan Post Insurance enhanced its collaboration with Japan Post Co., Ltd. and successfully sold 2,381 thousand individual insurance policies (6.6% increase from the previous fiscal year) for the insured amount of ¥7,002.5 billion (6.8% increase), with both figures exceeding the record high since privatization attained in the previous fiscal year.

Looking at financial results, core profit (non-consolidated) for the year ended March 31, 2015 increased from the previous fiscal year to ¥515.4 billion. Core profit is a basic periodical earnings indicator for life insurance companies. Japan Post Insurance also posted year-on-year increases in ordinary profit and net income, which amounted to ¥492.6 billion and ¥81.3 billion, respectively.

Meanwhile, the consolidated solvency margin ratio, an indicator of the financial soundness of life insurance companies, stood at 1,644.2%. Among liabilities, our internal reserves that combine a contingency reserve and a reserve for price fluctuations amounted to ¥3,210.8 billion, thereby continuing to secure a strong financial base.

I would like to express our appreciation again to our customers, who supported the realization of these solid results.

Future Outlook

On November 4, 2015, Japan Post Insurance listed its stock on the first section of the Tokyo Stock Exchange together with Japan Post Holdings Co., Ltd. and Japan Post Bank Co., Ltd. for the purpose of enhancing management flexibility and autonomy, while contributing to fund financial resources for the reconstruction from the Great East Japan Earthquake.

In line with the listing of our stock, we continue to aim for sustainable growth of our corporate value by further refining our business model and satisfying the needs of a greater number of customers.

Moreover, the fiscal year ending March 2017 marks the 100th anniversary of our Postal Life Insurance services. Toward this commemorative year, we will steadily implement the priority measures mentioned above to reinforce our management foundation as required for future growth while seeking to move onto a growth path by developing products and services that can increase our already distinguished strengths.

As a member of the Japan Post Group and as “an integrated lifestyle-support corporate group,” Japan Post Insurance will provide comprehensive support to our customers’ daily lives. At the same time, Japan Post Insurance will continue to carry out its inherited social mission of “providing basic measures of life with simple procedures for the people of Japan,” which was the original goal of Postal Life Insurance when it was created in 1916. Under the policy of becoming the “No. 1 Japanese insurance company selected by customers,” all employees are joining forces with a united spirit to challenge each difficulty and further strengthen our management base for attaining even greater corporate value.

In all our endeavors, we request and appreciate your continued support.



A handwritten signature in black ink, appearing to read 'M. Ishii'.

Masami Ishii
President, CEO
Representative Executive Officer
Japan Post Insurance Co., Ltd.

December 2015

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	
<ul style="list-style-type: none"> ■ Establish our financial management base which will be necessary for growth ■ 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

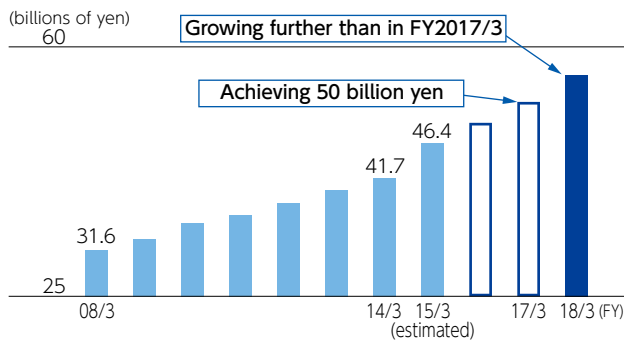


To prepare for the 100th anniversary of the establishment of Postal Life Insurance (in FY2017/3) and the 10th anniversary of Japan Post Insurance’s privatization (in FY2018/3), accelerate our efforts to build a stable foundation for our sustainable growth and development.

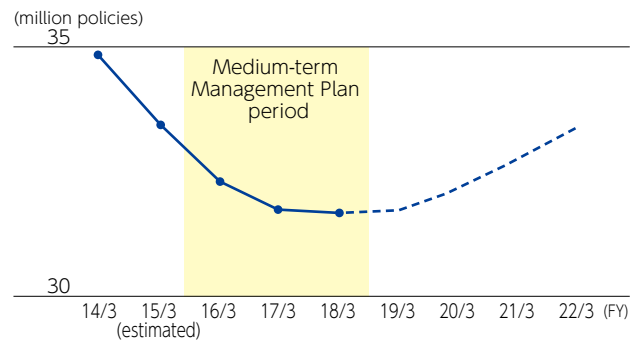
2. Reversal of Policies in Force

- 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



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 infrastructure

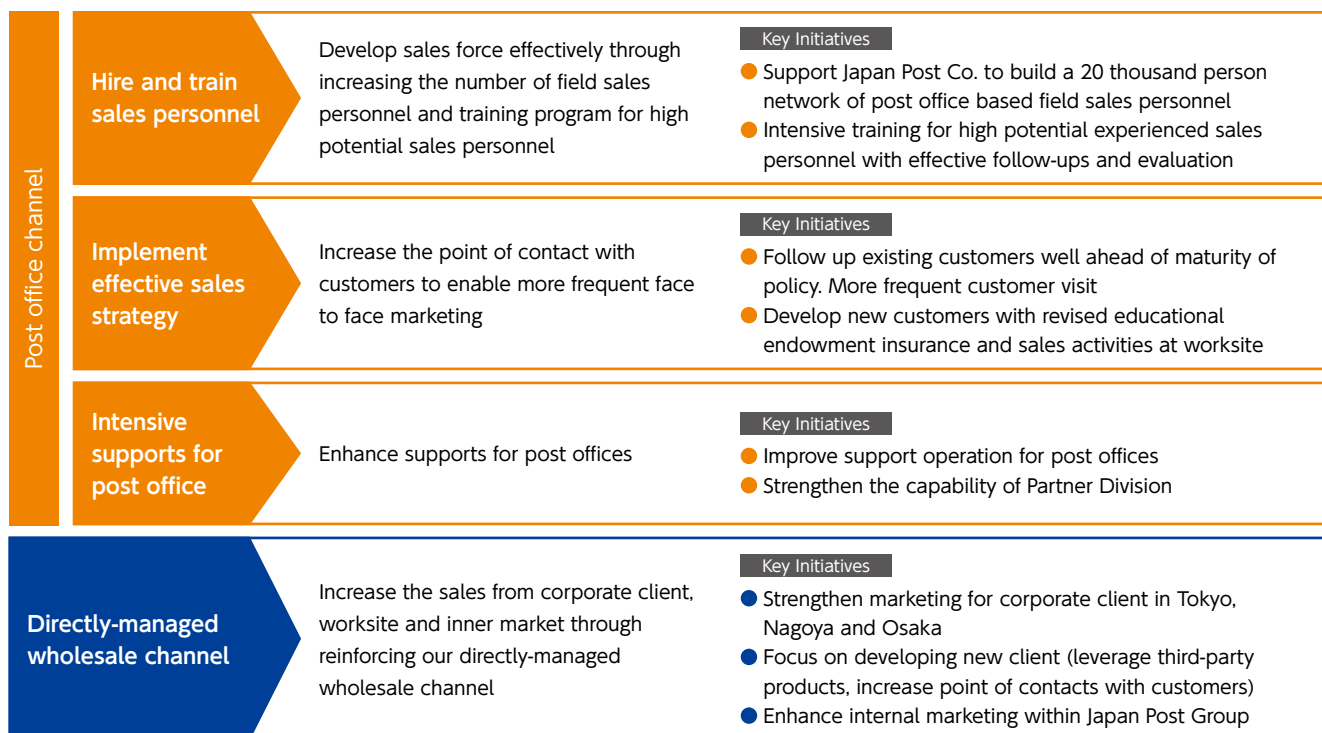
Renewal of our core IT system in 2017, install in industry standard machines, enhance system development, recruitment and training of human resources, and new designs for administrative work

Major Initiatives

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

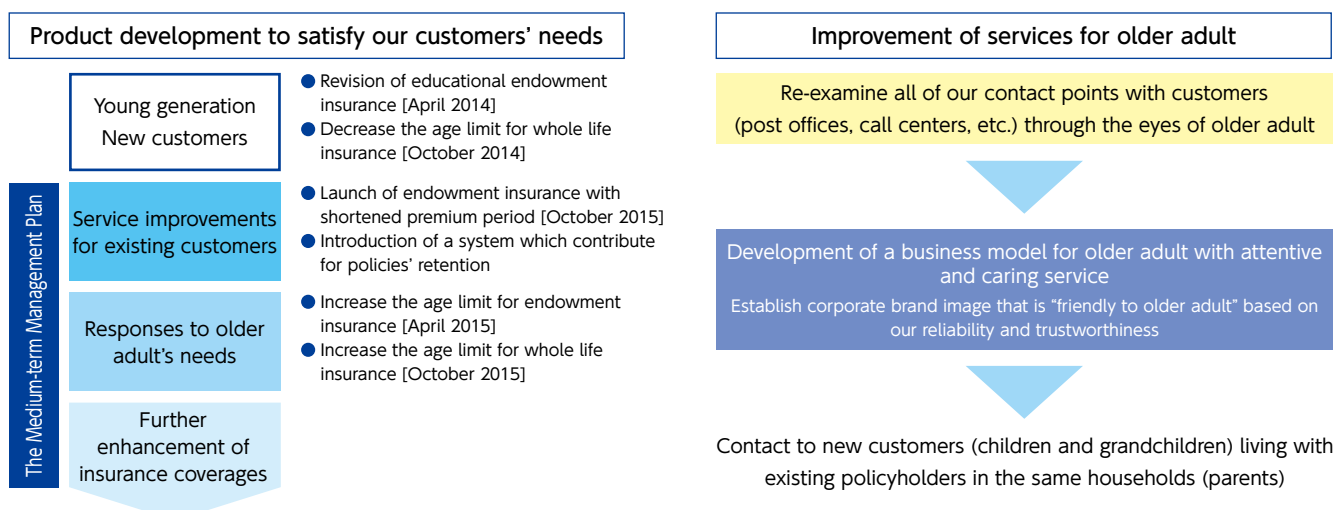
4. Enhancing Sales Force of Distribution Channel

- 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



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

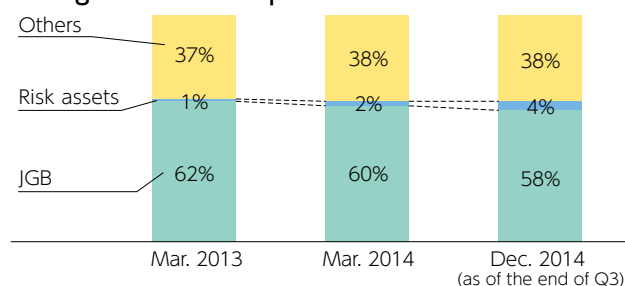


6. Improve Capacity for Earnings from Investment

- 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.

Promotion of diversified investments

Change in our asset portfolio

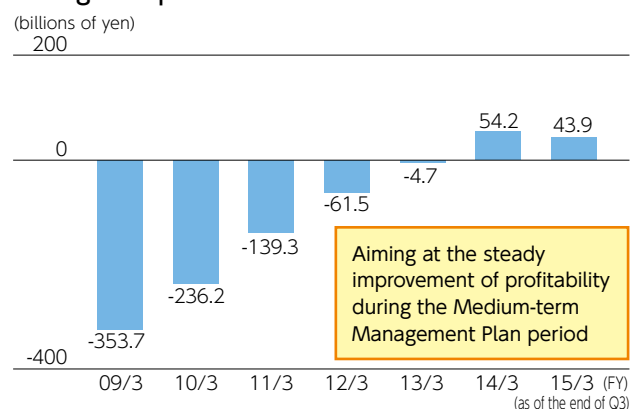


Asset management strategy

- Promote matching between assets and liabilities
- +
- Accelerate diversification of investment assets, as far as it is acceptable

Improve profitability

Change in spread



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).

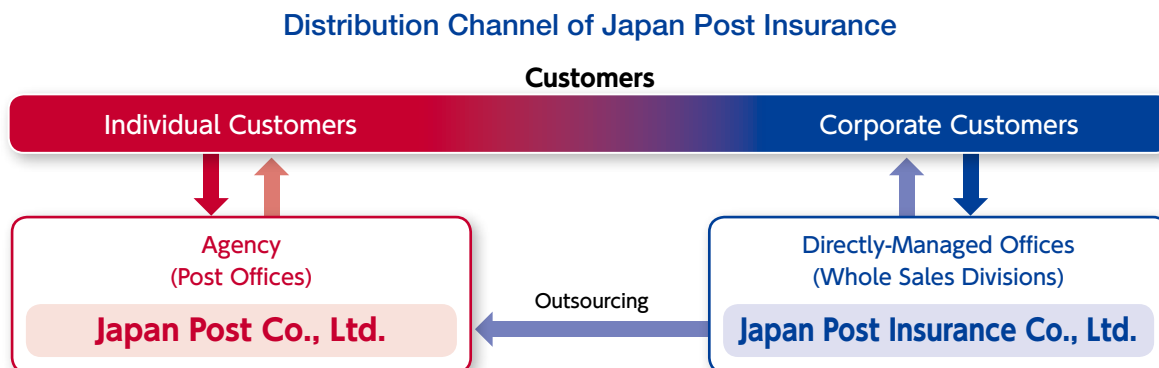
8. Business Objectives (FY2018/3)

- **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.

Special Feature

Aiming to be the No. 1 Japanese Insurance Company Selected by Customers

1. Distribution Channel of Japan Post Insurance



Agency sales channel

Japan Post Insurance outsources certain parts of insurance services to Japan Post. Japan Post solicits our insurance products at its over 20,000 post offices, which can be found in every corner of the country. Japan Post makes use of these post offices as a nationwide supply network for simple and easy-to-understand products with smaller coverage amounts using easy procedures, as well as the supply of associated services, primarily targeting households and individuals.

We have set up an agency support organization (Agency Relations Divisions) in our 76 directly-managed offices.

Directly-managed offices sales channel

Japan Post Insurance has 76 directly-managed offices (Whole Sales Divisions) in major Japanese cities, with its sales personnel providing products and services primarily to small- and mid-sized companies and company employees. These divisions also sell certain products, including those for corporate customers, of other life insurance companies under consignment.

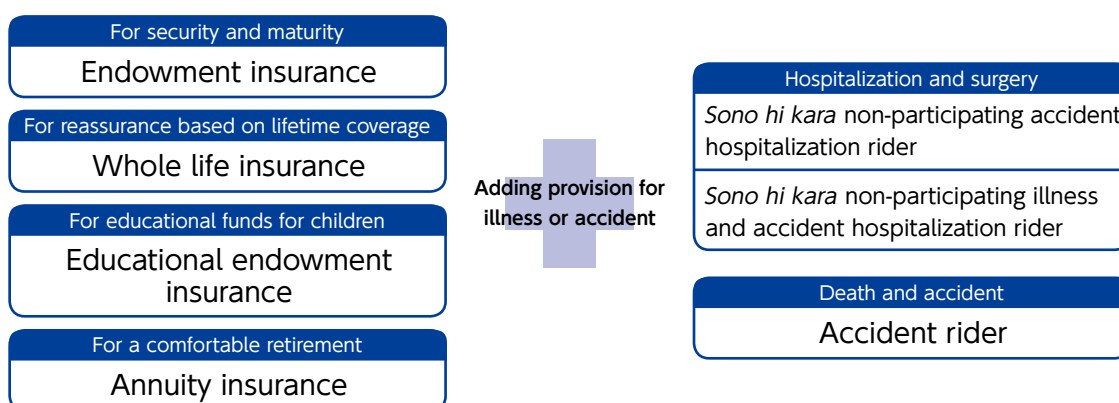
2. Our Insurance Products

We offer products and services, which are easy to understand and highly convenient for customers, by leveraging our nationwide network of post offices as our primary sales channel.

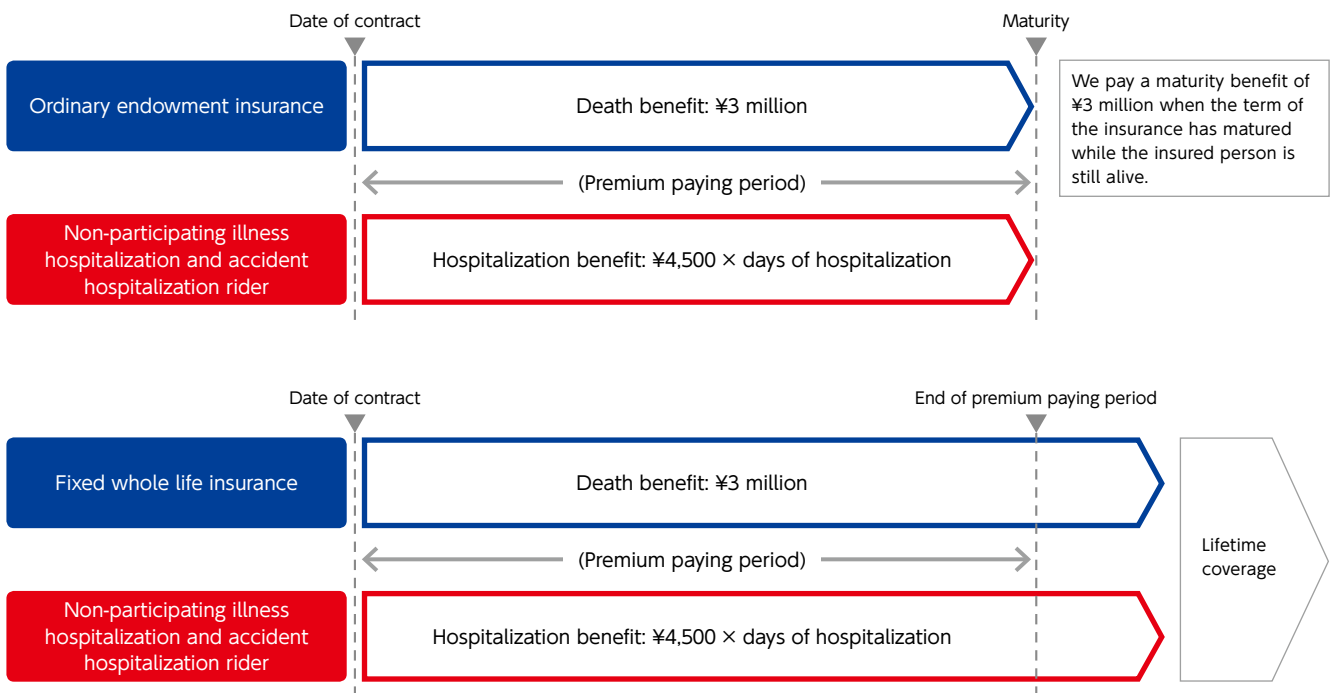
Products Offered (Major Types of Insurance)

Products offered by Japan Post Insurance are simple, in small amounts and do not require examinations by a physician. The lineup is centered on endowment and whole life insurance, which are focused products under our universal service strategy.

To respond to a broader scope of customer needs, we also offer hospitalization and accident riders that ensure provision for an illness or accident.



<Reference> Examples of endowment or whole life insurance sold with a hospitalization rider



3. Topics on Japan Post Insurance

Promotion of “Kampo Platinum Life Service” (Service Focusing on Elderly Customers)

We are conducting an initiative called “Kampo Platinum Life Service” to offer age-friendly services that emphasize a sense of security and trust by improving every customer contact from the elderly customer’s perspective.

This initiative aims to provide services and develop products, both matched to the needs of elderly customers. Under the initiative, we intend to encourage improvement at each customer contact point and build a business model that is friendly to elderly customers.

Examples of Main Activities

- Extending the upper age limit of our ordinary endowment insurance and whole life insurance
- Efforts for explaining our products to elderly customers more easily and thoroughly in the solicitation process, including requesting the presence of a family member
- Establishment of a dedicated call center for elderly customers
- Efforts for more legible and easier notifications
- Holding a free seminar on the use of tablet devices



2014 Insurance Policy Handbook



Seminar

Comprehensive and Heartfelt Services (“Feel Secure with Kampo” Activities)

We have been undertaking a joint effort with post offices to provide “Comprehensive and Heartfelt Services” at every point of customer contact. As part of this effort, we are engaging in “Feel Secure with Kampo” activities to directly interact with our customers and inform the availability of various services.

Through these activities, we will endeavor to bring even greater satisfaction and confidence to our customers.

Examples of Main Activities

- Verifying policy details
- Informing procedures for receiving benefits
- Informing various services and helping customers revise coverage details



Launched Sales of Short-Term Premium Payment Endowment Insurance

In October 2015, we initiated sales of 10-year premium payment 15-year maturity endowment insurance (ordinary endowment insurance with the premium period of 10 years and the term of the insurance of 15 years). This product releases customers from

the burden of paying premiums early and is believed to contribute to increasing convenience for our customers who want to focus more on savings and ensuring the stability of our operations.

Launched Sales of Hajime no Kampo Educational Endowment Insurance

To respond to customers’ diverse, ever-changing needs, we updated our educational endowment insurance products and commenced sales of *Hajime no Kampo* (official names: Educational Endowment Insurance (H24) and Educational Endowment Insurance (H24) (without Premium Protection Agreement)) in April 2014. These revised products have been well-received by customers.



Product Features

Feature 1: High saving features

These new products yield a higher return (sum of benefits received / sum of premiums paid) compared with our conventional products, enabling customers to efficiently accumulate educational funds.

Feature 2: Allowing application for insurance before birth

Our educational endowment insurance is available for purchase as early as 140 days prior to the estimated delivery date.

Feature 3: Three insurance programs to choose from

We offer three programs from which customers can choose the one best suited for the purpose of their respective educational funds.

Three insurance programs

Program to accumulate educational funds for enrolling in university — maturity at the age of 18*

* An option for maturity at the age of 17 is also available.

Program to accumulate educational funds for a child’s entire education with benefits — maturity at the age of 18*

* An option for maturity at the age of 17 is also available.

Program to accumulate educational funds for enrolling in university and the subsequent four years of education — maturity at the age of 21

Japan Post Holdings and Aflac to Form a Business Alliance

Under the business alliance formed between Japan Post Holdings and American Family Life Assurance Company of Columbus (Aflac), we launched sales of cancer insurance products of Aflac and started providing training and guidance on cancer insurance to Japan Post in July 2014. We also initiated sales of a new cancer insurance product, New Cancer Days – Cancer Insurance for Daily Living (JP Only Product), developed by Aflac for the Japan Post Group, in October of the same year.



Further Upgrading Claims Payment Process through the Use of IBM Watson

We utilize IBM Watson, a cutting-edge cognitive computing system developed by International Business Machines Corp. (IBM), to devise ways to further upgrade our business processes.

More specifically, we are now studying the use of IT-supported assistance to enable examination staff to handle payment operations more promptly and accurately. This IT assistance will involve analyzing our database, the largest in Japan, of payment examination data, contract terms, relevant laws and regulations and past case examples and then presenting possible payment

decision options with certainty factors.

We will continue to work toward our management philosophy of becoming “Japan’s most familiar and trusted insurance company” through initiatives such as improvement of our services.

* What is cognitive computing?

A technology whereby computers make links to various data input and analyze and learn from it to provide support to decision making through computing the estimated results with evaluation and bases of such results.

Promoting Diversity and Inclusion

As one of the goals we set in becoming the “No. 1 Japanese insurance company selected by customers,” we aim to create pleasant and rewarding workplaces for our employees.

We have implemented various initiatives to achieve this goal, including a seminar to encourage active engagement of female employees, measures to support child care and proactive employment of persons with disabilities.

Moreover, in April 2015, we rolled out a shorter work-hour system and launched a project to improve ways of working to accelerate our efforts toward a better work-life balance.

We have established the Diversity Promotion Office within the Human Resources Department to gain momentum for these initiatives. We will work to create a bright and energetic work environment in which employees can take active roles and fully exert their respective capabilities.



Seminar for female employees



Employees with disabilities engaging in data entry operations

Business Overview and Results

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Performance Overview for the Year Ended March 31, 2015

During the fiscal year ended March 31, 2015, in the first half the Japanese economy weakened, mainly in personal consumption, due to a reactionary decrease in demand following a previous surge prior to the consumption tax rate increase. In the second half, however, the economy picked up moderately owing to the Bank of Japan's (BOJ) monetary easing and the impact of falling crude oil prices. Despite some areas of weakness, the world economy is achieving a modest recovery centering mainly on the United States, while Japan's exports are also trending upward.

On the other hand, the rate of increase in the Consumer Price Index (CPI) showed a downward tendency due to the diminishing effects of a weaker yen and to the impact of falling crude oil prices.

In the life insurance industry, competition among companies is intensifying along with stepped-up efforts to strengthen sales channels and develop products in response to customers' diversifying needs and heightened selectivity, which mirrors such trends as the aging of society with declining birthrates, a growing number of one-person households and evolving lifestyles.

Under these conditions, Japan Post Insurance continued to carry out its inherited social mission of "providing basic coverage for the people of Japan with insurance using simple procedures," which was the original goal of Postal Life Insurance when it was created in 1916. At the same time, we strengthened our management foundation through measures that include further enhancing our customer service under our policy of aiming to be the "No. 1 Japanese insurance company selected by customers."

In the fiscal year ended March 31, 2015, income and expenses were as follows.

Ordinary income amounted to ¥10,169.2 billion (9.5% decrease from the previous fiscal year), consisting of the sum of insurance premiums and others of ¥5,956.7 billion (0.8% increase), investment income of ¥1,460.7 billion (5.2% decrease) and reversal of policy reserves of ¥2,632.8 billion (28.0% decrease) to provide for payments of insurance claims, etc.

Ordinary expenses amounted to ¥9,676.6 billion (10.2% decrease), consisting of the sum of insurance claims and others of ¥9,059.5 billion (10.8% decrease), investment expenses of ¥10.9 billion (39.3% decrease), operating expenses of ¥513.1 billion (0.2% decrease) and other ordinary expenses, etc.

Ordinary profit amounted to ¥492.6 billion (6.5% increase). After subtracting provision for reserve for price fluctuations, provision for reserve for policyholder dividends, total income taxes from ordinary profit, etc., net income amounted to ¥81.3 billion (29.5% increase).

Five-Year Summary of Key Business Indicators

(Billions of yen if not indicated specifically)

As of/For the years ended March 31	2011	2012	2013	2014	2015
Ordinary income	¥13,375.4	¥12,538.6	¥11,834.9	¥11,234.1	¥10,169.2
Ordinary profit	422.2	531.2	528.9	462.7	492.6
Core profit (non-consolidated)	484.4	571.6	570.0	482.0	515.4
Net income	77.2	70.0	90.6	62.8	81.3
Capital stock (Number of issued stocks: thousands of shares)	500.0 (20,000)	500.0 (20,000)	500.0 (20,000)	500.0 (20,000)	500.0 (20,000)
Total assets	96,786.7	93,690.8	90,463.5	87,092.8	84,915.0
Separate account	–	–	–	–	–
Policy reserves	89,164.7	85,143.8	81,401.9	77,745.4	75,112.6
Loans	14,547.4	13,929.0	12,691.5	11,020.5	9,977.3
Securities	77,173.0	74,586.1	72,557.1	69,377.9	66,276.2
Solvency margin ratio (%)	1,821.6 (1,153.9)	1,337.0	1,468.8	1,625.1	1,644.2
Number of employees (non-consolidated)	6,815	6,741	6,789	6,948	7,153
Policy amount in force	19,865.7	25,824.7	31,675.3	37,179.5	42,774.9
Individual insurance	17,642.1	23,043.1	28,480.7	33,735.6	39,159.0
Individual annuities	2,223.5	2,781.5	3,194.6	3,443.8	3,615.9
Group insurance	–	–	–	–	–
Policy amount in force for group annuities	–	–	–	–	–

Notes: 1. "Policy amount in force" is the total of individual insurance, individual annuities and group insurance.

Figures 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.

Starting from the fiscal year under review, figures for policy amount in force (including those for previous fiscal years) are truncated instead of being rounded.

2. We had no consolidated financial statements for the year ended March 31, 2011, as our only consolidated subsidiary, JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd., became our consolidated subsidiary in October 2011. Accordingly, all the figures in this 2011 column are on a non-consolidated basis.

3. The calculation standard for the solvency margin ratio was amended between the years ended March 31, 2011 and 2012. The figure given in brackets for the year ended March 31, 2011 is calculated using the calculation standard in effect as of March 31, 2012.

Sound Management Indicators

Core Profit

¥515.4 billion

(Non-consolidated Core Profit)

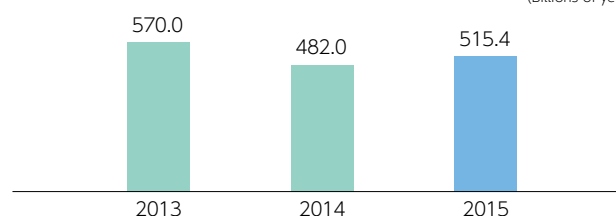
Core profit is a basic periodical earnings indicator for life insurance companies. Core profit is determined by insurance-related income and expenses such as insurance premiums and others, insurance claims and others and operating expenses, as well as investment-related income and expenses, which consist primarily of interest and dividend income.

Our core profit for the year ended March 31, 2015 was ¥515.4 billion.

Changes in Core Profit

Years ended March 31

(Billions of yen)



Core Profit Breakdown (Three Major Profit Sources)

(Billions of yen)

Years ended March 31	2013	2014	2015
Core profit	¥570.0	¥482.0	¥515.4
Spread	(4.7)	54.2	66.9
Mortality and morbidity rate margin	385.2	290.4	342.0
Administrative expense margin	189.5	137.3	106.3

(Billions of yen)			
Years ended March 31	2013	2014	2015
Core income ①	¥11,850.7	¥11,240.1	¥10,185.7
Insurance premiums and others	6,481.7	5,911.6	5,956.7
Investment income (Note 1)	1,500.4	1,458.3	1,366.0
Reversal of policy reserves (Note 2)	3,813.2	3,736.8	2,719.2
Core expenses ②	11,280.7	10,758.0	9,670.3
Insurance claims and others	10,673.0	10,160.8	9,059.5
Provision for policy reserves and others	9.0	4.6	1.4
Investment expenses (Note 1)	4.7	5.7	5.2
Operating expenses	512.9	513.0	512.4
Core profit (①-②) A	570.0	482.0	515.4
Net capital gains B	30.7	61.7	64.1
Other one-time profits C	(71.3)	(80.3)	(86.4)
Ordinary profit A+B+C	¥529.3	¥463.5	¥493.1

Notes: 1. Excluding the amount regarding net capital gains
2. Excluding the amount regarding other one-time profits (reversal of contingency reserve and others)

Spread

A spread is the differential between the assumed return on insurance premium investments and the actual investment return. A situation with a negative gap between the assumed return on insurance premium investments and the actual investment return for some policyholders is termed a "negative spread." In the year ended March 31, 2014, the "negative spread" was eliminated. A positive spread for the year ended March 31, 2015 was ¥66.9 billion.

The spread is calculated according to the following formula:

$$\text{Spread} = [\text{investment return on core profit} - \text{average assumed rates of return}] \times \text{general account policy reserves}$$

[1.89%]
[1.80%]
¥73,226.7 billion

- The investment return on core profit is the return on general account policy reserves after deducting the provision for interest on policyholder dividends from general account investment revenue included in core profit.
- The average assumed rates of return is the return of assumed interest on general account policy reserves.
- The general account policy reserves are calculated as follows for policy reserves in the general account, excluding the contingency reserve:
(Policy reserves at beginning of period + policy reserves at end of period - assumed interest) × 1/2
- Policy reserves and assumed interest are calculated based on the actual cumulative amount.

Solvency Margin Ratio

1,644.2%

Life insurance companies accumulate policy reserves to provide for anticipated payment of insurance claims and others. They also cover exposure to risks that can be predicted under normal conditions within the scope of these policy reserves.

The solvency margin ratio is an indicator by which the regulatory agency determines whether or not an insurance company has the sufficient financial resources for its obligations to pay benefits in the event a normally unforeseeable risk should materialize, such as a major catastrophe or stock market collapse.

If the ratio is less than 200%, the regulatory agency will take prompt corrective action. On the other hand, if the ratio is greater than or equal to 200%, it indicates that the insurance company has satisfied one of the standards for sound management.

Our consolidated solvency margin ratio as of March 31, 2015 was 1,644.2%, indicating a high degree of management soundness. We will continue to take the actions needed to maintain adequate financial resources to fulfill our obligations.

(Billions of yen)

As of March 31	2013	2014	2015
Total amount of solvency margin (A)	¥5,002.0	¥5,134.7	¥5,706.1
Capital stock, etc.	1,288.2	1,334.2	1,387.5
Reserve for price fluctuations	522.8	614.2	712.1
Contingency reserve	2,683.6	2,588.7	2,498.7
Catastrophe loss reserve	—	—	—
General reserve for possible loan losses	0.0	0.0	0.0
Net unrealized gains (losses) on available-for-sale securities (before taxes) × 90% (if negative, × 100%)	202.4	238.9	703.5
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	(3.3)	(3.4)	(10.0)
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes) ⁽²⁾	—	3.3	7.9
Excess of continued Zillmerised reserve	308.1	358.5	406.2
Capital raised through debt financing	—	—	—
Amounts within "excess of continued Zillmerised reserve" and "capital raised through debt financing" not calculated into the margin	—	—	—
Deductions	—	—	—
Other	—	—	—
Total amount of risk (B)	681.0	631.8	694.0
$\sqrt{(R_1^2 + R_5^2 + R_8 + R_9)^2 + (R_2 + R_3 + R_7)^2} + R_1 + R_6$			
Insurance risk R ₁	172.9	168.4	163.7
General insurance risk R ₅	—	—	—
Catastrophe risk R ₆	—	—	—
Underwriting risk of third-sector insurance R ₈	113.1	99.9	88.5
Small amount and short-term insurance risk R ₉	—	—	—
Anticipated yield risk R ₂	218.5	198.1	184.4
Minimum guarantee risk R ₇	—	—	—
Investment risk R ₃	379.9	355.7	443.1
Business management risk R ₄	17.6	16.4	17.5
Solvency margin ratio (A) / ((1/2) × (B)) × 100	1,468.8%	1,625.1%	1,644.2%

Notes: 1 These figures are calculated based on the provisions set forth in the public notification issued by the FSA in 2011 and Articles 86-2 and 88 of the Ordinance for Enforcement of the Insurance Business Act.

2 The figures as of March 31, 2014 and 2015 include "Sum of unrecognized actuarial differences and unrecognized prior service cost," while the figures as of March 31, 2013 do not include it.

Status of Accumulation of Internal Reserves

¥3,210.8 billion

(Total of contingency reserve and reserve for price fluctuations)

Life insurance companies accumulate a contingency reserve and reserve for price fluctuations for the purpose of ensuring the soundness and stability of management in the future. These reserves provide protection against risks associated with changes in the operating environment for the life insurance industry. Such changes include fluctuations in prices of financial assets, the occurrence of a major catastrophe and other events.

As of March 31, 2015, we had a contingency reserve of ¥2,498.7

billion and a reserve for price fluctuations of ¥712.1 billion, a total of ¥3,210.8 billion.

Also as of March 31, 2015, we made an additional policy reserve to cover the negative spread and others, which amounted to ¥6,067.0 billion.

(Billions of yen)

As of March 31	2013	2014	2015
Total	¥3,206.4	¥3,203.0	¥3,210.8
Contingency reserve	2,683.6	2,588.7	2,498.7
Reserve for price fluctuations	522.8	614.2	712.1

Real Net Assets

¥11,521.1 billion

"Real net assets" is calculated by subtracting liabilities, other than the contingency reserve and reserve for price fluctuations and other liabilities with equity characteristics, from total assets measured at market value. The regulatory agency uses real net assets as an indication of an insurance company's financial soundness at the end of a fiscal period. A negative figure may lead to an order to suspend operations or other regulatory

actions. (However, such regulatory action is not generally taken if the amount after subtracting unrealized losses associated with held-to-maturity securities and policy-reserve-matching bonds is positive and liquid assets have been set aside).

As of March 31, 2015, we had a sufficient level of ¥11,521.1 billion in our consolidated real net assets.

(Billions of yen)

As of March 31	2013	2014	2015
Real net assets	¥10,109.4	¥9,446.9	¥11,521.1

Net Unrealized Gains (Losses) on Securities

¥6,494.0 billion

Net unrealized gains and losses on assets reflect the differential between fair market value and book value.

As of March 31, 2015, Japan Post Insurance recorded a net unrealized gain on securities of ¥6,494.0 billion.

We recorded a ¥355.2 billion net unrealized gain on money held in trust and a ¥781.7 billion overall net unrealized gain on available-for-sale securities. Although net unrealized gains on available-for-sale securities are not recorded on the Statements of Income, an amount deducting the tax-effect amount is recorded on the Balance Sheets as "Net unrealized gains (losses) on available-for-sale securities" within net assets.

(Billions of yen)

As of March 31	2013	2014	2015
Net unrealized gains (losses)			
Total	¥5,287.2	¥4,534.4	¥6,494.0
Held-to-maturity securities	3,643.1	3,169.7	4,537.1
Policy-reserve-matching bonds	1,419.1	1,099.1	1,175.2
Available-for-sale securities (before tax effects)	(Note 1) 224.9	(Note 2) 265.5	(Note 3) 781.7
Money held in trust	43.3	82.5	355.2

Notes: 1. After applying tax-effect accounting, a gain of ¥155.7 billion

2. After applying tax-effect accounting, a gain of ¥184.7 billion

3. After applying tax-effect accounting, a gain of ¥558.0 billion

Risk-Monitored Loans

Loans with repayment conditions that are not normal are termed risk-monitored loans. None of Japan Post Insurance's loans fall into this category.

Policyholder Dividends

¥200.7 billion

(Provision for reserve for policyholder dividends)

Insurance premiums are calculated based on assumed mortality rates, assumed rates of return and projected expenses for policy administration. If these assumed figures exceed actual mortality rates or administration expenses, or if the actual investment returns exceed assumed rates of return, the surplus will be returned to policyholders in the form of dividends ("policyholder dividends") in accordance with the terms of their respective policies.

For the year ended March 31, 2015, we posted provision for reserve for policyholder dividends of ¥200.7 billion.

- For Japan Post Insurance Policies, we accounted for provision for reserve for policyholder dividends of ¥10.3 billion.
- For Postal Life Insurance Policies, we posted provision for reserve for policyholder dividends of ¥190.3 billion under the reinsurance agreement concluded with the Management Organization for Postal Savings and Postal Life Insurance, based on the performance of the segment related to reinsurance. Policyholder dividends on Postal Life Insurance Policies are determined by the Management Organization.

Insurance Policies

During the year ended March 31, 2015, Japan Post Insurance sold 2,381 thousand individual insurance policies with a total policy amount of ¥7,002.5 billion and 137 thousand individual annuity policies with a total policy amount of ¥493.5 billion.

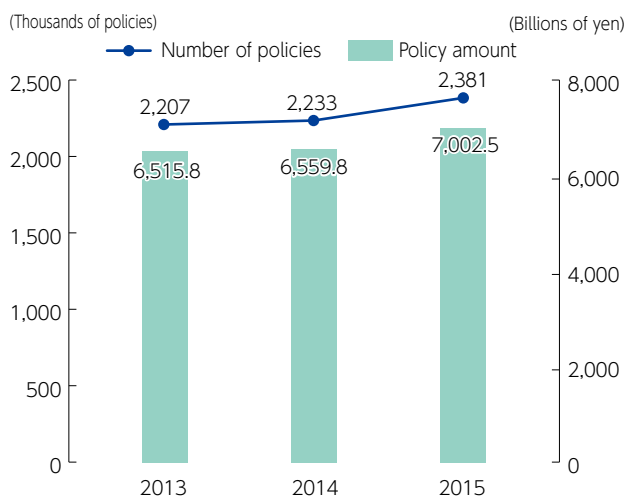
As of March 31, 2015, we had 13,539 thousand individual insurance policies in force with a total policy amount of ¥39,159.0 billion and 1,318 thousand individual annuity policies in force with a total policy amount of ¥3,615.9 billion.

Regarding the Postal Life Insurance Policies received from the Management Organization for Postal Savings and Postal Life Insurance in the form of reinsurance, policies reinsured by Japan Post Insurance amounted to 19,950 thousand insurance policies with an insured amount of ¥54,322.4 billion and 2,951 thousand annuity policies with an annuity amount of ¥1,077.9 billion.

New Policies

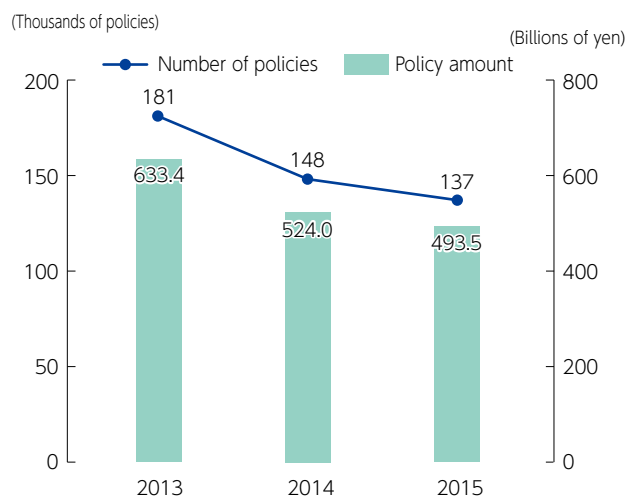
Individual Insurance

For the years ended March 31



Individual Annuities

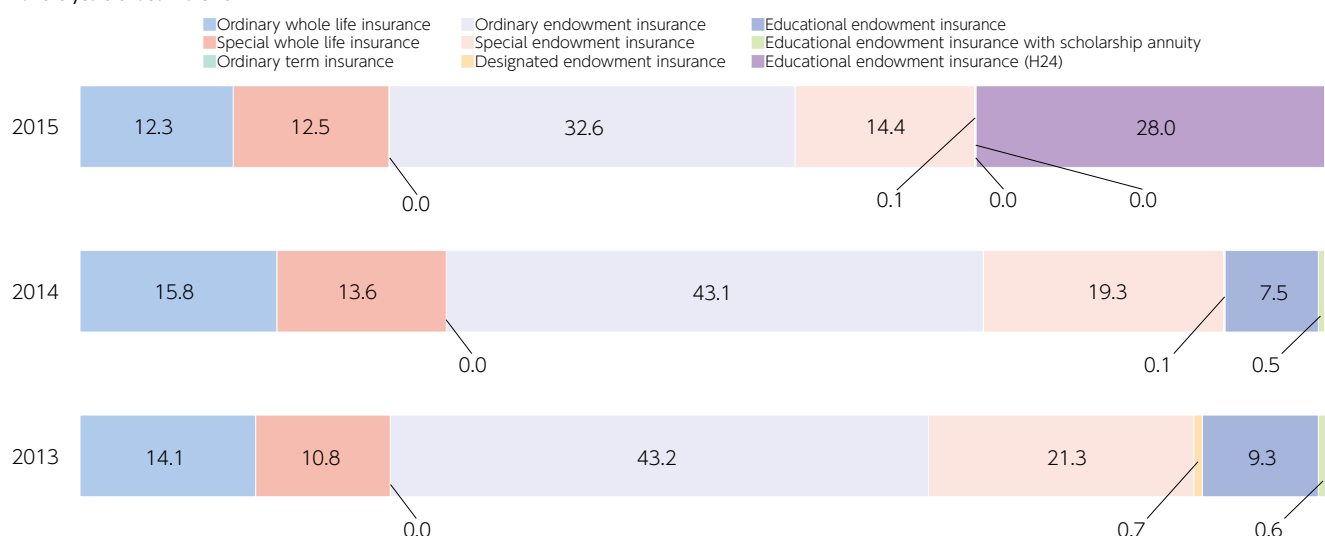
For the years ended March 31



Notes: 1. Policy amounts for individual annuities are the total of the accumulated contribution payment as of the date of annuity payment commencement.
2. Starting from the fiscal year under review, the number of policies and policy amounts (including those for previous fiscal years) are truncated instead of being rounded.

Composition of Individual Insurance by Product

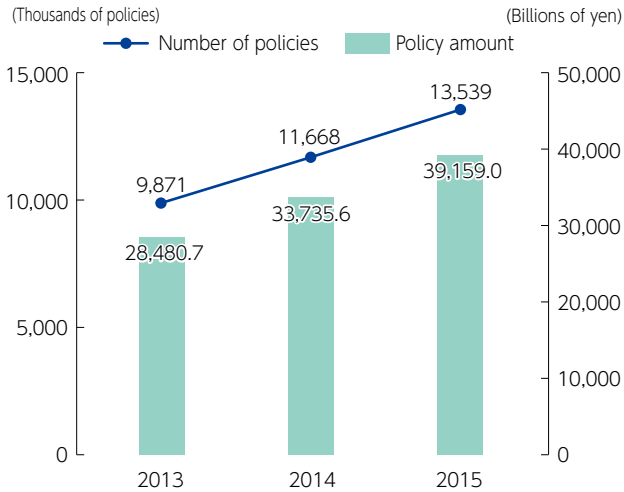
For the years ended March 31



Policies in Force

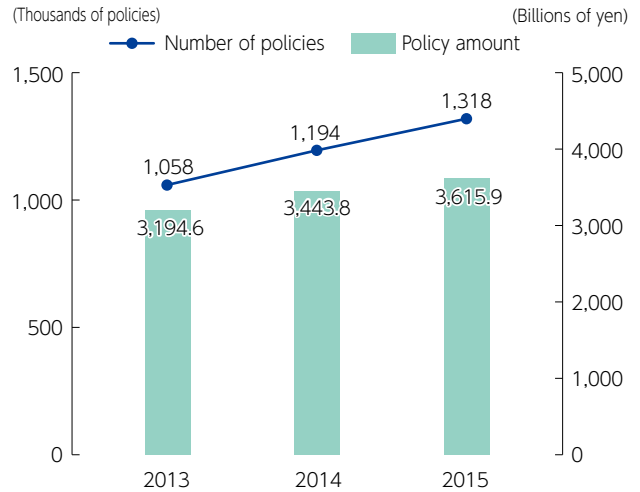
Individual Insurance

As of March 31



Individual Annuities

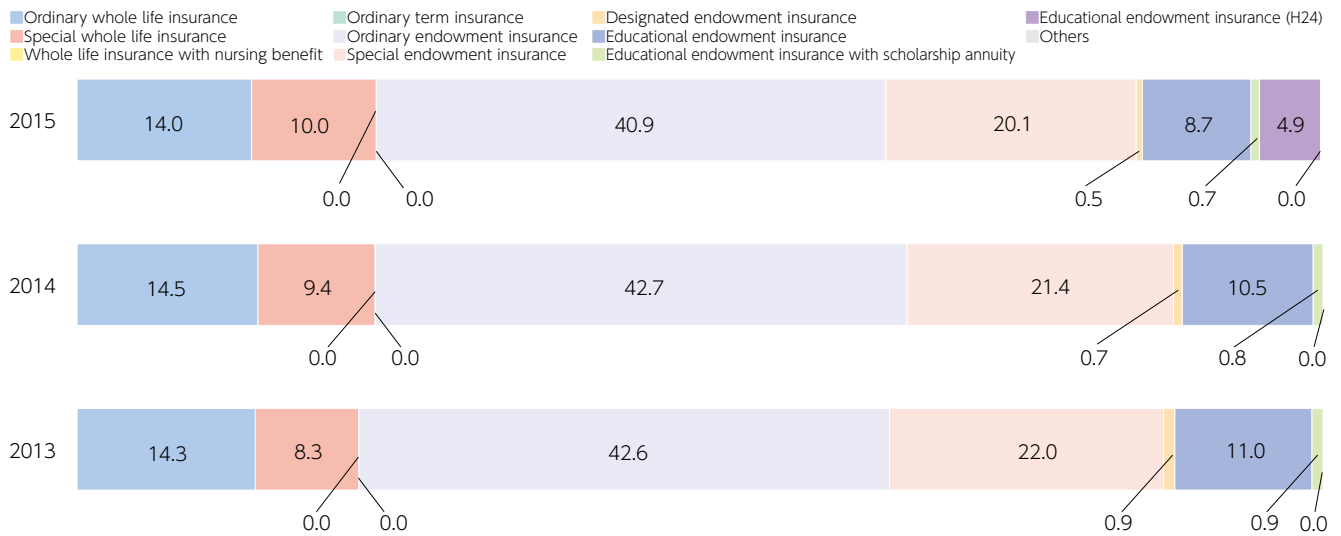
As of March 31



Notes: 1. Individual insurance and individual annuities do not include the Postal Life Insurance Policies received from the Management Organization for Postal Savings and Postal Life Insurance in the form of reinsurance.
 2. 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.
 3. Starting from the fiscal year under review, the number of policies and policy amounts (including those for previous fiscal years) are truncated instead of being rounded.

Composition of Individual Insurance by Product

As of March 31



Reference: Reinsured Postal Life Insurance Policies

(Thousands of policies, billions of yen)

As of March 31	2013		2014		2015	
	Number of policies	Insured amount/Annuity amount	Number of policies	Insured amount/Annuity amount	Number of policies	Insured amount/Annuity amount
Insurance	26,934	73,991.4	23,196	63,358.9	19,950	54,322.4
Annuities	3,878	1,434.6	3,396	1,250.6	2,951	1,077.9

Note: These figures are based on standards applied by the Management Organization for Postal Savings and Postal Life Insurance when it calculates published numerical data.

Profits and Losses

In the fiscal year ended March 31, 2015, ordinary income was ¥10,169.2 billion, ordinary expenses were ¥9,676.6 billion and ordinary profit was ¥492.6 billion. After deducting extraordinary losses of the provision for reserve for price fluctuations of ¥97.9 billion, etc., and the provision for reserve for policyholder dividends of ¥200.7 billion from ordinary profit, income before income taxes and net income were ¥192.5 billion and ¥81.3 billion, respectively.

Key Line Items in the Statements of Income

(Billions of yen)

Years ended March 31	2013	2014	2015
Ordinary income	¥11,834.9	¥11,234.1	¥10,169.2
Insurance premiums and others	6,481.7	5,911.6	5,956.7
Investment income	1,560.7	1,540.6	1,460.7
Other ordinary income	3,792.3	3,781.8	2,751.7
Ordinary expenses	11,305.5	10,771.3	9,676.6
Insurance claims and others	10,673.0	10,160.8	9,059.5
Provision for interest on policyholder dividends	9.0	4.6	1.4
Investment expenses	29.5	18.1	10.9
Operating expenses	513.2	513.9	513.1
Other ordinary expenses	81.2	73.7	91.4
Ordinary profit	528.9	462.7	492.6
Extraordinary gains	0.1	—	—
Extraordinary losses	67.1	100.0	99.3
Provision for reserve for policyholder dividends	307.4	242.1	200.7
Income before income taxes	154.5	120.5	192.5
Total income taxes	63.8	57.7	111.2
Net income	¥90.6	¥62.8	¥81.3

* For details, see the Financial Statements beginning on page 60 of this report.

Assets and Liabilities

Compared with the end of March 2014, total assets fell by ¥2,177.7 billion to ¥84,915.0 billion.

Total net assets was ¥1,975.7 billion due to an increase in retained earnings and net unrealized gains on available-for-sale securities.

Key Line Items in the Balance Sheets

(Billions of yen)

As of March 31	2013	2014	2015
Total assets	¥90,462.3	¥87,092.8	¥84,915.0
Cash and deposits	726.6	1,670.8	2,213.7
Money held in trust	256.8	581.6	1,434.9
Securities	72,557.1	69,377.9	66,276.2
Loans	12,691.5	11,020.5	9,977.3
Tangible fixed assets	86.0	89.4	131.7
Intangible fixed assets	105.8	124.1	155.0
Agency accounts receivable	133.9	102.6	95.0
Other assets	482.1	374.0	468.7
Deferred tax assets	462.2	592.5	547.0
Total liabilities and net assets	¥90,463.5	¥87,092.8	¥84,915.0
Total liabilities	¥88,996.7	¥85,554.6	¥82,939.2
Policy reserves and others	84,746.0	80,799.9	77,905.6
Other liabilities	3,661.6	4,080.7	4,261.0
Liability for retirement benefits	58.8	56.6	58.3
Reserve for price fluctuations	522.8	614.2	712.1
Total net assets	¥1,466.7	¥1,538.1	¥1,975.7
Capital stock	500.0	500.0	500.0
Capital surplus	500.0	500.0	500.0
Retained earnings	310.9	351.0	411.9
Net unrealized gains on available-for-sale securities	155.7	184.7	558.0

* For details, see the Financial Statements beginning on page 60 of this report.

Embedded Value (EV)

¥3,501.3 billion

What is Embedded Value?

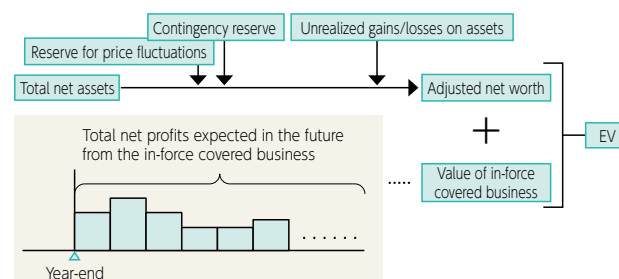
Embedded value (EV) is one of the corporate value indicators for life insurance companies.

The profit-loss structure in the life insurance business involves a loss at the time of sale and profit over a policy's duration. A loss occurs temporarily at the time of sale, caused by a considerable amount of expenses generally incurred with the sale of a policy. Future profit is generated as the policy's long duration serves to provide revenues over a long period of time, covering these initial expenses.

Under the current statutory accounting practices in Japan, gains and losses are recognized as they occur in each fiscal year. EV, on the other hand, is used to represent the present value of gains and losses that cover the entire duration. EV is the sum of the adjusted net worth (ANW), which reflects gains/losses from business activities in the past, and the value of in-force covered business (VIF), which is the present value of the expected future profits from the in-force covered business.

Since the year ended March 31, 2013, Japan Post Insurance has been disclosing EV calculated on the basis of the European Embedded Value Principles ("EEV Principles") as additional information supplementary to the financial data provided under the current statutory accounting practices.

Outline of EV



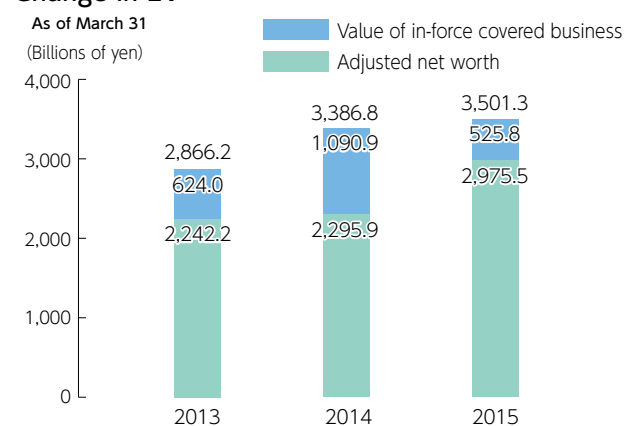
EV as of March 31, 2015

The EV of Japan Post Insurance as of March 31, 2015 was ¥3,501.3 billion, an increase of ¥114.5 billion from March 31, 2014.

Breakdown of EV

		(Billions of yen)		
As of March 31		2013	2014	2015
EV		¥2,866.2	¥3,386.8	¥3,501.3
Adjusted net worth		2,242.2	2,295.9	2,975.5
Value of in-force covered business		624.0	1,090.9	525.8
Years ended March 31		2013	2014	2015
Value of new business		¥181.6	¥185.1	¥134.2

Change in EV



Adjusted net worth (ANW)	ANW is the sum of total net assets as defined under the statutory accounting practices; unrealized gains/losses on assets attributed to shareholders, not held at market value; and retained earnings, such as contingency reserve and reserve for price fluctuations, which are otherwise classified as liabilities in accordance with the statutory accounting practices, etc.
Value of in-force covered business (VIF)	VIF is the present value of the future profits, as of the base date of calculation, expected from the in-force covered business.
Value of new business	Value of new business is the present value of the future profits, as at the time of sale, expected from the new business obtained during the fiscal year.

Third Party Review

We requested a third party (actuarial firm) with actuarial expertise and knowledge to review the methodology and assumptions used to calculate the EV results and obtained a written opinion verifying the validity. For details of this third party opinion, please refer to our website (<http://www.jp-life.japanpost.jp/en/index.html>).

The calculation of EV is based on many assumptions, including future outlook, which involves certain risks and uncertainties. Since actual performance may differ materially from the assumptions, we strongly recommend that the users exercise caution.

Asset Management Overview (General Account)

Investment Policies

Japan Post Insurance's operations are based on the concept of asset-liability management (ALM) in order to maintain sound management and ensure the payment of insurance claims and other obligations to policyholders. Our specific fundamental management approach is to match the cash flow required for our

liabilities accruing in the future with the cash flow we receive from yen-denominated interest-bearing assets that have a high level of affinity with the particular characteristics of those liabilities. With this approach our aim is to earn stable profits while mitigating interest risk.

Investment Environment in the Fiscal Year Ended March 31, 2015

Although the U.S. economy was brisk, the world economy once again managed only weak growth as the economies of Japan, Europe as well as emerging countries recorded slower growth. The U.S. economy rebounded at a steady pace under a gradual recovery in employment conditions. In the Japanese economy, domestic demand such as private consumption and housing residential investment declined in the wake of a consumption tax rate increase in April, while a subsequent pickup in the economy was also sluggish. In the European economy, the pace of recovery was weak due to ongoing softness in the economies

of several countries where structural reforms have lagged and to deteriorating conditions in the Ukraine. The Chinese economy is continuing to slow amid the implementation of structural reforms aimed transforming to a personal consumption-driven economy.

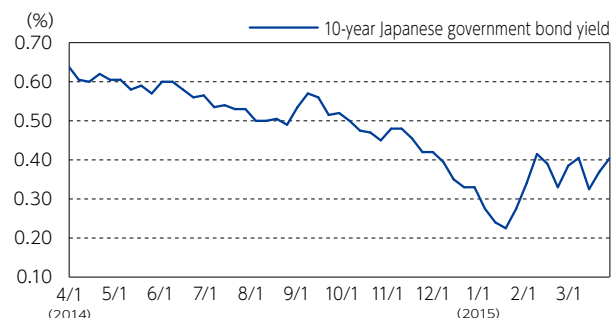
The BOJ, European Central Bank (ECB) and other central banks of developed countries acted to strengthen easy money policies. However, the United States moved in the opposite direction as Japan and Europe by ending quantitative easing policies and preparing for an increase in interest rates. Under these economic circumstances, the investment environment was as follows.

Domestic Bond Market

The yield on 10-year Japanese government bonds (JGBs) started the period at the 0.6% level and declined to the 0.4% level at the end of the period.

The long-term yield in the first half continued to decline moderately and dipped to near 0.5% in the last part of August, reflecting tight supply-demand in the bond market resulting from the BOJ's bond-buying operations, which were ongoing from the previous year, and lower interest rates in Europe and the United States. Entering September, the yield temporarily rose to the vicinity of 0.6% in reaction to rising interest rates due to growing expectations of an early rate hike in the United States. However, the yield then reversed course and once again headed downward, briefly reaching the 0.1% range in January corresponding to the BOJ's decision on October 31, 2014 to adopt additional monetary easing measures and to a decline in U.S. interest rates amid concerns about waning inflation expectations accompanying plunging crude oil prices. From February, the yield changed direction and climbed to the 0.4%

range due to a halt in the decline in crude oil prices and a rise in U.S. interest rates spurred by favorable U.S. employment statistics. Subsequently, the yield seesawed within a range between the 0.3% level and the 0.4% level amid debate concerning the timing for the start of interest rate increases in the United States.

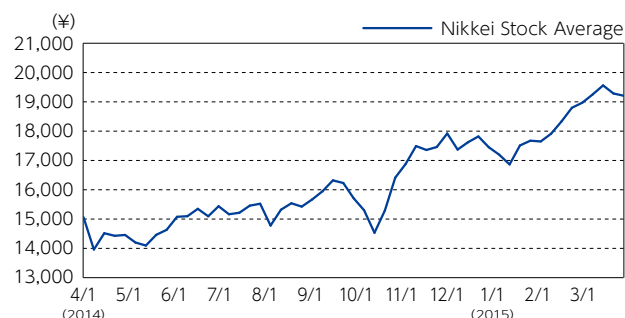


Data source: Bloomberg

Domestic Stock Market

The Nikkei Stock Average began the period at the ¥14,000 level and despite some wide fluctuations during the period climbed to the ¥19,000 level at the end of the fiscal year.

In the first half, the Nikkei Stock Average briefly slid under the ¥14,000 level in April in reaction to the BOJ's deferral of additional monetary easing measures. Despite some volatile swings, the Nikkei Stock Average subsequently trended moderately and rose to the ¥16,000 level in September on expectations of a change in the Government Pension Investment Fund's (GPIF) investment policy and high U.S. stock prices propelled by a rebound in the U.S. economy. Entering the second half, the Nikkei Stock Average briefly retreated to the ¥14,000 level upon growing concerns over



Data source: ©Nikkei Inc.

the domestic economy and the advancing appreciation of the yen. However, the Nikkei Stock Average then soared and climbed to the ¥17,000 level at year-end following the BOJ's decision in October to adopt additional monetary easing measures and the announcement of a change in the GPIF's Base Portfolio. After

the start of the new year as well, the Nikkei Stock Average rose in response to the halt to the decline in crude oil prices and mounting expectations of a recovery in domestic demand, and reached the ¥19,000 level at the end of the fiscal year.

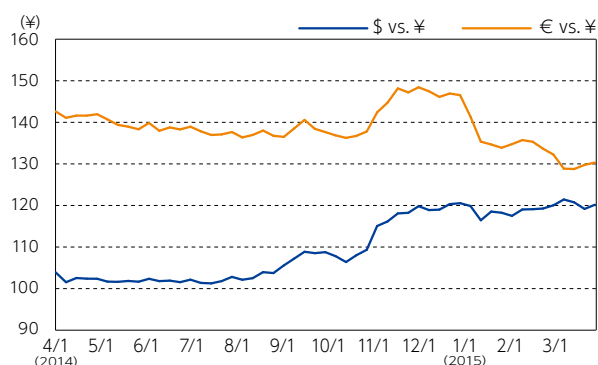
Foreign Exchange Markets

The U.S. dollar/yen exchange rate began the period at the ¥103/U.S. dollar level before the yen weakened to the lower ¥120/U.S. dollar level at fiscal year-end. In the first half, the yen trended stably at around ¥102/U.S. dollar up from April to July. From August onward, however, the yen continued to weaken sharply owing to the global-wide strengthening of the dollar spurred by the robust U.S. economic recovery, and the yen hit the ¥109/U.S. dollar level at the end of September. Entering the second half, although at one point the yen strengthened to the ¥105/U.S. dollar level on concerns of a slowing U.S. economy due to a strong dollar, the yen once again began weakening against the U.S. dollar in response to the BOJ's decision in October to adopt additional monetary easing measures, and the yen temporarily reached the ¥121/U.S. dollar level in December. From the start of the new year, the yen trended within a range between the ¥116/U.S. dollar level to the ¥121/U.S. dollar level, influenced by the debate on the timing of the Federal Reserve's first rate hike.

The euro/yen exchange rate began the period at the ¥142/EUR level and despite some wide fluctuations in the second half the yen strengthened and reached the vicinity of ¥130/EUR at the end of the period.

In the first half, the euro almost consistently weakened on concerns of a slowdown in the Euro zone economy and a decline

in interest rates by the ECB's implementation of additional monetary easing measures in Europe. Entering the second half, the euro/yen exchange rate reversed course rapidly and the weakening of the yen against the euro progressed and the yen temporarily weakened sharply to the ¥149/EUR level in December. From the beginning of the year, however, the yen once again began strengthening against the euro in response to the decision by the ECB to implement quantitative easing measures and the yen momentarily strengthened to the ¥127/EUR level.



Data source: Nomura Research Institute, Ltd.

Performance Overview

Assets

At the end of March 2015, total assets of Japan Post Insurance amounted to ¥84.9 trillion, a decrease of ¥2.1 trillion from ¥87.0 trillion at the end of fiscal 2014.

In terms of investment, we continued to invest primarily in yen-denominated interest-bearing assets that provide stable interest income. We also invested in risk assets, such as foreign securities and stocks, while enforcing adequate risk management.

During the fiscal year under review, we made investments in corporate and government bond holdings, primarily of long-term

and super-long-term bonds, in view of their value as assets that secure stable income.

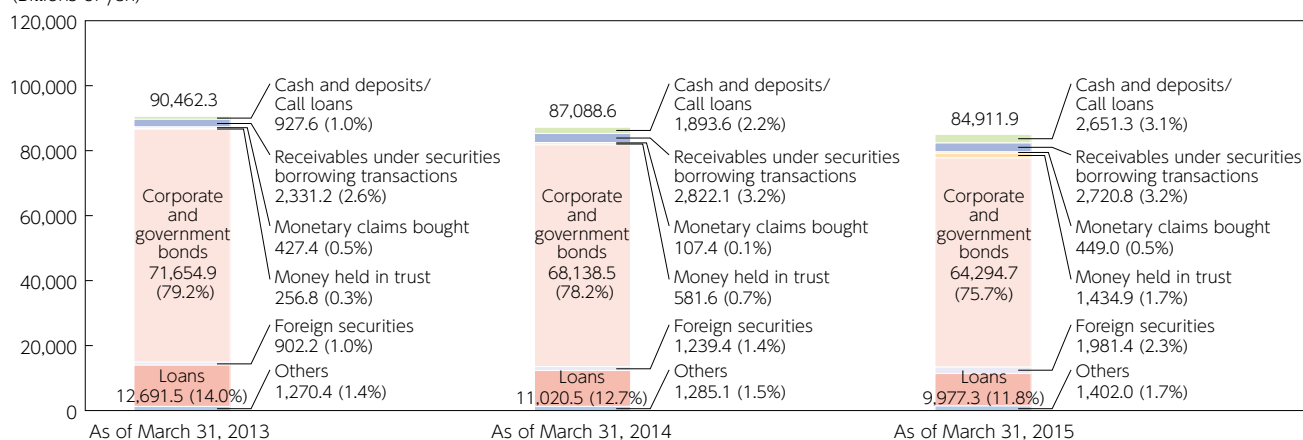
As for foreign securities, our investments focused on government bonds issued by foreign governments.

Our management of investments of money held in trust centers on domestic stocks and others.

Loans receivables include syndicated loans, loans to local governments and policy loans.

Composition of Assets

(Billions of yen)



Asset Management Yield

Years ended March 31	2013	2014	2015
Yield	1.67%	1.71%	1.70%

Note: Asset management yield includes capital gains and losses, etc.

Holdings of Securitized Financial Instruments and Investments Related to Subprime Loans

Holdings of Securitized Financial Instruments

(Billions of yen)

Item	As of March 31, 2013		As of March 31, 2014		As of March 31, 2015	
	Market value	Unrealized gain (loss)	Market value	Unrealized gain (loss)	Market value	Unrealized gain (loss)
RMBS	450.1	22.9	446.9	20.1	486.7	24.0

Note: Residential Mortgage-backed Securities (RMBS) are a type of security backed by mortgages. The RMBS held by Japan Post Insurance are backed by housing loans in Japan.

Investments Related to Subprime Loans

Japan Post Insurance has no investments related to subprime loans.

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Internal Control Systems

Japan Post Insurance considers the establishment of strong internal control systems to be extremely important to increasing our corporate value and to our goal of becoming the most highly trusted

insurance company. We will establish systems for the execution of our business based on the principle of self-responsibility and will continue our efforts to enhance our organization and systems.

Outline of Organization and Systems

We have adopted a company with three committees system, which separates the roles of management supervision and business execution, assigning the former to the Board of Directors and the latter to the Executive Officers, to establish clear responsibility for management of the Company.

Within the organization of the Board of Directors, we have set up three committees, the Nomination Committee, the Audit Committee and the Compensation Committee, to ensure the fairness of the management supervision function to be performed by the Board of Directors. Each committee fulfills the following roles:

- The Nomination Committee determines proposals for General Shareholders' Meetings concerning the appointment and dismissal of Directors.
- The Audit Committee monitors the execution of duties by Directors and Executive Officers; determines resolutions for submission to General Shareholders' Meetings concerning the appointment and dismissal of accounting auditors and other related matters; and approves the compensation for accounting auditors as determined by Directors.
- The Compensation Committee formulates compensation policies for Directors and Executive Officers and determines the detailed compensation for each individual.

Important management decisions related to business execution are first discussed by the Executive Committee and then made by the President, CEO. The Executive Committee comprises the President, CEO and the Executive Officers in charge of respective business operations. In addition, we set up the following nine specialized committees to serve as an advisory body to the Executive Committee. With regard to such matters delegated to each Executive Officer, cross-sectional issues are discussed by the respective specialized committees.

1. Financial Management Committee

This Committee deliberates on investment and sales policies and related issues. It also performs appropriate earnings management by monitoring and analyzing such matters as the overall management of Japan Post Insurance's assets and liabilities and status of various earnings.

2. Risk Management Committee

This Committee deliberates on risk management policies and matters concerning the establishment and operation of risk management systems as well as the implementation of risk management. It also performs appropriate risk management by monitoring and analyzing the status of each risk and other related matters.

3. Compliance Committee

This Committee deliberates on management policies concerning compliance, specific compliance operations and response to various issues. It also works to ensure legal compliance and prevent misconduct by monitoring and analyzing such matters as the progress made in the Company's compliance promotion efforts.

4. CS Committee

This Committee promotes improvement of customer convenience and our services to customers by deliberating on improvement efforts based on customer feedback as well as measures designed to raise the level of customer satisfaction.

5. Product Development Committee

This Committee promotes the development of products tailored to customer needs by deliberating on policies for the development of insurance products and examining important matters from a multifaceted perspective.

6. Administrative and IT Systems Reform Committee

This Committee discusses basic policies and related matters for system development and promotes the reform of administrative operations and IT systems by monitoring and analyzing such matters as the progress made in each of the Company's major IT projects.

7. Human Rights Enlightenment Committee

This Committee deliberates on basic policies to ensure that employees always act with respect for human rights and examines measures to facilitate human rights enlightenment activities.

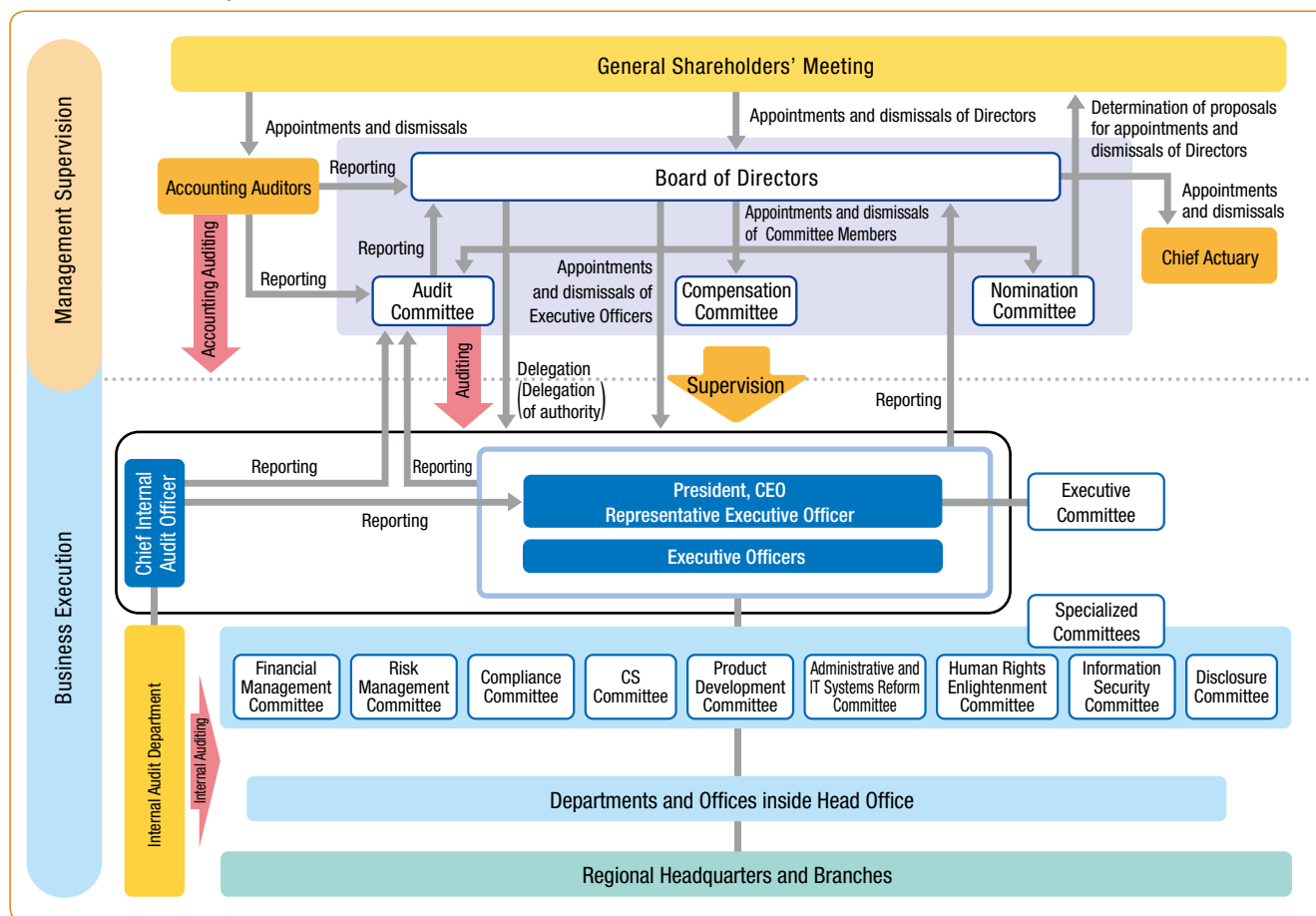
8. Information Security Committee

This Committee discusses matters pertaining to policies concerning information security management and the establishment and operation of an information security management structure as well as ascertains and analyzes the status of information management to ensure appropriate information management.

9. Disclosure Committee

This Committee deliberates on accuracy, clearness, willingness, fairness and other aspects concerning information disclosure that is demanded as a public-listed company.

Internal Control System



Internal Audit Framework

We established an Internal Audit Department that is independent of our business-executing departments to contribute to sound and appropriate business operations. We have set up an internal audit framework to review and assess the Company's internal control system and the appropriateness and effectiveness of our business execution.

The Internal Audit Department carries out internal audits of various internal and external entities, including individual sections within the Head Office, Regional Headquarters, branches and subsidiaries of Japan Post Insurance as well as the sales agencies of Japan Post.

Audited organizations where problems or issues have been identified in an internal audit must carry out the corrections or

improvements. Follow-up is to be undertaken periodically to evaluate improvement measures taken by audited organizations in response to suggestions by the internal audits. The Internal Audit Department reports the results of internal audits to the President, CEO and the Audit Committee.

The Internal Audit Department is also seeking to improve the professional skills required for auditing by enhancing its training programs for internal auditors and encouraging staff to obtain relevant qualifications. At the same time, the Department has endeavored to strengthen the Company's internal audit framework by securing experienced staff in each area of the Company's operations.

Efforts for Achieving Internal Controls

We undertake efforts to set up appropriate internal control systems based on our Fundamental Policy for Establishment of Internal Control Systems.

Japan Post Insurance Fundamental Policy for Establishment of Internal Control Systems

1. System for ensuring execution of duties by the Executive Officers and employees in compliance with laws and regulations and the Articles of Incorporation of Japan Post Insurance
2. System for retaining and managing information concerning the execution of duties by the Executive Officers
3. System and rules for managing the risk of loss to Japan Post Insurance
4. System for ensuring the efficient execution of duties by the Executive Officers
5. System for ensuring proper operations within the corporate group comprising Japan Post Insurance and Japan Post Holdings, and subsidiaries of Japan Post Insurance
6. Matters concerning employees who are to assist the duties of the Audit Committee
7. Matters related to maintaining the independence of employees who are to assist the duties of the Audit Committee from the Executive Officers, and matters related to ensuring the effectiveness of instructions given by the Audit Committee to these employees
8. System for the Executive Officers and employees to report to the Audit Committee, and other systems of reporting to the Audit Committee
9. Procedures for making advanced payment or reimbursement of expenses to be incurred in the execution of duties by the members of the Audit Committee, and matters concerning a policy for the handling of expenses or debts to be incurred in the execution of such duties
10. Other systems for ensuring effective audits by the Audit Committee

Compliance

Japan Post Insurance assures the soundness and appropriateness of its business operations and maintains a framework that meets the trust of society by ensuring all its executives and employees comply with laws and regulations (laws, regulations, rules and internal rules, and social norms and corporate ethics) in every aspect of its business activities.

To realize our goal of becoming the “No. 1 Japanese insurance company selected by customers,” we place the highest priority on compliance in the management of our business. To that end, company-wide efforts are undertaken to achieve thorough implementation of compliance.

Compliance Policies

We have formulated our compliance framework by formulating compliance rules that set out the basics for the promotion of compliance within the Company. These rules incorporate the Japan Post Group’s Charter of Corporate Conduct and the Fundamental Policy for Establishment of Internal Control Systems developed by the Company’s Board of Directors.

To provide a guide to the laws and regulations and other rules that concern our corporate activities, we have created a Compliance Manual that is distributed to all departments at

our Head Office, branches and other relevant parties. For our executives’ and employees’ easy reference at any time, we have also produced a Compliance Handbook, which describes the essentials of the Compliance Manual, as well as a Pocket-Size Compliance Card, which contains a summary of our management philosophy and other directives. In addition, we work to undertake thorough implementation of compliance through our Compliance Program, a plan developed annually to lay out specific details for promoting compliance.

Compliance Promotion System

To promote compliance within our company, we have established the Compliance Committee, headed by the Chief Compliance Officer (CCO), and been holding meetings regularly.

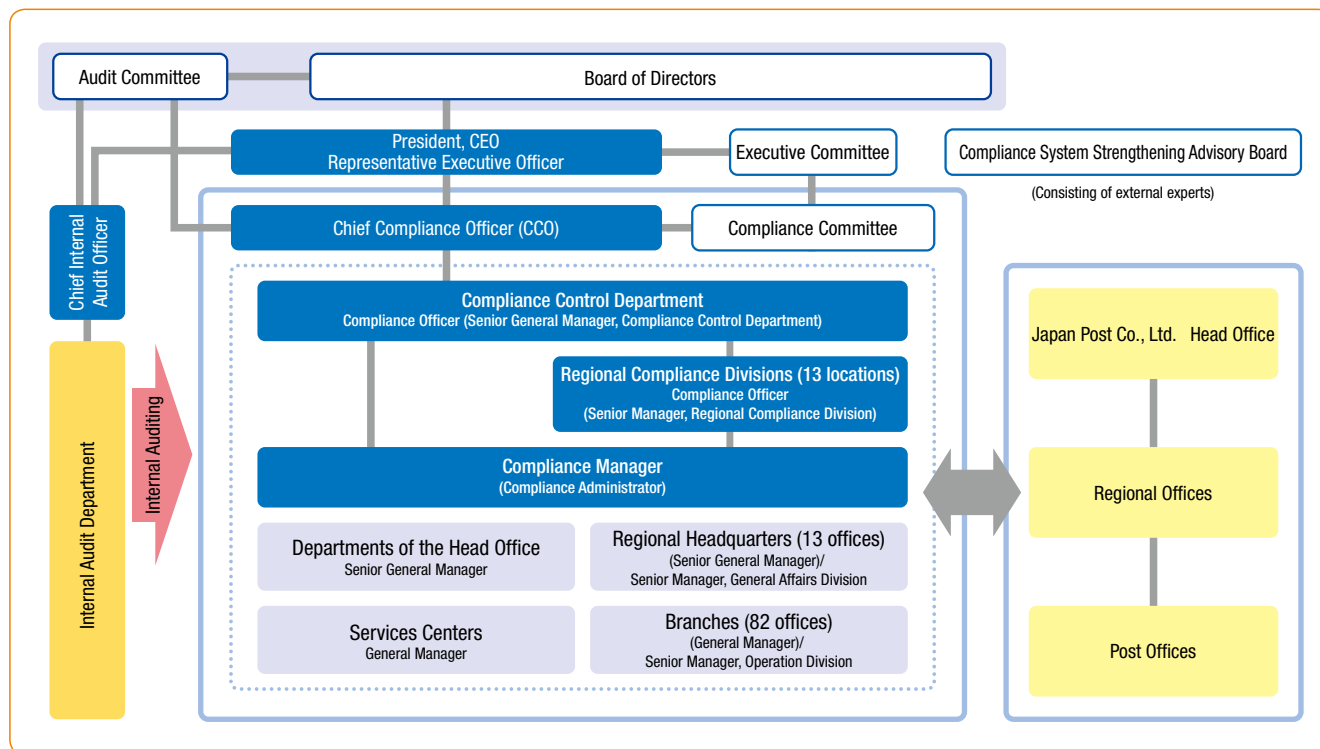
The Compliance Committee deliberates on the management policies concerning compliance, specific compliance operations and response to various issues. It also works to achieve thorough implementation of compliance and prevent violations of compliance by monitoring and analyzing the Company’s compliance promotion efforts. Also, the CCO reports on important matters to the Executive Committee, Audit Committee and Board of Directors and takes responsibility in operating and maintaining our compliance framework. The Compliance Control Department, which has been created to supervise compliance within the Company, plans and coordinates overall compliance related matters. We have also established Regional Compliance Divisions at 13 locations nationwide, which operate under direct control of the Compliance Control Department. Within their respective geographical areas of responsibility, these divisions oversee general compliance planning, coordination, promotion and guidance, and manage response to violations of compliance. In order to build a system to promote compliance company-wide, we have appointed the heads of the Compliance Control

Department and Regional Compliance Divisions as Compliance Officers. In addition, as the officers responsible for the promotion of compliance, we have appointed a Compliance Manager at our Head Office and Services Centers, as well as Compliance Administrators and Compliance Managers at our Regional Headquarters and branches.

To discuss matters related to the enhancement and reinforcement of the compliance framework of Japan Post, which serves as our insurance agent, we have set up a liaison meeting, members of which include the CCO. We also provide guidance to post offices and manage their compliance activities on the basis of discussion at the meeting. In addition, we have established a Compliance System Strengthening Advisory Board comprised of external experts and knowledgeable persons. This Board provides neutral and professional appraisals of matters such as the current status of our compliance along with recommendations on the future direction of our compliance efforts. We utilize these appraisals and recommendations to enhance our compliance framework.

The Internal Audit Department conducts internal audits of compliance in our business activities and checks the adequacy and effectiveness of our compliance promotion system.

Compliance Promotion System



Implementing Compliance Education

Through our Compliance Program, we conduct training courses that include Compliance Administrators and Compliance Managers at our Head Office, branches and other locations. The program covers explanations and instructions regarding the role of Compliance Managers, as well as important points to note and other details regarding compliance in our business activities. In order to raise awareness of compliance, we also hold e-learning

training courses for all executives and employees.

Within our Head Office, branches and other business units, we carry out activities designed to enhance compliance awareness. These activities include the use of business study groups and meetings. We also offer various training programs and compliance-related information to post offices.

Management of Conflicts of Interest

Japan Post Group has released the Japan Post Group Conflicts of Interest Management Policy. This Policy governs the management of conflicts of interest transactions by our Group as a whole in order to prevent our customers' interests from being unduly harmed.

In line with this Policy, Japan Post Insurance has put in place a system for the proper management of conflicts of interest

transactions, with the Compliance Control Department assuming responsibility for managing and controlling conflicts of interest. To prevent our customers' interests from being unduly harmed, we have committed to engage in appropriate business conduct that complies with laws and regulations, internal rules and ethical standards.

Japan Post Group Conflicts of Interest Management Policy

The Japan Post Group ("the Group") conducts business activities fairly based on laws, ordinances and internal regulations so that the interests of customers are not unduly impaired due to transactions that may give rise to a conflict of interest.

1. The following companies in the Japan Post Group ("Group companies") fall within the scope of the Conflicts of Interest Management Policy
 - Japan Post Bank Co., Ltd.
 - Japan Post Insurance Co., Ltd.
 - Japan Post Co., Ltd.
2. The Group will manage conflicts of interest for the transactions stipulated below.
 - (1) Transactions that may unduly impair the interests of customers among the following transactions:
 - Transaction with a customer that has an interest in one of the Group companies based on an agreement
 - Transaction with a party that has conflicting interests or is competing with a customer that has an interest in one of the Group companies based on an agreement
 - Transaction that makes wrongful use of information gained from a customer with an interest in one of the Group companies based on an agreement
 - (2) Any transaction aside from the aforementioned that may unduly impair the interests of the customer due to a conflict of interest
3. The Group will select one or a combination of the following methods and other measures to manage transactions with a conflict of interest:
 - Separate the business unit conducting the target transaction and the business unit conducting the secondary transaction with the customer
 - Amend the terms and conditions or method of the target transaction or the secondary transaction with the customer
 - Discontinue the target transaction or the secondary transaction with the customer
 - Properly disclose to the customer that the target transaction may unduly impair his or her interests
4. The Group will establish a department that handles conflicts of interest independent from business departments that will specify target transactions and properly manage conflicts of interest. In addition, the Group will educate and train executives and employees so that they comply with laws, ordinances and internal regulations set down regarding the management of conflicts of interest.
5. The Group will continuously review its management stance regarding conflicts of interest and strive to make improvements.

Initiatives for Information Security Management

Japan Post Insurance recognizes the importance of information security management and promotes measures to prevent the leakage or loss of information due to inappropriate handling and the leakage of information due to unauthorized access and to secure and manage personal information of customers.

In order to enhance our information security management systems, we have appointed the Executive Officer in charge of the Compliance Control Department as Chief Information Security Officer, or the CISO, and have established an Information Security Committee led by the CISO as the committee chairman and periodically hold meetings of the Information Security Committee.

The Information Security Committee discusses matters concerning policies in relation to information security management (including matters concerning the protection of

personal information) and the maintenance and operation of information security management systems. The CISO reports material matters discussed at meetings of the Information Security Committee to the Management Committee and the Audit Committee.

Moreover, we manage information security on a company-wide basis through the Information Security Control Office established under the CISO, which is charged with overall control of information security, and the System Planning Department, which is charged with the management of system security. In addition, by designating an individual responsible for information protection in each division, we maintain systems to implement information security management at each division.

Japan Post Insurance Privacy Policy

Japan Post Insurance (“the Company”) is dedicated to providing services that can achieve a high degree of customer satisfaction. Properly protecting personal information is vital to accomplishing this goal. Accordingly, the Company has established the following fundamental policy for protecting personal information, which is generally known as the Company’s privacy policy.

1. Compliance with laws and regulations

When handling personal information, the Company complies with all laws and regulations associated with protecting personal information, national government policies and this privacy policy.

2. Purpose of using personal information

The Company specifies the purposes of using personal information and uses this information solely for achieving these purposes.

The Company may use personal information for the following purposes.

- (1) Underwriting, renewing and maintaining and managing various insurance policies, and making claims and benefits payments
- (2) Notifying and providing various products and services, including those of its subsidiaries and business partners, and maintaining and managing contracts
- (3) Providing information on and operating and managing the Company’s business, and enhancing its products and services
- (4) Other operations related or attached to the insurance business

Specific personal information, that means personal information that includes the individual numbers, in particular, is to be used by the Company solely for purposes prescribed by laws. The Company may use specific personal information for the following purposes.

- (1) Administrative procedures related to preparation of payment records for insurance transactions
- (2) Administrative procedures related to tax exemption for asset formation insurance policies

3. Acquisition of personal information

The Company acquires personal information, within the scope necessary to attain the purposes listed above, using methods that are legal and proper.

4. Security measures for management of personal information

Fully recognizing that the Company acquires and uses customers’ healthcare records and individual numbers in undertaking the life insurance business, the Company implements appropriate security management measures to prevent leaks, losses or alterations of personal information it handles.

In addition, the Company properly supervises employees and outsourcing parties.

5. Provision of personal information to external parties

Except in cases where required by laws, the Company does not supply personal information to third parties without the prior consent of each individual.

In cases where two or more Group companies share the same personal information, this sharing is performed only after providing prior notice or public announcements of items required by laws.

In addition, the Company does not supply specific personal information to third parties except when required by laws.

6. Procedures for requesting disclosure of personal data

The Company responds in a sincere manner in cases where there are requests for the notification of the purpose of use or for the disclosure, correction or termination of use of personal data as prescribed by laws.

7. Points of contact for inquiries

Inquiries and requests regarding disclosure and other uses of personal data can be made to designated points of contact.

8. Continuous improvements

The Company constantly reviews and improves its management and handling methods for the protection of personal information in response to advances in information technology and shifts in social demands.

Handling of Antisocial Forces

Japan Post Insurance recognizes that the complete elimination of relationships with antisocial forces is an integral part of our corporate social responsibility and is essential in maintaining the trust of our customers and realizing sound management.

In the Japan Post Group Charter of Corporate Conduct, the Japan Post Group declares to “stand firmly against antisocial

forces and organizations that threaten the order and safety of civil society.” Based on this charter of corporate conduct and our Fundamental Policy for Establishment of Internal Control Systems, we have formulated a Basic Policy on Handling of Antisocial Forces to take appropriate actions against and eliminate and avoid any relationships with antisocial forces.

Rules for Handling of Antisocial Forces

Our Fundamental Policy for Establishment of Internal Control Systems requires the elimination of any relationships with antisocial forces that pose a threat to the order of society and sound corporate activities by routinely collaborating with the police and other outside experts and firmly rejecting their unjustified demands. Accordingly, we have created Rules for Handling of Antisocial Forces,

which define our framework for eliminating and avoiding relationships with antisocial forces and the basics for organizational actions, as well as Procedures for Handling of Antisocial Forces and an Antisocial Forces Manual to lay down specific processes to ensure proper business conduct. We require all employees to strictly observe these rules and procedures.

System for Handling of Antisocial Forces

We have established an appropriate system to eliminate relationships with antisocial forces, with the President, CEO at the top. Below the President, CEO, we appoint the Executive Officer responsible for the General Affairs Department of the Head Office as the Antisocial Forces Response Officer and assign the role of Antisocial Forces Response Manager to the Senior General Manager of the General Affairs Department of the Head Office, the Senior General Managers of the Regional Headquarters and the General Managers of the branches. The Compliance Committee and the Antisocial Forces Handling Council engage in across-the-board discussion on relevant matters.

As specific measures to eliminate any relationships with antisocial forces, we incorporated a clause against organized crime into our policy agreements in April 2012. Other efforts include checking all policies in force for any link with antisocial forces and incorporating a clause against organized crime into various other contracts. We also encourage persons in charge of countering unjustified demands to participate in the corresponding training seminar, work to reinforce our ties with the police, lawyers and other external organizations, and provide guidance through meetings, training programs and informational publications.

Japan Post Insurance Basic Policy on Handling of Antisocial Forces

1. Organizational response

In firm recognition of its social responsibility and to strengthen management based on compliance, Japan Post Insurance, as an organization in its entirety, will ensure that any relationships with antisocial forces are eliminated.

2. Complete elimination of relationships, including transactions

Japan Post Insurance will have no relationships whatsoever with antisocial forces, including transactions.

3. Legal measures and prohibition of secret negotiations

Japan Post Insurance will strongly refuse any unjustified demands by antisocial forces and will take legal measures, either via a civil court or a criminal court, or both. Japan Post Insurance will never negotiate in secrecy with antisocial forces, even if their unjustified demands are to conceal matters related to any misconduct of the Company's own activities or that of its staff.

4. Cooperation with outside experts

Japan Post Insurance will establish close relationships with outside experts in preparation for any unjustified demands by antisocial forces in order to ensure the safety of its staff against such demands.

5. Prohibiting financing for antisocial forces

Japan Post Insurance will never engage in financing for antisocial forces.

Risk Management Systems

Economic, demographic and other conditions surrounding the life insurance industry business environment are dramatically changing. Amid such circumstances, Japan Post Insurance needs to maintain sound business management now and into the future in order to manage precious funds entrusted to us from customers and ensure payment of the sum insured to secure their living in time of need. In this respect, appropriate risk management has become increasingly important.

In view of such conditions, we recognize effective risk management according to the various risk profiles of the life insurance business as one of management's highest priorities.

Our Basic Risk Management Policy stipulates fundamental matters that include our basic principle for risk management and risk management systems and techniques, and we implement risk management in accordance with this policy. As our basic principle, we undertake risk management from the perspective of avoiding unforeseen losses and striving for a balance between risk and earnings and making efficient use of capital while taking into consideration management strategies, business plans and the state of capital. Our risk management systems perform comprehensive risk management and risk management by risk category.

Outline of Risk Management Systems

In accordance with the Fundamental Policy for Establishment of Internal Control Systems defined by the Company's Board of Directors, we have established our Basic Risk Management Policy and have set up and regularly convene the Risk Management Committee headed by the Chief Risk Officer (CRO).

The Risk Management Committee deliberates on risk management policies and matters concerning the establishment and operation of risk management systems as well as on matters concerning the implementation of risk management. This committee also performs appropriate risk management by monitoring and analyzing the status of each risk and other related matters. The CRO submits and reports on important matters to the Executive Committee for discussion.

Also, the CRO controls the Company's risk management and builds, verifies and upgrades risk management systems in accordance with changes in risk management circumstances and the operating environment. The Risk Management Department is in charge of overall control of risk management and under the direction of the CRO executes affairs concerning building, verifying and upgrading risk management systems. At the same time, it regularly verifies the status of risk management by monitoring, analyzing and managing the state of risk management in sections

responsible for performing risk management in each risk category.

Each of the Executive Officers in charge of risk management sections that manage risk for respective risk categories operate and upgrade the systems for managing their respective assigned risks by ascertaining the presence, types and profile of risk as well as the risk management techniques and systems as prescribed by the Basic Risk Management Policy. While operating a mutual checks and balances system with departments of the Head Office and branches in charge of business execution, risk management sections appropriately fulfill their monitoring role and manage their assigned risks in accordance with risk management standards. Because investment risk and operational risk have multiple sub-categories, we have designated a section for handling comprehensive risk management in conjunction with the sections undertaking risk management in respective sub-categories.

In order to strengthen our risk management systems, the Internal Audit Department conducts internal audits and examines the appropriateness and effectiveness of our risk management systems.

In enforcing risk management, we collaborate with risk management sections of Japan Post Holdings.

Comprehensive Risk Management (Enterprise Risk Management (ERM))

In accordance with our risk taking strategies, we ascertain risk on an overall basis, which encompasses latent significant risks, for any risk we face and compare and contrast various risks with our capital and other areas in managing risk for our overall business.

Given that there are various techniques available to evaluate the corporate value of life insurance companies, we specifically selected the following two methods.

- Assessment based on economic values*
- Assessment based on current accounting standards

* Assessment based on economic values is carried out in a manner that is consistent with embedded value (EV) results. EV is a corporate value indicator for life insurance companies.

In working to firmly establish ERM, we are promoting the sophistication of our ERM system. By doing so, we aim to maintain financial soundness and improve capital efficiency (profitability), while at the same time attain stable profit and sustainable increases in our corporate value.

Implementation of Stress Tests

We implement periodic stress testing to ascertain the impact of an event that has a low but certain probability of occurring and could have a significant effect on the Company.

In establishing stress scenarios we undertake the following.

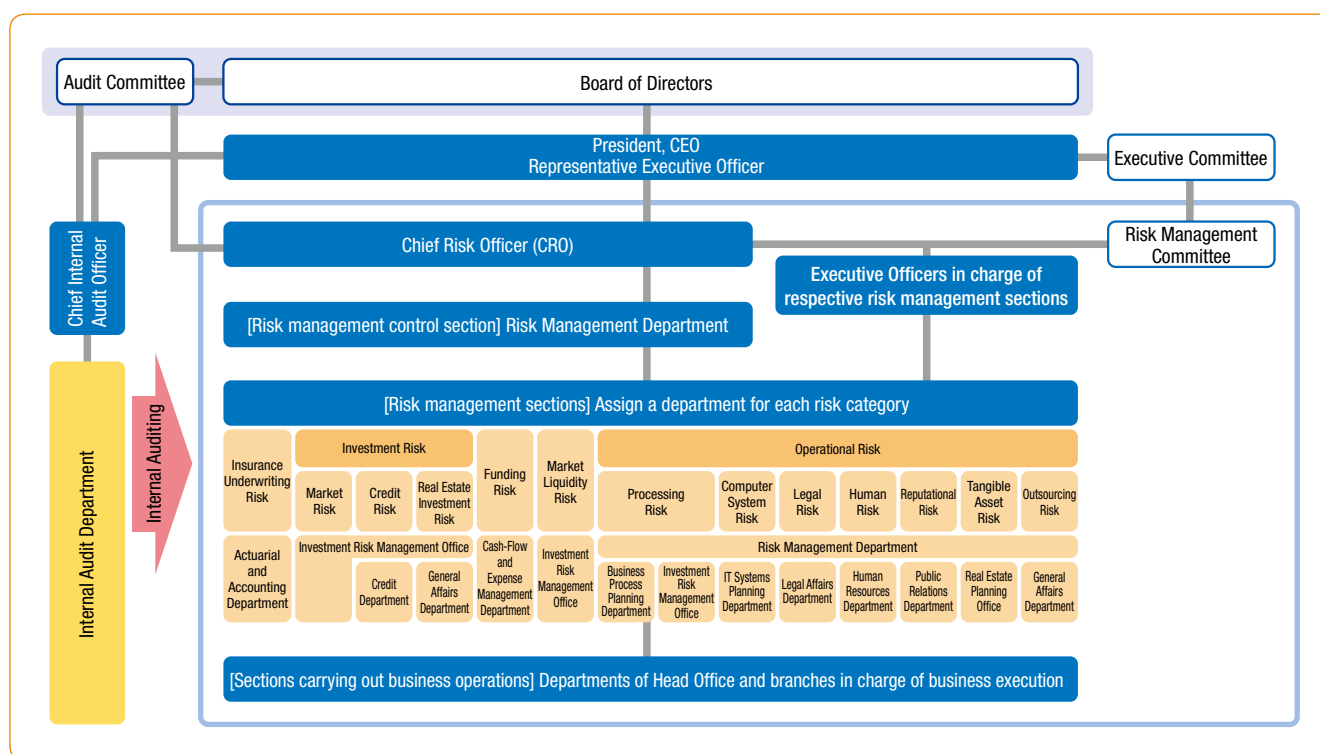
- We cover all risk categories that could have a significant impact on the Company taking into consideration the Company's risk profile status.
- Besides historical scenarios that have occurred in the past, we simulate forward-looking hypothetical scenarios that could occur in the future.

- We consider the impacts on the Company under a combined (comprehensive) stress scenario.

Specifically, we add sub-scenarios (financial market turmoil, etc.) into four main scenarios (occurrence of a major earthquake, widespread outbreak of a new strain of influenza, a rise in interest rates and a decline in interest rates).

The results of stress tests are periodically reported to the Risk Management Committee and the Executive Committee and are used in management judgements.

Risk Management System



Principal Risk Categories and Definitions

We classify and define types and details of managed risks into the following categories and have established a management

system and rules in accordance with each risk characteristic and are appropriately carrying out risk management.

Risk Category	Definition
Insurance Underwriting Risk	The risk of losses due to changes in economic conditions, incidence rates of insured events or other factors in contrary to the projections made at the time when premiums were set.
Investment Risk	The risk of losses arising from fluctuation in the value of assets or liabilities (including off-balance-sheet assets or liabilities).
Market Risk	The risk of losses arising from fluctuations in the value of assets or liabilities (including off-balance-sheet assets or liabilities) as well as the risk of losses arising from fluctuations in profits generated by assets and liabilities due to fluctuations in various market risk factors such as interest rates, foreign exchange and stock and other markets.
Credit Risk	The risk of losses arising when the value of assets (including off-balance-sheet assets) decrease or become worthless due to a deterioration in the financial condition of a borrower or counterparty.
Real Estate Investment Risk	The risk of losses due to a decline in profitability of real estate caused by factors such as the changes of rents, or due to a decrease in the value of real estate itself caused by factors such as changes in market conditions.
Funding Risk	The risk of losses due to being forced to carry out transactions at an extremely lower price than normal as a result of a deterioration in cash management caused by the factors such as a decrease of premium income following the decline of new business caused by factors such as worsening financial conditions, an increase in payments of termination refunds following a large amount of policy cancellations and cash outflows following a significant natural disaster.
Market Liquidity Risk	The risk of losses due to being forced to conduct transactions at extremely unfavorable prices than normal or being unable to conduct market transactions because of market turmoil.
Operational Risk	The risk of losses due to improper business processing, inappropriate behavior by executives and employees, improper computer system operations or external events.
Processing Risk	The risk of losses due to executives, employees and others neglecting to conduct proper operations, resulting in accidents or engaging in unlawful activities.
Computer System Risk	The risk of losses due to system failures or malfunction, system defects and unauthorized use of computers.
Legal Risk	The risk of losses in the form of payment of compensation (including settlements), surcharges or fines accompanying customer and other complaints, lawsuits or administrative actions caused by failing to fully comply with laws, government or ministerial ordinances, announcements, agreements, internal rules, procedures or manuals, etc.
Human Risk	The risk of losses due to unequal, unfair or discriminatory actions in terms of personnel management.
Reputational Risk	The risk of direct or indirect losses to the company or any other subsidiaries due to the spread of vague information such as rumors, speculations or reputation with regard to the company or any other subsidiaries, and the spread of misunderstandings, misperceptions or exaggerated interpretations associated with an accident or unlawful acts among policyholders or the mass media, etc.
Tangible Asset Risk	The risk of losses due to damage to tangible assets caused by disasters or other events.
Outsourcing Risk	The operational risk that may occur or increase when the company outsources its operation of insurance firms.

Efforts in Each Risk Category

Japan Post Insurance manages risk by designating sections to perform risk management in respective risk categories. The Risk Management Department, which is in charge of overall control of risk management, verifies the status of risk management in

respective sections based on their reports, while periodically reporting on relevant matters to the Risk Management Committee.

Risk management in each risk category is described in the sections below.

Insurance Underwriting Risk

Life insurance policies are contracts that provide long-term coverage to policyholders against the risk of death, illness or injury. Upon underwriting, we need to make accurate assessment and analysis of potential risks and appropriately reflect identified risks in corresponding premiums.

Accordingly, we undertake such activities as verifying our setting of premium rates and assessing and analyzing the occurrence of insured events.

The Actuarial and Accounting Department responsible for managing insurance underwriting risk conducts risk management

by measuring the amount of insurance underwriting risk, evaluating the profitability of each product sold and verifying the appropriateness of our underwriting standards from a medical perspective.

As required in managing insurance underwriting risk, we also reduce risk exposure by means of ceded reinsurance. We select reinsurers by evaluating the soundness of each on the basis of ratings provided by major rating agencies and other similar factors.

Investment Risk

To provide for anticipated payment of insurance claims and other benefits, we need to carefully manage funds entrusted to us from customers under life insurance policies.

Based on this perspective, in order to maintain sound management and offer a sense of assurance to customers, we have a basic investment policy to secure stable asset management by investing in yen-denominated interest-bearing assets, mainly Japanese government bonds, matched to the long-term and fixed interest rate characteristics of our liabilities. With a view to improve profitability, we also promote diversification of our asset portfolio to the extent allowed in managing investment risk.

The Investment Risk Management Office, Credit Department and General Affairs Department are assigned the task of managing investment risk. These sections monitor investment risk and enforce appropriate management under a checks and balances system with departments of the Head Office in charge of business execution. The Investment Risk Management Office provides comprehensive management of investment risk, working in collaboration with the Credit Department, General Affairs Department and Risk Management Department.

Funding Risk

Operation of the life insurance business involves making and receiving payments to and from customers and business partners as we pay insurance claims and other benefits and conduct fund management. Any trouble in settlement of these funds will not just cause inconvenience to the parties concerned but also lead to situations that preclude the continued operation of the business itself.

To avoid such situations and ensure smooth cash flows, we enforce rigid fund management by monitoring incoming and

outgoing cash flows, including receipt of premiums and payment of insurance claims, on a daily basis.

The Cash-Flow and Expense Management Department responsible for managing funding risk has defined categories corresponding to cash flow tightness and established risk management standards in each category. The section implements appropriate management of funding risk by performing management and verification in accordance with these standards.

Market Liquidity Risk

We may sell assets, in which we have made investment using funds entrusted to us from customers, and may incur losses when we are forced to conduct such transactions at extremely unfavorable prices than normal or are unable to execute such transactions at all because of market turmoil.

Accordingly, we make investments primarily in assets with high liquidity.

The Investment Risk Management Office in charge of managing market liquidity risk has established management standards to limit the purchase of assets with low liquidity. The section implements appropriate management of market liquidity risk by performing management and verification in accordance with these standards.

Operational Risk

We have designated sections to engage in risk management in each sub-category of operational risk and are enforcing appropriate management through risk monitoring. The Risk Management

Department works in collaboration with these sections and provides comprehensive management of operational risk.

1) Processing Risk

Errors in business processing will cause considerable inconvenience to customers and result in the loss of our credibility. Departments of the Head Office and branches in charge of execution of our business seek to prevent recurrence by examining and implementing measures to prevent the recurrence of processing risk that has become evident.

The Business Process Planning Department and Investment Risk Management Office responsible for managing processing risk work to prevent the recurrence of processing risk that has become evident through evaluation and verification of these preventive measures.

2) Computer System Risk

Currently, an extensive scope of our business processing relies on information systems, and major system failures will cause considerable inconvenience to customers and result in the loss of our credibility. We have formulated a manual to respond to a major system failure and set up a structure to take immediate action. For the overall information systems for Japan Post Insurance, our main system, we operate two main computer centers, one in eastern Japan and the other in western Japan, thereby establishing a structure for mutual data backups and to

respond to the risk resulting from a system failure.

As the section responsible for managing computer system risk, the IT Systems Planning Department strives to reduce computer system risk by verifying and supervising that the risk is appropriately managed by system administration personnel in departments that maintain information systems. Occurrence of a system failure prompts the section to survey effects on customers, identify causes and implement adequate countermeasures for prevention of recurrence.

3) Other Operational Risk Sub-Categories

Other sub-categories of operational risk are legal risk, human risk, reputational risk, tangible asset risk and outsourcing risk. For each sub-category, we designate a section responsible for

risk management, undertake relevant activities and implement initiatives for enhancing our risk management systems.

Customer Satisfaction

Japan Post Insurance recognizes that the “voices of our customers” serve as valuable feedback. We believe that reviewing our services daily based on customer input in order to increase our customers’ satisfaction is fundamental to improving our business.

In addition to developing and improving products and services,

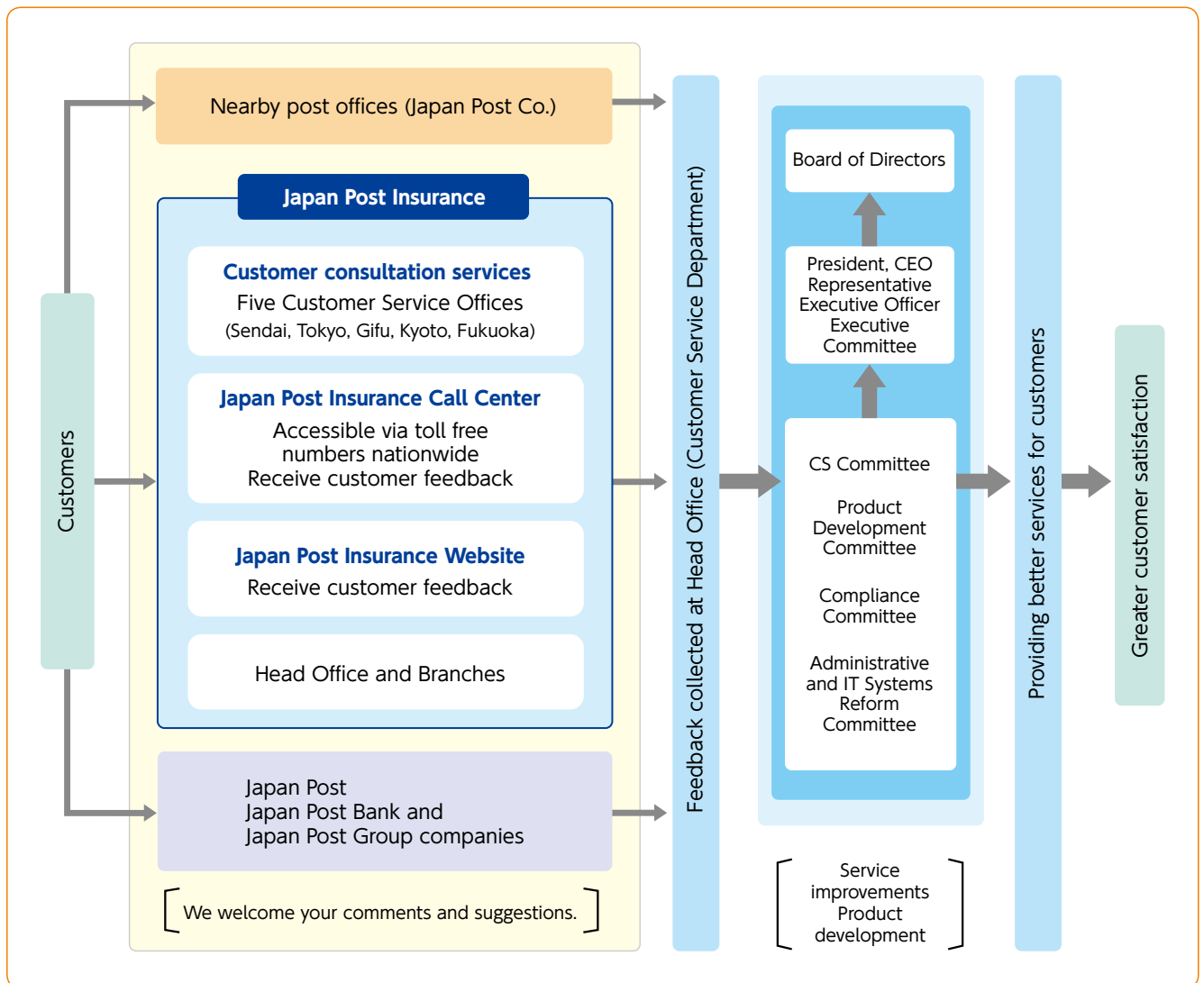
we utilize our customer feedback system to ensure sound and appropriate operations. Our Directors and Executive Officers as well as our employees give careful consideration to and act on the comments and suggestions received from customers.

Using Feedback from Each Customer to Increase Customer Satisfaction

Customer feedback is compiled and centrally managed by our Customer Service Department. We analyze the feedback, identify management issues and devise solutions to improve our services

and develop superior products. Through this process, we aim to provide services that bring satisfaction to our customers.

Product and Service Improvements Using Customer Feedback



Number and Content of Customer Feedback

The number of complaints received from customers during the period from April 1, 2014 to March 31, 2015 was as follows.

Items	April 2014 to March 2015	
	April 2014 to March 2015	%
Purchases of insurance policies	54,702	13.7
Payments of premiums, etc.	34,330	8.6
Procedures, dividends and other issues following the purchase of a policy	54,547	13.7
Payments of insurance benefits	192,416	48.2
Payment certificates	44,098	11.0
Other issues	19,009	4.8
Total	399,102	100.0

Note: Japan Post Insurance defines all expressions of customer dissatisfaction as "complaints."

Customer Satisfaction Survey

We conduct customer satisfaction surveys to seek feedback directly from customers enrolled in Japan Post Insurance coverage and utilize these customer inputs in providing better insurance services in the future.

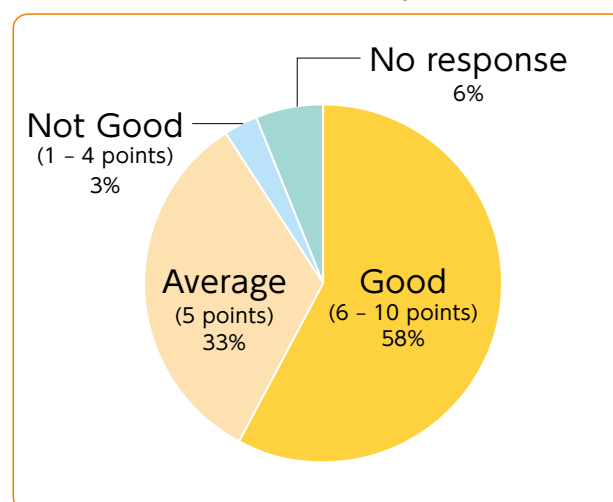
[Overview of Customer Satisfaction Survey Conducted in the Year Ended March 2015]

- Period of survey: November 2014
- Survey targets: Customers who purchased our products for the first time, and those who filed claims for maturity, death, hospitalization and other benefits
- Number of questionnaires sent: 30,000
- Number of questionnaires returned: 7,986

[Survey Results]

The general satisfaction level was rated "Good" (6 to 10 points on a 10-point scale) by approximately 60% of respondents. We will continue to undertake efforts to improve our customer service to receive higher points from more customers

Overall satisfactions levels for Japan Post Insurance



Compliments and Positive Comments

During the period from April 1, 2014 to March 31, 2015, we received a total of 20,896 compliments and positive comments from our customers. Compared with the fiscal year ended March 31, 2014, we received an increase of approximately 4,000 compliments and positive comments.

<Sample Voices of Our Customers>

- "At first, I thought insurance was too complicated, but the staff explained details in an easy-to-understand manner. I enrolled without feeling uncertain."
- "When I went to the counter to cancel my policy, the clerk suggested to me to use a loan to meet my financial needs rather than cancelling the policy and losing lifetime coverage. I followed the suggestion, and later I was hospitalized from January to March of this year and was able to receive hospitalization benefits. I would like you to convey my appreciation to that kind, thoughtful clerk."

Education and Training

With the aim of realizing sustainable increases in corporate value and continuous growth, in April 2013 Japan Post Insurance introduced the "Kampo Human Resources Development

Declaration," under which it declared that it would vigorously promote human resources development throughout the Company.

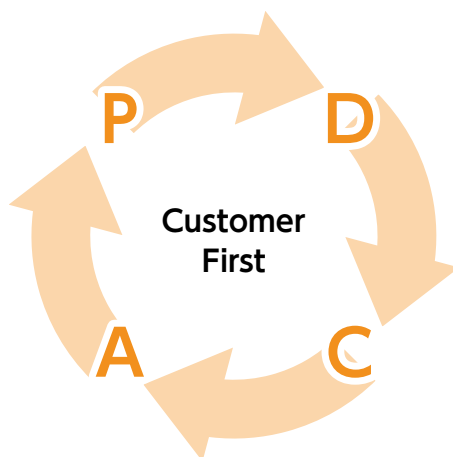
Aspired Image of Human Resources

As an "aspired image of human resources" that our employees should aim for, we will cultivate employees capable of rotating the plan, do, check, act (PDCA) cycle on their own and achieving

growth under the "four orientations" and the "Human Resources Development Basic Policies," with the "customer first" concept serving as a basis.

Four orientations

- Ownership
- Challenge oriented
- Speed oriented
- Frontline oriented



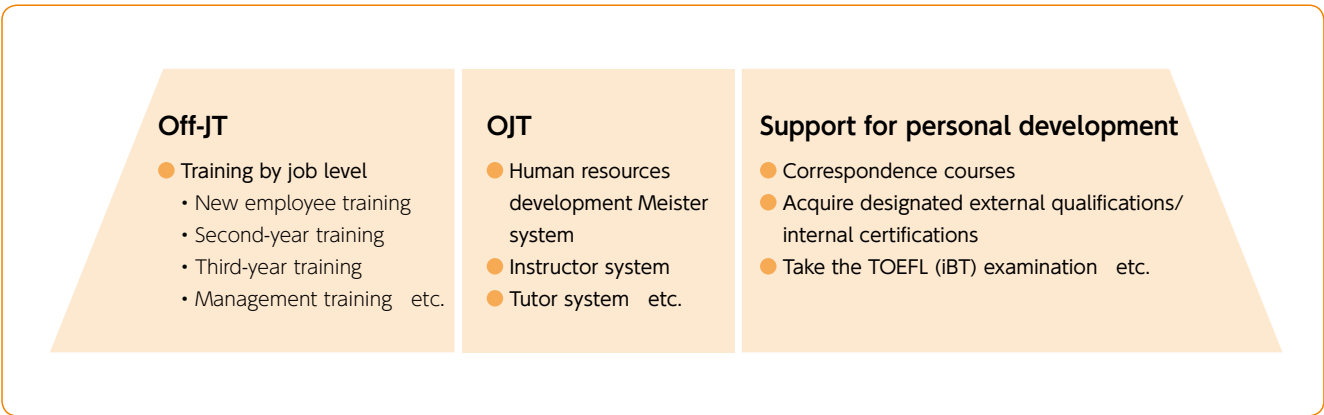
Human Resources Development Basic Policies

- We shall cultivate human resources who have a self-awareness of corporate social responsibility and who place the customer first.
- We shall cultivate human resources who have expert capabilities and a well-rounded character.
- We shall cultivate human resources who are imbued with a spirit of challenge for addressing new issues and who have the ability to get things done.

Human Resources Development System

Under the Kampo Human Resources Development Declaration, we place paramount importance on on-the-job training (OJT) in developing human resources and are implementing a system for human resources development spanning all job affiliations. We have positioned the idea of "a corporate culture that nurtures

people corresponds with an environment where OJT is actively undertaken" as the ultimate goal of our human resources development system and are building a system under which OJT and Off-JT are mutually coupled and personal development is further boosted.



Education for Sales Personnel and Agents

Japan Post Insurance states in its Solicitation Policy that it will make efforts to raise product knowledge and the consulting capabilities of all executives and employees. Accordingly, we are making efforts to raise consulting-based sales capabilities

in accordance with the life plan of each and every individual customer by providing training and education for sales personnel and agents.

<Sales Personnel>

Overview of Sales Personnel

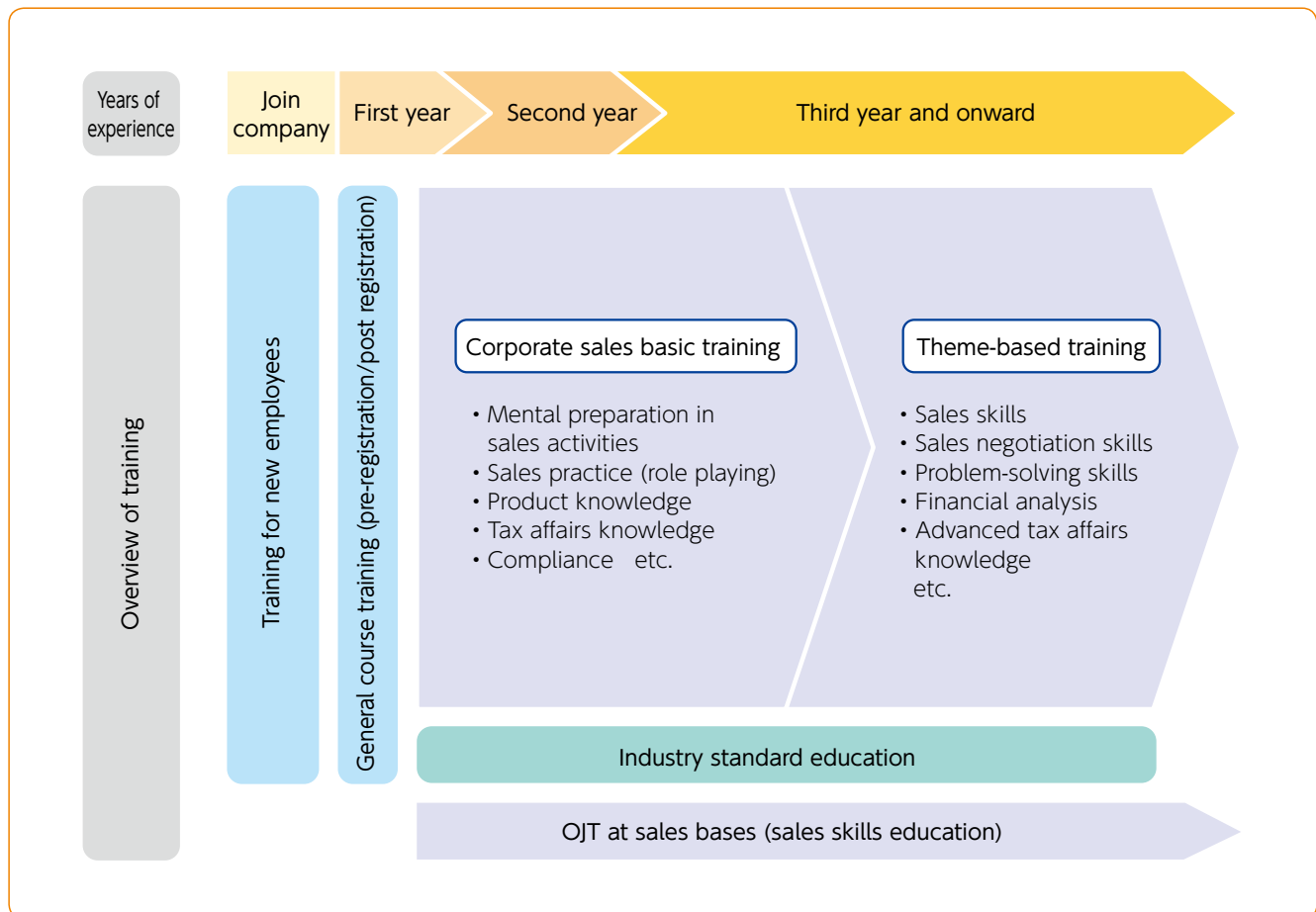
Sales personnel at directly-managed offices undertake insurance solicitations mainly targeting companies and company employees.

Overview of Training

Through Kampo Instruction College, an education and training program for Japan Post Insurance's sales personnel, we work to develop sales personnel possessing advanced knowledge and a sense of ethics to ensure that personnel accurately respond to the needs of corporate customers.

We have positioned the three years after new employees join the company as the period for basic training. During this time, through mass training and industry standardized education held

at the Head Office, sales personnel acquire the knowledge and skills needed for undertaking insurance solicitations utilizing consulting capabilities in the corporate markets. From the fourth year onward as well, we implement various types of training based on specific themes with the aim of developing human resources who can combine the abundant knowledge and skills essential for insurance solicitations that leverage high-quality consulting abilities.



<Insurance Solicitation Agents>

Overview of Insurance Solicitation Agents

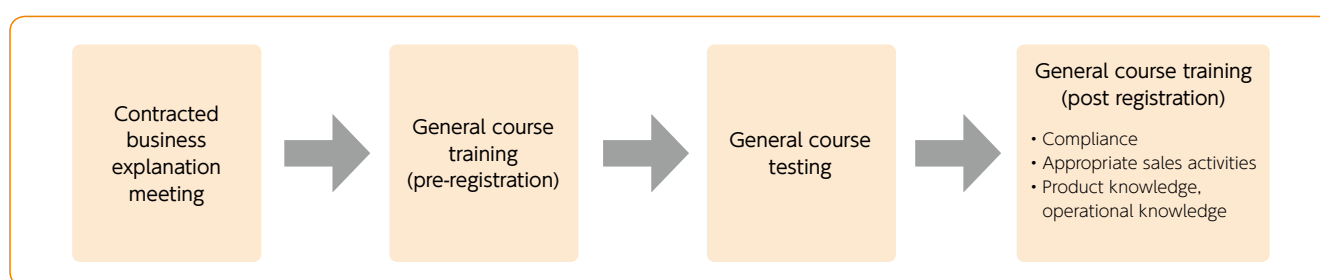
Japan Post Insurance concludes a life insurance sales and maintenance agreement with Japan Post and the operators of contracted post offices and carries out insurance soliciting

via the nationwide network of post offices, primarily targeting the individual market for households and small- and mid-sized companies.

Overview of Training

Employees of Japan Post Insurance provide persons involved in insurance solicitation with training aimed at ensuring thoroughgoing compliance, appropriate sales activities and enhanced operational knowledge.

Additionally, we provide support that includes dispatching our employees as instructors for training and other activities implemented by Japan Post.



Information Systems to Support Customers

System Development Efforts

Since the start of our operations in October 2007, Japan Post Insurance has been promoting system development in order to reform our administrative operations and IT systems for simply, promptly and accurately performing functions ranging from underwriting to claims payments and to provide better quality services to customers.

With particular emphasis on supporting consulting activities that promote mutual communication with customers and providing stable services, we fully leverage the network of post offices as a source of safety, reassurance, trust and convenience for customers. To help facilitate these efforts, we continually

strive to upgrade and expand the functions of our systems.

Also, in August 2014 we launched our upgraded customer consultation support system to ensure providing prompt and accurate responses to inquiries received from customers at Japan Post Insurance call centers.

In October 2014, we completed the installation of a Claim Payment Processing System (SATI) that leverages image workflow technologies. This system enables even faster and more accurate payment of insurance benefits and is making a contribution to a further customer service.



Initiatives for Next Core Systems Development

Currently, we are undertaking development of backbone systems, as existing systems will enter a renewal or upgrade cycle in January 2017. Our efforts are aimed at improving systems quality and development productivity as well as reducing system-related costs.

We will continue to promote the enhancement of our IT systems that support our efforts to improve customer service, which include implementing business processing that is easier to understand for customers and building a structure to offer meticulous customer support.

Disclosure Policy

Fundamental Policy

The Japan Post Group has stipulated in its Charter of Corporate Conduct to “fulfill our responsibility to explain our operations by conducting highly transparent business operations and disclosing information in a fair manner” to earn the trust of customers.

Standards for Information Disclosure

The Company shall comply with the Financial Instruments and Exchange Act of Japan, other applicable laws and regulations and the securities listing regulations stipulated by the Tokyo Stock Exchange and swiftly disclose important information about the Company and its subsidiaries.

Establishment of Internal Systems

The Company shall strive to establish and reinforce its internal systems to ensure appropriate information disclosure. The

Method of Disclosing Information

Disclosure as required based on the Financial Instruments and Exchange Act of Japan shall be made through the Electronic Disclosure for Investors’ NETWORK (“EDINET”), which is operated by the Financial Services Agency, and disclosure as required based on the securities listing regulations stipulated by the Tokyo Stock Exchange shall be made through the Timely Disclosure

Future Outlook

Information disclosed of the Company might include forward-looking statements. Such statements have been prepared in accordance with judgments made by the management based on the information available to the Company at the time of disclosure and on certain assumptions that the Company believes to be reasonable in making its predictions of the future,

To achieve this objective, Japan Post Insurance Co., Ltd. (the “Company”), shall disclose information in a fair and accurate manner to its customers, shareholders, investors and other stakeholders.

Moreover, the Company shall not only disclose information in accordance with the aforementioned laws and regulations and other relevant rules and regulations, but shall also strive to voluntarily disclose information that will contribute to the deepening of understanding of the Company and its subsidiaries.

Company has established the Disclosure Committee for discussions about information disclosure.

network (“TDnet”), which is operated by the said Exchange. In addition, disclosure as described above shall in principle also be made on the Company’s website.

Disclosure of information through methods other than the above shall be made through the Company’s website and other means.

thereby containing various risks, as well as some indeterminacy and uncertainty. Accordingly, actual figures and financial results may differ from the forward-looking statements included in the disclosed information depending on future business operation as well as changes in economic and other circumstances.

Initiatives Related to Corporate Social Responsibility (CSR)

Being engaged in the life insurance business, which entails a strong community role, Japan Post Insurance works to uphold its customers' trust and provide them with peace of mind by actively seeking ways to contribute to society. Our activities in this field

are centered on the three strategic pillars of "encouraging social and community contribution," "creating a people-friendly business environment" and "promoting environmental conservation activities."

Encouraging Social and Community Contribution

Among the initiatives to encourage social and community contribution, we have been assisting people in promoting their

health through such efforts as the Radio Exercise program, which has a history of 86 years.

Radio Exercise and Japan Post Insurance

The Postal Life Insurance Bureau of the Ministry of Communications created the Radio Exercise program in 1928 in an effort to maintain and improve people's health. The Ministry introduced the program in celebration of the enthronement ceremony of the Showa Emperor.

Japan Post Insurance, which was created as a result of the privatization of the original Japan Post, has assumed the role of promoting the exercise program, first undertaken by the Ministry of Communications and then by its successors, namely the Ministry of Posts and Telecommunications, Postal Service Agency and Japan Post prior to privatization. We have been working together with NHK (Japan Broadcasting Corporation) and the non-profit organization (NPO) Japan Radio-taiso Federation for its popularization and promotion.

Milestones

1928	Radio Exercise (then National Health Exercise) program began
May 1951	NHK started broadcasting the Radio Exercise No. 1 program on its Radio 1 channel
Around 1952	Distribution of Radio Exercise Attendance Cards started
July 1953	Radio Exercises Summer Tour commenced
Oct. 1962	Festival of 10 Million People's Radio Exercise launched
Sept. 1999	<i>Minna no Taiso</i> ("Exercise for Everyone") program began



Poster for the initial Radio Exercise program (1929)



2015 Radio Exercise Attendance Card

Popularization and Promotion of Radio Exercise Program through Various Events

Festival of 10 Million People's Radio Exercise and *Minna no Taiso* ("Exercise for Everyone")

As one of our major Radio Exercise events, we hold the Festival of 10 Million People's Radio Exercise and *Minna no Taiso* every summer, aiming to get 10 million people around the country to participate together in Radio Exercise and *Minna no Taiso*. This event is broadcast live nationwide over NHK's Radio 1 and on its General TV channel and is also broadcast through its international broadcasting service to overseas viewers.

In the fiscal year ended March 31, 2016, the 54th Festival of 10 Million People's Radio Exercise and *Minna no Taiso* ("Exercise for Everyone") was held on Sunday morning, August 2, 2015, at Ishikawa Kanazawa Stadium in Kanazawa city, Ishikawa prefecture.

The early start did not deter some 6,000 people from taking part. Radio Exercise fans from around the country were joined on the day by local elementary school students and their parents and teachers.



At the 54th Festival of 10 Million People's Radio Exercise and *Minna no Taiso* (on August 2, 2015, Kanazawa city, Ishikawa prefecture)



Radio Exercise and *Minna no Taiso* (“Exercise for Everyone”) Summer Tour and Special Tour

We conduct an annual Radio Exercise and *Minna no Taiso* Summer Tour during the 43-day school summer vacation period from July 20 to August 31, visiting 43 venues around Japan (including one venue for the Festival of 10 Million People’s Radio Exercise and *Minna no Taiso*).

We get great turnouts for every one of these events, as the program has become a tradition during the school summer vacation period in Japan.

In addition, we run a Radio Exercise and *Minna no Taiso* Special Tour every year from April to the end of October (excluding the summer tour period), stopping at about 10 venues across the country mainly on Sundays or public holidays.

These events are broadcast nationwide on NHK’s Radio 1.

Note: Details of the schedule and venues for the Radio Exercise and *Minna no Taiso* Summer Tours and Special Tours in the fiscal year ending March 31, 2016 are available on our website (<http://www.jp-life.japanpost.jp/> (written in Japanese)). We hope to see you all there.



Radio Exercise and *Minna no Taiso* Special Tour event (on October 5, 2014, Oshamambe, Hokkaido)



Radio Exercise and *Minna no Taiso* Summer Tour event (on August 28, 2014, Kuki city, Saitama prefecture)

Holding the All-Japan Elementary School Radio Exercise Competition

With the aims of increasing opportunities for numerous elementary school children to energetically participate in Radio Exercises and to contribute to the enhancement of their health, we hold the All-Japan Elementary School Radio Exercise Competition for elementary school children across Japan.

For this competition, participants submit videos demonstrating their “daily efforts toward radio exercise” and “Radio Exercise No. 1 scene.” Judging is based on whether children are enthusiastically and happily participating in Radio Exercise throughout the entire program and whether they are correctly performing radio exercise with uniform motions. The winning teams are then decided and announced.

More than 5,500 children representing over 400 teams from elementary schools across Japan participated in the first competition that was held in the fiscal year ended March 31, 2015. At those schools winning the Gold, Silver and Bronze awards, we held award ceremonies and Radio Exercise sessions led by NHK TV and Radio Exercise program instructors.



Gold award winning school in the first contest (Shiraishi Public Elementary School, Yamaguchi city, Yamaguchi prefecture)



Award ceremony and Radio Exercise session at the elementary school

Radio Exercise Sessions at Elementary Schools

With the aim of fostering the sound growth of children through the Radio Exercise program and popularizing and promoting the program further, we dispatch NHK TV and Radio Exercise program instructors and assistants to provide Radio Exercise sessions at elementary schools.

During the fiscal year ended March 31, 2015, we held Radio Exercise sessions at 18 elementary schools across the country. Children from each school discovered the joy of physical exercise and using their muscles while having a fun time.



Radio Exercise session (on September 8, 2014 at Isshiki Public Elementary School, Hayama-cho, Kanagawa prefecture)

Radio Exercise ☆ Delivery of One-Point Lessons

Our Radio Exercise ☆ Delivery of One-Point Lessons is a workplace exercise session “delivered” to companies and other organizations, in which Radio Exercise instructors and assistants teaching the audience key points of body movements and their effects are included in the exercise program.

During the fiscal year ended March 31, 2015, we held sessions

at 17 companies. Participants were surprised that the seemingly easy program was indeed hard and expressed their desire to spread the excellence of the program within their respective companies. Through this service, we are helping people build and improve their health.



Kikkoman Corporation



Recruit Career Co., Ltd.

Hosting a Public Talk on People's Health 2015

During the fiscal year ended March 31, 2015, we held the “Japan Post Insurance Public Talk on People's Health 2015” in Chiyoda-ku, Tokyo, on Sunday, March 15, 2015. Under the theme of “Methods for Preventing Lifestyle-Related Diseases,” Tokyo Teishin Hospital Director Yasunobu Hirata gave a lecture on the importance of daily exercise.

The event also hosted a mini talk on stage on the promotion of physical and mental health, in which Reiko Shiota, formerly a member of the Japan national badminton team, provided a fun talk on how to manage physical and mental conditions as an athlete.



Public Talk on People's Health

Marathons Presented by Japan Post Insurance

In the fiscal year ended March 31, 2015, we provided special sponsorship in the Second Nissan Stadium: Five-Hour Endurance Relay Marathon ~improvised and registered team~ (June 7), Second Weekday Marathon in *Kodomonokuni* (November 25) and the 2015 *Kodomonokuni* Relay Marathon ~Mid-Winter Challenge 42.195~ (January 31), all of which were held in Yokohama City.

Prior to the start of each of these marathons, we held Radio Exercise one-point lessons as part of our initiatives to support the health of everyone.



Second Nissan Stadium: Five-Hour Endurance Relay Marathon

Local Community Contribution Activities by Business and Service Bases

Employees of our business and service bases nationwide volunteer for local community activities such as local cleanup projects and blood donation drives.

[Examples of Our Activities]

Business and Service Bases' Neighborhood Cleanup Projects

As a voluntary initiative, our business and service bases regularly conduct activities to clean up their respective neighborhoods. These bases also participated in "Clean Up the City" events, working with fellow residents to beautify their neighborhoods. In the year ended March 31, 2015, employees from 68 bases conducted cleanup activities 137 times in total.



Cleanup activities (Fukuoka Service Center)

Cooperation for Blood Donation Drives

During the year ended March 31, 2015, a total of 62 business and service bases cooperated in blood donation drives.

Participation in Volunteer Walks

In the year ended March 31, 2015, employees and their families from 12 business and service bases took part in "Ashinaga P-Walks" in aid of orphaned children.



Cleanup activities (Kagoshima Branch)

Volunteering in Recycling Activities

In the year ended March 31, 2015, PET bottle caps, used postage stamps and other similar items were collected at 66 business and service bases and donated to social welfare councils and other relevant organizations.



Cleanup activities (Head Office)

Creating a People-Friendly Business Environment

Kampo Healthy Café

Following the fiscal year ended March 31, 2014, we again held a Healthy Café recipe contest jointly with COOKPAD, a Japanese recipe website, based on the theme of promoting sound health through food. The award-winning recipes were on the food menu at the Kampo Healthy Café, which opened for a limited period at Shibuya Cafe Manduka (November 13 to 17), in Tokyo, and Abeno Jambuka (November 20 to 24), in Osaka.

From the opening days, these restaurants bustled with numerous visitors, and the event ended on a highly successful note.



Kampo Healthy Café

Promoting Environmental Conservation Activities

Energy Saving Efforts

As one countermeasure against global warming, we work to reduce carbon dioxide (CO₂) emissions through energy saving efforts at facilities owned by Japan Post Insurance. According to the results of an energy saving diagnosis and other surveys, we constantly renovate facilities and equipment and improve their operations to achieve greater energy savings.

With the aim of facilitating basic energy saving activities company-wide, we have developed a guidebook compiling specific examples of energy saving actions. Every employee takes part in energy saving efforts based on this guidebook to reduce CO₂ emissions and the use of copying paper.

Contributions to Environmental Preservation through Providing Online Versions of the Contract Guidelines and Policy Conditions

On October 2, 2014, we began offering online contract guidelines and policy conditions.

Previously, we provided contract guidelines and policy conditions to all customers in a paper booklet format. By selecting "web viewing," policyholders now have the option of confirming their contract guidelines and policy conditions in a PDF format via the Japan Post Insurance homepage rather than by receiving a paper brochure.

Online contract guidelines and policy conditions will mean no need for the conventional brochures, thereby enabling reduction in the amount of paper used. In July 2015, we donated a total of ¥9.3 million to 13 environmental groups in total that are active in growing forests based on the number of customers who made use of the online contract guidelines and policy conditions in the six-month period from October 2014 to March 2015.

Japan Post Forest Program

The Japan Post Group has operated its Japan Post Forest program since the fiscal year ended March 31, 2009. Under this program, in collaboration with NPOs, local governments and similar organizations, the Japan Post Group allows its nationwide network of post offices to serve as a base for a wide range of activities, from reforestation to environmental education, for nurturing sustainable forests.

As part of the Japan Post Forest program, in cooperation with the NPO *Donguri-no-Kai*, the Group has designated an area in Kimitsu city, Chiba prefecture, as the Japan Post Forest (*Kururi Donguri-no-Mori*) for its volunteer reforestation and forest-care activities (for hardwood trees).



Activities at the Japan Post Forest (*Kururi Donguri-no-Mori*) (Kimitsu city, Chiba prefecture)

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Notes: (1) Figures (except for %) shown in this Annual Report have been truncated, with exceptions as indicated.
 (2) [-] indicates "not applicable," and [0] indicates less than one unit.

Consolidated Balance Sheets

March 31, 2015 and 2014

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2015	2014	2015
ASSETS:			
Cash and deposits (Notes 3 and 24)	¥ 2,213,786	¥ 1,670,837	\$ 18,422
Call loans	445,428	230,025	3,707
Receivables under securities borrowing transactions (Note 24)	2,720,856	2,822,188	22,642
Monetary claims bought (Note 24)	449,068	107,448	3,737
Money held in trust (Notes 4 and 24)	1,434,943	581,627	11,941
Securities (Notes 4, 5 and 24)	66,276,260	69,377,991	551,521
Loans (Notes 6 and 24)	9,977,345	11,020,585	83,027
Tangible fixed assets (Note 7):			
Land	68,350	40,726	569
Buildings	34,237	33,353	285
Leased assets	2,009	1,507	17
Construction in progress	9,759	1,648	81
Other tangible fixed assets	17,433	12,218	145
Total tangible fixed assets	131,790	89,453	1,097
Intangible fixed assets:			
Software	155,045	124,130	1,290
Leased assets	5	12	0
Other intangible fixed assets	16	18	0
Total intangible fixed assets	155,067	124,161	1,290
Agency accounts receivable	95,023	102,651	791
Reinsurance receivables	630	234	5
Other assets	468,700	374,099	3,900
Deferred tax assets (Note 15)	547,053	592,532	4,552
Reserve for possible loan losses	(943)	(1,036)	(8)
Total assets	¥ 84,915,012	¥ 87,092,800	\$ 706,624

See accompanying notes to consolidated financial statements.

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2015	2014	2015
LIABILITIES:			
Policy reserves and others			
Reserve for outstanding claims (Note 8)	¥ 718,156	¥ 831,690	\$ 5,976
Policy reserves (Notes 8 and 13)	75,112,601	77,745,490	625,053
Reserve for policyholder dividends (Note 10)	2,074,919	2,222,759	17,267
Total policy reserves and others	77,905,677	80,799,941	648,296
Reinsurance payables	2,017	1,234	17
Other liabilities (Notes 5, 11, 14 and 24)	4,261,065	4,080,744	35,459
Reserve for possible claim payments	—	1,881	—
Liability for retirement benefits (Note 12)	58,356	56,627	486
Reserve for price fluctuations (Note 13)	712,167	614,233	5,926
Total liabilities	¥ 82,939,284	¥ 85,554,663	\$ 690,183
NET ASSETS (Note 16):			
Capital stock	¥ 500,000	¥ 500,000	\$ 4,161
Capital surplus	500,044	500,044	4,161
Retained earnings	411,992	351,010	3,428
Total shareholders' equity	1,412,036	1,351,054	11,750
Net unrealized gains (losses) on available-for-sale securities	558,033	184,774	4,644
Net deferred gains (losses) on hedges	22	11	0
Accumulated adjustments for retirement benefits	5,635	2,296	47
Total accumulated other comprehensive income	563,691	187,082	4,691
Total net assets	¥ 1,975,727	¥ 1,538,136	\$ 16,441
Total liabilities and net assets	¥ 84,915,012	¥ 87,092,800	\$ 706,624

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

Years ended March 31, 2015 and 2014

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2015	2014	2015
ORDINARY INCOME:			
Insurance premiums and others (Note 19)	¥ 5,956,716	¥ 5,911,643	\$ 49,569
Investment income:			
Interest and dividend income	1,365,796	1,458,190	11,366
Gains on money held in trust	32,762	9,736	273
Gains on sales of securities	61,908	71,074	515
Gains on redemption of securities	36	54	0
Gains on foreign exchanges	12	1,452	0
Reversal of reserve for possible loan losses	14	—	0
Other investment income	215	107	2
Total investment income	1,460,745	1,540,615	12,156
Other ordinary income:			
Reversal of reserve for outstanding claims (Note 18)	113,534	115,432	945
Reversal of policy reserves (Note 18)	2,632,889	3,656,490	21,910
Other ordinary income	5,354	9,931	45
Total other ordinary income	2,751,779	3,781,854	22,899
Total ordinary income	10,169,241	11,234,114	84,624
ORDINARY EXPENSES:			
Insurance claims and others:			
Insurance claims (Note 20)	8,253,973	9,511,326	68,686
Annuity payments	304,096	256,746	2,531
Benefits	41,538	33,941	346
Surrender benefits	291,290	220,263	2,424
Other refunds	162,462	135,968	1,352
Reinsurance premiums	6,188	2,631	51
Total insurance claims and other	9,059,549	10,160,877	75,389
Provision for interest on policyholder dividends	1,497	4,627	12
Investment expenses:			
Interest expenses	4,298	4,963	36
Losses on sales of securities	4,963	10,205	41
Losses on redemption of securities	44	62	0
Losses on derivative financial instruments	773	2,161	6
Provision for reserve for possible loan losses	—	8	—
Other investment expenses	915	721	8
Total investment expenses	10,994	18,122	91
Operating expenses (Note 17)	513,159	513,999	4,270
Other ordinary expenses	91,415	73,738	761
Total ordinary expenses	9,676,616	10,771,365	80,524
Ordinary profit	492,625	462,748	4,099

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2015	2014	2015
EXTRAORDINARY GAINS	–	–	–
EXTRAORDINARY LOSSES (Note 21)	99,366	100,030	827
Provision for reserve for policyholder dividends (Note 22)	200,722	242,146	1,670
Income before income taxes	192,536	120,571	1,602
Income taxes (Note 15):			
Current	208,365	200,724	1,734
Deferred	(97,152)	(142,955)	(808)
Total income taxes	111,213	57,769	925
Net income	¥ 81,323	¥ 62,802	\$ 677

	Yen		U.S. Dollars
	2015	2014	2015
Per share of common stock (Note 29):			
Basic net income	¥ 135.54	¥ 104.67	\$ 1.13
Diluted net income	–	–	–

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Years ended March 31, 2015 and 2014

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2015	2014	2015
Net income	¥ 81,323	¥ 62,802	\$ 677
Other comprehensive income (Note 23)			
Net unrealized gains (losses) on available-for-sale securities	373,258	28,996	3,106
Net deferred gains (losses) on hedges	11	11	0
Adjustments for retirement benefits	3,339	–	28
Total other comprehensive income	376,609	29,007	3,134
Comprehensive income	¥ 457,932	¥ 91,810	\$ 3,811
Total comprehensive income attributable to:			
Japan Post Insurance	¥ 457,932	¥ 91,810	\$ 3,811

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2015 and 2014

	Millions of Yen			
	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
BALANCE, APRIL 1, 2013	¥ 500,000	¥ 500,044	¥ 310,958	¥ 1,311,002
Changes in the fiscal year:				
Cash dividends			(22,750)	(22,750)
Net income			62,802	62,802
Net changes in items other than shareholders' equity in the fiscal year				
Net changes in the fiscal year	—	—	40,052	40,052
BALANCE, MARCH 31, 2014	500,000	500,044	351,010	1,351,054
Cumulative effects of changes in accounting policies			(3,533)	(3,533)
RESTATED BALANCE, APRIL 1, 2014	500,000	500,044	347,477	1,347,521
Changes in the fiscal year:				
Cash dividends			(16,808)	(16,808)
Net income			81,323	81,323
Net changes in items other than shareholders' equity in the fiscal year				
Net changes in the fiscal year	—	—	64,514	64,514
BALANCE, MARCH 31, 2015	¥ 500,000	¥ 500,044	¥ 411,992	¥ 1,412,036

	Millions of Yen				
	Accumulated other comprehensive income				Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
BALANCE, APRIL 1, 2013	¥ 155,778	¥ —	¥ —	¥ 155,778	¥ 1,466,780
Changes in the fiscal year:					
Cash dividends					(22,750)
Net income					62,802
Net changes in items other than shareholders' equity in the fiscal year	28,996	11	2,296	31,303	31,303
Net changes in the fiscal year	28,996	11	2,296	31,303	71,355
BALANCE, MARCH 31, 2014	184,774	11	2,296	187,082	1,538,136
Cumulative effects of changes in accounting policies					(3,533)
RESTATED BALANCE, APRIL 1, 2014	184,774	11	2,296	187,082	1,534,603
Changes in the fiscal year:					
Cash dividends					(16,808)
Net income					81,323
Net changes in items other than shareholders' equity in the fiscal year	373,258	11	3,339	376,609	376,609
Net changes in the fiscal year	373,258	11	3,339	376,609	441,123
BALANCE, MARCH 31, 2015	¥ 558,033	¥ 22	¥ 5,635	¥ 563,691	¥ 1,975,727

	Millions of U.S. Dollars (Note 1)			
	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
BALANCE, MARCH 31, 2014	\$ 4,161	\$ 4,161	\$ 2,921	\$ 11,243
Cumulative effects of changes in accounting policies			(29)	(29)
RESTATED BALANCE, APRIL 1, 2014	4,161	4,161	2,892	11,213
Changes in the fiscal year:				
Cash dividends			(140)	(140)
Net income			677	677
Net changes in items other than shareholders' equity in the fiscal year				
Net changes in the fiscal year	–	–	537	537
BALANCE, MARCH 31, 2015	\$ 4,161	\$ 4,161	\$ 3,428	\$ 11,750

	Millions of U.S. Dollars (Note 1)				
	Accumulated other comprehensive income				Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
BALANCE, MARCH 31, 2014	\$ 1,538	\$ 0	\$ 19	\$ 1,557	\$ 12,800
Cumulative effects of changes in accounting policies					(29)
RESTATED BALANCE, APRIL 1, 2014	1,538	0	19	1,557	12,770
Changes in the fiscal year:					
Cash dividends					(140)
Net income					677
Net changes in items other than shareholders' equity in the fiscal year	3,106	0	28	3,134	3,134
Net changes in the fiscal year	3,106	0	28	3,134	3,671
BALANCE, MARCH 31, 2015	\$ 4,644	\$ 0	\$ 47	\$ 4,691	\$ 16,441

See accompanying notes to consolidated financial statements.

JAPAN POST INSURANCE Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

Years ended March 31, 2015 and 2014

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2015	2014	2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes	¥ 192,536	¥ 120,571	\$ 1,602
Depreciation and amortization	35,224	34,074	293
Net change in reserve for outstanding claims	(113,534)	(115,432)	(945)
Net change in policy reserves	(2,632,889)	(3,656,490)	(21,910)
Provision for interest on policyholder dividends	1,497	4,627	12
Provision for reserve for policyholder dividends	200,722	242,146	1,670
Net change in reserve for possible loan losses	(92)	(59)	(1)
Net change in reserve for possible claim payments	(1,881)	(5,122)	(16)
Net change in reserve for directors' retirement benefits	—	(173)	—
Net change in liability for retirement benefits	(3,375)	(2,193)	(28)
Net change in reserve for price fluctuations	97,934	91,360	815
Interest and dividend income (accrual basis)	(1,365,796)	(1,458,190)	(11,366)
Net (gains) losses on securities	(56,937)	(60,861)	(474)
Interest expenses (accrual basis)	4,298	4,963	36
Net (gains) losses on foreign exchanges	(12)	(1,452)	(0)
Net (gains) losses on tangible fixed assets	1,310	280	11
Net change in agency accounts receivable	7,628	31,259	63
Net change in reinsurance receivables	(396)	(234)	(3)
Net change in other assets (excluding those related to investing activities and financing activities)	(86,519)	(26,487)	(720)
Net change in reinsurance payables	782	1,043	7
Net change in other liabilities (excluding those related to investing activities and financing activities)	(8,926)	(11,090)	(74)
Other, net	(28,995)	2,263	(241)
Subtotal	(3,757,421)	(4,805,197)	(31,268)
Interest and dividend received (cash basis)	1,438,805	1,653,556	11,973
Interest paid (cash basis)	(4,311)	(4,911)	(36)
Policyholder dividends paid	(349,687)	(420,523)	(2,910)
Income taxes paid	(215,874)	(174,063)	(1,796)
Net cash used in operating activities	¥ (2,888,489)	¥ (3,751,139)	\$ (24,037)

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2015	2014	2015
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of call loans	¥ (33,053,228)	¥ (32,758,125)	\$ (275,054)
Proceeds from redemption of call loans	32,837,825	32,731,552	273,261
Net change in receivables under securities borrowing transactions	101,332	(490,901)	843
Purchases of monetary claims bought	(3,417,540)	(2,746,495)	(28,439)
Proceeds from sale and redemption of monetary claims bought	3,131,989	3,066,421	26,063
Purchases of money held in trust	(550,000)	(290,000)	(4,577)
Proceeds from sale of money held in trust	–	13,813	–
Purchases of securities	(3,849,529)	(6,587,951)	(32,034)
Proceeds from sale and redemption of securities	7,196,095	9,806,272	59,883
Payments for loans	(1,354,547)	(1,610,231)	(11,272)
Proceeds from collection of loans	2,397,748	3,273,164	19,953
Net change in payables under securities lending transactions	(44,684)	588,617	(372)
Other, net	144,115	(229,212)	1,199
Total of net cash provided by investment transactions	3,539,576	4,766,922	29,455
Total of net cash provided by operating activities and investment transactions	651,086	1,015,783	5,418
Purchases of tangible fixed assets	(28,399)	(6,052)	(236)
Purchases of intangible fixed assets	(56,722)	(39,808)	(472)
Other, net	(5,692)	(2,540)	(47)
Net cash provided by investing activities	3,448,761	4,718,522	28,699
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of lease obligations	(514)	(444)	(4)
Dividends paid	(16,808)	(22,750)	(140)
Net cash used in financing activities	(17,322)	(23,195)	(144)
Net change in cash and cash equivalents	542,949	944,187	4,518
Effect of exchange rate changes on cash and cash equivalents	–	–	–
Cash and cash equivalents at the beginning of the year	1,670,837	726,649	13,904
Cash and cash equivalents at the end of the year (Note 3)	¥ 2,213,786	¥ 1,670,837	\$ 18,422

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of JAPAN POST INSURANCE Co., Ltd. (the "Company"), have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations concerning preparation of consolidated financial statements, Ordinance for Enforcement of Insurance Business Act and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. Intercompany balances and transactions have been eliminated.

In preparing these consolidated financial statements, certain reclassifications have been made to the consolidated financial statements in order to present them in a form which is more familiar to readers outside Japan.

All Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen, except for per share information. Accordingly, the total of each account may not be equal to the combined total of individual items.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and mainly operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120.17 to U.S. \$1, the approximate rate of exchange as of March 31, 2015. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SIGNIFICANT ACCOUNTING POLICIES

(1) Consolidation and Equity Method

1) Scope of consolidation

Under Japanese GAAP, a company is required to consolidate any subsidiary when the company substantially controls the operations of the subsidiary, even if it is not majority-owned. Control is defined as the power to govern the decision-making body of an enterprise. The consolidated financial statements for all periods presented include the accounts of the Company and a subsidiary, JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd. (collectively, the "Group"). There are no non-consolidated subsidiaries and no affiliates.

2) Fiscal year-end date of the consolidated subsidiary

The fiscal year-end date of the consolidated subsidiary is the same as the consolidated balance sheet date.

(2) Securities

Securities including cash and deposits and monetary claims bought which are equivalent to securities, and securities invested in money held in trust, are recorded based on the following:

1) Held-to-maturity bonds

Held-to-maturity bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

2) Policy-reserve-matching bonds

In accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry" (Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 21), policy-reserve-matching bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

3) Available-for-sale securities

A) Available-for-sale securities, at fair value

Available-for-sale securities, at fair value are carried at their fiscal year-end market price, of which average market prices during the final month of the fiscal year is used to value stocks and stock mutual funds. Cost of securities sold is calculated using the moving-average method.

B) Available-for-sale securities for which fair values are deemed extremely difficult to determine

Government and corporate bonds (including foreign bonds) without market price whose premium or discount represents the interest adjustments are carried at amortized cost (the straight-line method) using the moving-average method. Other securities are carried at cost using the moving-average method.

Net unrealized gains (losses) on available-for-sale securities, net of income taxes, are included in net assets.

(3) Derivative Transactions

All derivative transactions are valued at fair value.

(4) Hedge Accounting

1) Methods for hedge accounting

The Group applies fair value hedge accounting for foreign currency exchange contracts to hedge foreign exchange fluctuation risk for a portion of its foreign-currency-denominated bonds, and the exceptional treatment and deferred hedge accounting for interest rate swaps to hedge variability in cash flows on a portion of loans in accordance with the "Accounting Standards for Financial Instruments" (Accounting Standard Board of Japan ("ASBJ") Statement No. 10). Exceptional method is used for interest rate swap contracts that are used as hedges and meet certain hedging criteria. Under this method, the net amount to be paid or received under the contract is added to or deducted from the interest on the loans for which the swap contract was executed.

2) Hedging instruments and hedged items

- (i) Hedging instrument: Foreign currency exchange contracts
Hedged item: Foreign-currency-denominated bonds
- (ii) Hedging instrument: Interest rate swaps
Hedged item: Loans

3) Hedging policies

Foreign currency exchange contracts are used to hedge fluctuations in foreign currency exchange rates of foreign-currency-denominated bonds within a predetermined range. Interest rate swap contracts are used to hedge fluctuations in interest rates of loans within a certain range.

4) Assessment of hedge effectiveness

Hedge effectiveness is assessed by comparing the aggregate changes in quotations or cash flows of hedged items and hedging instruments. The evaluation of hedge effectiveness is omitted in cases of foreign exchange contracts where there is a high correlation between hedged items and hedging instruments, or interest rate swap contracts which applied the exceptional treatment for interest rate swaps.

(5) Depreciation

1) Tangible fixed assets (excluding leased assets)

Depreciation of tangible fixed assets is computed using the straight-line method based on the following useful lives:

Buildings: 2-55 years

Other tangible fixed assets: 2-20 years

2) Intangible fixed assets (excluding leased assets)

The capitalized development costs of software intended for internal use are amortized over the expected useful life of mainly 5 years using the straight-line method.

3) Leased assets

The Group leases vehicles under finance lease arrangements that do not transfer the ownership of leased property to the lessee.

Finance lease transactions that do not transfer ownership are depreciated to a residual value of zero using the straight-line method over the lease term.

(6) Reserve for Possible Loan Losses

Reserve for possible loan losses is provided pursuant to the Company's standards for self-assessment of asset quality, and general allowance is provided using a rate based on historical collectability experience. In addition, specific allowances, which are determined based on individual collectability of accounts, are also recorded.

All loans and claims are assessed initially by the relevant departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the relevant departments, reviews these self-assessments. The above reserves and allowances are recorded based on the results of these assessments.

For loans and guaranteed loans that were extended to borrowers that have filed for bankruptcy including legal bankruptcy, civil rehabilitation, or considered substantially bankrupt, an allowance is provided for in the amount of loans, net of collateral value or the amounts expected to be recoverable under guarantees. Reserve for possible loan losses also includes amounts set aside for other assets subject to valuation allowance. The amounts written off for loans and other assets during the years ended March 31, 2015 and 2014 were ¥294 million (\$2 million) and ¥138 million, respectively.

(7) Policy Reserves

Policy reserves are reserves provided in accordance with

Article 116 of the Insurance Business Act. Insurance premium reserves are recorded based on the following methodology:

1) Reserves for contracts subject to the standard policy reserves are computed in accordance with the method prescribed by the Commissioner for Financial Services Agency (Ordinance No. 48 issued by the Ministry of Finance in 1996).

2) Reserves for other contracts are computed based on the net level premium method.

Pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, effective from the year ended March 31, 2011, additional policy reserves are accumulated, in preparation for future performance of obligations, over a 10-year period for a portion of reinsurance contracts from the Management Organization for Postal Savings and Postal Life Insurance (hereinafter referred to as the "Management Organization"), which is an independent administrative institution. As a result, the amounts of provision for policy reserves for the years ended March 31, 2015 and 2014 were ¥176,491 million (\$1,469 million) and ¥175,129 million, respectively.

The Management Organization was established in October 2007 for the purpose of supporting the privatization of Japan Post by succeeding from Japan Post postal savings such as fixed amount or term postal savings deposited by and Postal Life Insurance Contracts concluded by September 2007 to ensure that such postal savings and Postal Life Insurance are managed appropriately, and to fulfill the relevant liabilities without fail.

The Company has entered into reinsurance contracts comprising outsourcing agreements for the administrative operation of the Postal Life Insurance and reinsurance contracts for insurance liabilities based on former Postal Life Insurance Contracts, for Postal Life Insurance Contracts concluded by September 2007 that have been assumed by the Management Organization.

In addition, based on the master plan by the Postal Service Privatization Act, with respect to the amount equivalent to that lent to policyholders of the Postal Life Insurance Contracts and to Japanese local governments and others succeeded from Japan Post Corporation, the Company has lent loans to the Management Organization under the same loan conditions as those of the contracts between Japan Post and its counterparties.

(8) Reserve for Possible Claim Payments

Reserve for possible claim payments is provided for additional payments of possible claims based on historical experience as a result of further review of closed insurance claim cases in order to ensure that certain insurance claims that were available to the policyholders are paid.

(9) Retirement Benefits

In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit to respective service period.

Actuarial difference is amortized using the straight-line method over a period of 14 years, which is less than the estimated average remaining service period for employees

from the fiscal year following the respective fiscal year in which the difference is incurred.

Prior service cost is amortized using the straight-line method over a period of 14 years, which is less than the estimated average remaining service lives for employees in the fiscal year of incurrence.

The consolidated subsidiary adopts the simplified method in calculating its liability for retirement benefits and retirement benefit costs. Under the simplified method, the amount to be required for voluntary termination at the fiscal year-end is recorded as projected benefit obligation.

(Additional information)

Effective from April 1, 2015, the Company has revised its retirement allowance regulations and its lump-sum severance indemnity plan has been changed from a final salary formula to a point system. As a result, projected benefit obligation decreased and prior service cost of ¥5,174 million (\$43 million) was recognized for the year ended March 31, 2015.

(10) Reserve for Price Fluctuations

Reserve for price fluctuations in security investments is computed based on Article 115 of the Insurance Business Act.

(11) Translation of Assets and Liabilities Denominated in Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end.

(12) Consolidated Statement of Cash Flows

Cash and cash equivalents consists of "Cash and deposits" in the consolidated balance sheets.

(13) Consumption Taxes

All figures are net of consumption taxes.

(14) Consolidated Tax Payment System

The Group adopts the consolidated tax payment system, under which Japan Post Holdings Co., Ltd. is the parent company.

As the Company will cease to be a wholly-owned subsidiary of Japan Post Holdings Co., Ltd. due to the listing of the Company's stock on November 4, 2015, the Company is scheduled to withdraw from the said consolidated tax payment system.

(15) Changes in Accounting Policies

For the Year Ended March 31, 2015

Effective from the year ended March 31, 2015, with respect to the application of the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012; hereinafter referred to as the "Retirement Benefits Accounting Standard") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015; hereinafter referred to as the "Guidance on Retirement Benefits"), the Company has adopted provisions stated in the main clause of Paragraph 35 of the Retirement Benefits Accounting Standard and the main clause of Paragraph 67 of the Guidance on Retirement Benefits. Accordingly, the Company has revised the calculation methods for retirement benefit obligations and service cost and changed the method of attributing expected benefit to each fiscal year from the straight-line basis to the benefit formula basis. In addition, the method for determining

the discount rate has been changed from the method using a discount rate based on the number of years which approximates the estimated average remaining service lives for employees to the method using a single-weighted average discount rate which reflects the estimated payment periods of retirement benefits and the amounts in the respective estimated payment periods.

In accordance with the transitional application provided for in Paragraph 37 of the Retirement Benefits Accounting Standard, the effects of changes of the calculation methods for retirement benefit obligations and service cost are recognized in retained earnings at the beginning of the year ended March 31, 2015.

As a result, liability for retirement benefits increased by ¥5,104 million (\$42 million) and retained earnings decreased by ¥3,533 million (\$29 million) at the beginning of the year ended March 31, 2015.

The effect of these changes on ordinary profit and income before income taxes for the year ended March 31, 2015 was immaterial.

In addition, the effects of this change on per share data are described in Note 29 "PER SHARE DATA."

For the Year Ended March 31, 2014

Effective from the end of the year ended March 31, 2014, the Company has adopted the Retirement Benefits Accounting Standard and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012) excluding provisions stated in the main clause of Paragraph 35 of the Retirement Benefits Accounting Standard and the main clause of Paragraph 67 of the Guidance on Retirement Benefits, whereby the retirement benefit obligations including unrecognized actuarial differences is recorded as a liability for retirement benefits.

Since the Retirement Benefits Accounting Standard and Guidance on Accounting Standard for Retirement Benefits are being applied transitionally as provided for in Paragraph 37 of the Retirement Benefits Accounting Standard, the effects of such changes are recognized as accumulated adjustments for retirement benefits in accumulated other comprehensive income.

As a result, liability for retirement benefits of ¥56,627 million was recognized at the end of the year ended March 31, 2014. In addition, accumulated other comprehensive income increased by ¥2,296 million.

The effects of this change on per share data are described in Note 29 "PER SHARE DATA."

3. RECONCILIATIONS OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of March 31, 2015 and 2014 and cash and deposits in the consolidated balance sheets as of March 31, 2015 and 2014 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Cash and deposits	¥ 2,213,786	¥ 1,670,837	\$ 18,422
Cash and cash equivalents at the end of the year	¥ 2,213,786	¥ 1,670,837	\$ 18,422

4. SECURITIES

(1) Securities

Securities as of March 31, 2015 and 2014 consisted of the following:

March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Japanese government bonds	¥ 48,086,445	¥ 52,522,914	\$ 400,153
Japanese local government bonds	9,555,857	9,173,780	79,519
Japanese corporate bonds	6,652,464	6,441,832	55,359
Foreign bonds	1,961,492	1,099,464	16,323
Other	20,000	140,000	166
Total	¥ 66,276,260	¥ 69,377,991	\$ 551,521

Securities lent under lending agreements in the amount of ¥3,211,916 million (\$26,728 million) and ¥3,380,035 million were included in "Securities" in the consolidated balance sheets as of March 31, 2015 and 2014, respectively.

The Group has the right to sell or pledge securities borrowed under borrowing agreements. The fair value of such securities held in hand were ¥2,701,601 million (\$22,481 million) and ¥2,816,810 million as of March 31, 2015 and 2014, respectively.

(2) Policy-Reserve-Matching Bonds

The consolidated balance sheet amount and fair value of policy-reserve-matching bonds as of March 31, 2015 and 2014 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Consolidated balance sheet amount	¥ 15,493,208	¥ 17,953,667	\$ 128,927
Fair value	16,668,447	19,052,820	138,707

The outline of the risk management policy of policy-reserve-matching bonds is as follows:

The Company categorizes its insurance products into sub-groups below based on the attributes of each product in order to manage risks arising from fluctuations in interest rates of assets and liabilities, and adopts the management policy where the duration gap between policy-reserve-matching bonds and policy reserves by sub-groups are reconciled within a certain range and the duration gap is periodically checked.

- Postal Life Insurance Contracts
- Japan Post Insurance life insurance contracts (general)
- Japan Post Insurance life insurance contracts (lump-sum payment annuity)

(3) Fair Value Information on Securities and Policy-Reserve-Matching Bonds

1) Held-to-maturity bonds

(Millions of yen)

March 31	2015				
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Bonds	¥ 43,597,559	¥ 48,130,781	¥ 4,533,222	¥ 4,533,761	¥ (539)
Japanese government bonds	32,497,522	36,429,888	3,932,365	3,932,365	–
Japanese local government bonds	8,075,403	8,518,604	443,201	443,725	(523)
Japanese corporate bonds	3,024,633	3,182,288	157,655	157,670	(15)
Foreign securities	98,000	101,894	3,894	3,894	–
Other	–	–	–	–	–
Total	¥ 43,695,559	¥ 48,232,675	¥ 4,537,116	¥ 4,537,655	¥ (539)

(Millions of yen)

March 31	2014				
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Bonds	¥ 45,159,324	¥ 48,325,308	¥ 3,165,984	¥ 3,170,326	¥ (4,342)
Japanese government bonds	34,573,221	37,224,568	2,651,347	2,654,574	(3,226)
Japanese local government bonds	7,649,137	8,025,714	376,576	377,476	(899)
Japanese corporate bonds	2,936,965	3,075,025	138,060	138,276	(216)
Foreign securities	98,000	101,781	3,781	3,781	–
Other	–	–	–	–	–
Total	¥ 45,257,324	¥ 48,427,090	¥ 3,169,765	¥ 3,174,107	¥ (4,342)

(Millions of U.S. Dollars)

March 31	2015				
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Bonds	\$ 362,799	\$ 400,522	\$ 37,723	\$ 37,728	\$ (4)
Japanese government bonds	270,430	303,153	32,723	32,723	–
Japanese local government bonds	67,200	70,888	3,688	3,692	(4)
Japanese corporate bonds	25,170	26,482	1,312	1,312	(0)
Foreign securities	816	848	32	32	–
Other	–	–	–	–	–
Total	\$ 363,615	\$ 401,370	\$ 37,756	\$ 37,760	\$ (4)

2) Policy-reserve-matching bonds

(Millions of yen)

March 31	2015				
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Bonds	¥ 15,493,208	¥ 16,668,447	¥ 1,175,238	¥ 1,175,453	¥ (214)
Japanese government bonds	14,660,267	15,804,449	1,144,181	1,144,212	(31)
Japanese local government bonds	699,889	724,154	24,264	24,444	(179)
Japanese corporate bonds	133,050	139,843	6,792	6,797	(4)
Foreign securities	–	–	–	–	–
Other	–	–	–	–	–
Total	¥ 15,493,208	¥ 16,668,447	¥ 1,175,238	¥ 1,175,453	¥ (214)

(Millions of yen)

March 31	2014				
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Bonds	¥ 17,953,667	¥ 19,052,820	¥ 1,099,152	¥ 1,100,453	¥ (1,300)
Japanese government bonds	17,016,812	18,093,716	1,076,904	1,077,940	(1,036)
Japanese local government bonds	752,737	770,927	18,189	18,431	(241)
Japanese corporate bonds	184,117	188,175	4,058	4,081	(23)
Foreign securities	—	—	—	—	—
Other	—	—	—	—	—
Total	¥ 17,953,667	¥ 19,052,820	¥ 1,099,152	¥ 1,100,453	¥ (1,300)

(Millions of U.S. Dollars)

March 31	2015				
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Bonds	\$ 128,927	\$ 138,707	\$ 9,780	\$ 9,782	\$ (2)
Japanese government bonds	121,996	131,517	9,521	9,522	(0)
Japanese local government bonds	5,824	6,026	202	203	(1)
Japanese corporate bonds	1,107	1,164	57	57	(0)
Foreign securities	—	—	—	—	—
Other	—	—	—	—	—
Total	\$ 128,927	\$ 138,707	\$ 9,780	\$ 9,782	\$ (2)

3) Available-for-sale securities

(Millions of yen)

March 31	2015				
	Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	5,203,999	5,105,394	98,605	99,163	(558)
Japanese government bonds	928,655	927,484	1,170	1,171	(0)
Japanese local government bonds	780,564	778,754	1,809	1,998	(189)
Japanese corporate bonds	3,494,780	3,399,155	95,624	95,992	(367)
Foreign securities	1,863,492	1,537,712	325,779	326,126	(346)
Foreign bonds	1,863,492	1,537,712	325,779	326,126	(346)
Other	1,744,068	1,741,973	2,095	2,095	—
Total	¥ 8,811,560	¥ 8,385,080	¥ 426,480	¥ 427,384	¥ (904)

(Millions of yen)

March 31	2014				
	Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	¥ -	¥ -	¥ -	¥ -	¥ -
Bonds	5,025,535	4,927,726	97,809	100,097	(2,287)
Japanese government bonds	932,881	931,322	1,558	1,575	(17)
Japanese local government bonds	771,904	769,606	2,297	2,345	(47)
Japanese corporate bonds	3,320,750	3,226,796	93,953	96,176	(2,223)
Foreign securities	1,001,464	917,500	83,964	90,616	(6,652)
Foreign bonds	1,001,464	917,500	83,964	90,616	(6,652)
Other	811,748	810,578	1,170	1,181	(11)
Total	¥ 6,838,748	¥ 6,655,804	¥ 182,943	¥ 191,894	¥ (8,951)

(Millions of U.S. Dollars)

March 31	2015				
	Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds	43,305	42,485	821	825	(5)
Japanese government bonds	7,728	7,718	10	10	(0)
Japanese local government bonds	6,495	6,480	15	17	(2)
Japanese corporate bonds	29,082	28,286	796	799	(3)
Foreign securities	15,507	12,796	2,711	2,714	(3)
Foreign bonds	15,507	12,796	2,711	2,714	(3)
Other	14,513	14,496	17	17	-
Total	\$ 73,326	\$ 69,777	\$ 3,549	\$ 3,556	\$ (8)

Note: "Other" includes financial instruments accounted for as securities in accordance with the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10).

4) Policy-reserve-matching bonds sold for the years ended March 31, 2015 and 2014

(Millions of yen)

March 31	2015		
	Sales	Gains	Losses
Bonds	¥ 1,717,375	¥ 56,869	¥ -
Japanese government bonds	1,717,375	56,869	-
Japanese local government bonds	-	-	-
Total	¥ 1,717,375	¥ 56,869	¥ -

(Millions of yen)

March 31	2014		
	Sales	Gains	Losses
Bonds	¥ 2,071,972	¥ 70,967	¥ -
Japanese government bonds	1,962,621	68,754	-
Japanese local government bonds	109,350	2,212	-
Total	¥ 2,071,972	¥ 70,967	¥ -

(Millions of U.S. Dollars)

March 31	2015		
	Sales	Gains	Losses
Bonds	\$ 14,291	\$ 473	\$ –
Japanese government bonds	14,291	473	–
Japanese local government bonds	–	–	–
Total	\$ 14,291	\$ 473	\$ –

5) Available-for-sale securities sold for the years ended March 31, 2015 and 2014

(Millions of yen)

March 31	2015		
	Sales	Gains	Losses
Bonds	¥ –	¥ –	¥ –
Japanese corporate bonds	–	–	–
Foreign securities	158,468	5,038	(4,963)
Total	¥ 158,468	¥ 5,038	¥ (4,963)

(Millions of yen)

March 31	2014		
	Sales	Gains	Losses
Bonds	¥ 9,772	¥ 0	¥ (2,948)
Japanese corporate bonds	9,772	0	(2,948)
Foreign securities	91,125	106	(7,256)
Total	¥ 100,897	¥ 107	¥ (10,205)

(Millions of U.S. Dollars)

March 31	2015		
	Sales	Gains	Losses
Bonds	\$ –	\$ –	\$ –
Japanese corporate bonds	–	–	–
Foreign securities	1,319	42	(41)
Total	\$ 1,319	\$ 42	\$ (41)

(4) Money Held in Trust

Money Held in Trust Classified as Other than Trading, Held-to-Maturity and Policy-Reserve-Matching

(Millions of yen)

March 31	2015				
	Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Specified money held in trust	¥ 1,434,943	¥ 1,079,701	¥ 355,241	¥ 357,085	¥ (1,844)

(Millions of yen)

March 31	2014				
	Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Specified money held in trust	¥ 581,627	¥ 499,042	¥ 82,585	¥ 86,112	¥ (3,527)

(Millions of U.S. Dollars)

March 31	2015				
	Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Specified money held in trust	\$ 11,941	\$ 8,985	\$ 2,956	\$ 2,971	\$ (15)

Note: The Group recognized losses on valuation of ¥442 million (\$4 million) and ¥131 million for the years ended March 31, 2015 and 2014, respectively. Losses on valuation are recognized for stocks invested in money held in trust if their average market prices during the final month of the fiscal year decline by 30% or more of the cost.

5. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral as of March 31, 2015 and 2014 consisted of the following:

March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Assets pledged as collateral:			
Securities	¥ 3,211,916	¥ 3,380,035	\$ 26,728
Liabilities corresponding to assets pledged as collateral:			
Payables under securities lending transactions	3,658,492	3,703,176	30,444

Note: Payables under securities lending transactions are included in "Other liabilities" in the consolidated balance sheets.

All of securities above were pledged as collateral for securities lending transactions with cash collateral.

6. LOANS

There were no bankrupt loans, non-interest accrual loans, past due loans for three months or more, and restructured loans as of March 31, 2015 and 2014. Definitions for each of the respective loans are as follows:

Bankrupt loans refers to non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3-(a) to (e) and Item 4 of the Enforcement Ordinance of the Corporation Tax Act (Ordinance No. 97 in 1965). Interest accruals of such loans are suspended since the principal or interest on such loans is unlikely to be collected due to delinquency in payments for them for a considerable period of time or other reasons.

Non-interest accrual loans are those loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their business.

Past due loans for three months or more are loans for which principal or interest payments are delinquent for three months or more under the term of the loans from the day following the contractual due date, excluding those classified as bankrupt loans and non-accrual loans.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, postponement of principal or interest payments, debt waiver or other arrangements, have been made for the purpose of assisting and supporting the borrowers in the restructuring of their business. This category excludes loans classified as bankrupt loans, non-interest accrual loans, and past due loans for three months or more.

The amounts of unused commitments as of March 31, 2015 and 2014 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Amount of unused commitments	¥ 1,250	¥ 1,250	\$ 10

7. TANGIBLE FIXED ASSETS

Accumulated depreciation as of March 31, 2015 and 2014 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Accumulated depreciation	¥ 63,635	¥ 63,547	\$ 530

8. REINSURANCE

Reserve for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Regulations (hereinafter referred to as "reserve for outstanding claims-ceded"), as of March 31, 2015 and 2014 was as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Reserve for outstanding claims-ceded	¥ 285	¥ 82	\$ 2

Policy reserves provided for reinsured portion defined in Article 71, Paragraph 1 of the said Regulations (hereinafter referred to as "policy reserves-ceded") as of March 31, 2015 and 2014 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Policy reserves-ceded	¥ 314	¥ 183	\$ 3

9. OBLIGATIONS TO THE LIFE INSURANCE POLICYHOLDERS PROTECTION CORPORATION OF JAPAN

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amounts of ¥22,829 million (\$190 million) and ¥18,834 million, as of March 31, 2015 and 2014, respectively, pursuant to Article 259 of the Insurance Business Act. These obligations are recognized as operating expenses when they are made.

10. RESERVE FOR POLICYHOLDER DIVIDENDS

Changes in reserve for policyholder dividends for the years ended March 31, 2015 and 2014 were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Balance at the beginning of the year	¥ 2,222,759	¥ 2,396,947	\$ 18,497
Policyholder dividends paid	(349,687)	(420,523)	(2,910)
Interest accrual	1,497	4,627	12
Reduction due to the acquisition of additional annuity	(372)	(438)	(3)
Provision for reserve for policyholder dividends	200,722	242,146	1,670
Balance at the end of the year	¥ 2,074,919	¥ 2,222,759	\$ 17,267

11. LEASE OBLIGATIONS AND OTHER INTEREST-BEARING DEBT

Lease obligations and other interest-bearing debt as of March 31, 2015 and 2014 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars	Average interest rate	Due
	2015	2014	2015	2015	
Lease obligations	¥ 2,154	¥ 1,596	\$ 18	—	March 2022
Other interest-bearing debt:					
Payables under securities lending transactions	3,658,492	3,703,176	30,444	0.10%	—
Total	¥ 3,660,646	¥ 3,704,773	\$ 30,462	—	—

Notes: 1. Lease obligations and payables under securities lending transactions are included in "Other liabilities" in the consolidated balance sheets.
 2. The average interest rate of lease obligations is not presented above because interest is included in the total amount of lease payments.
 3. The interest rates of payables under securities lending transactions are calculated using the weighted-average method based on the balance at the fiscal year-end.
 4. Payables under securities lending transactions are scheduled to be settled within one year.

The repayment schedule on lease obligations as of March 31, 2015 was as follows:

March 31	Millions of Yen	Millions of U.S. Dollars
Within 1 year	¥ 506	\$ 4
Due after 1 year through 2 years	439	4
Due after 2 years through 3 years	399	3
Due after 3 years through 4 years	318	3
Due after 4 years through 5 years	258	2
Due after 5 years	232	2
Total	¥ 2,154	\$ 18

12. RETIREMENT BENEFITS

For the Years Ended March 31, 2015 and 2014

(1) Outline of Retirement Benefits

The Group has lump-sum severance indemnity plans which are an unfunded defined benefit plan to provide for employees' retirement benefits.

The consolidated subsidiary adopts the simplified method in calculating its liability for retirement benefits and retirement benefit costs.

Effective from April 1, 2015, the Company has revised its retirement allowance regulations and its lump-sum severance indemnity plan has been changed from a final salary formula to a point system.

(2) Defined Benefit Plans

1) Changes in retirement benefit obligations

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Balance at the beginning of the year	¥ 56,627	¥ 54,937	\$ 471
Cumulative effects of changes in accounting policies	5,104	—	42
Restated balance at the beginning of the year	61,731	54,937	514
Service cost	3,639	3,289	30
Interest cost	428	932	4
Actuarial differences	242	251	2
Benefits paid	(2,483)	(3,146)	(21)
Prior service cost	(5,174)	—	(43)
Other	(26)	363	(0)
Balance at the end of the year	¥ 58,356	¥ 56,627	\$ 486

Note: Prior service cost incurred as a result of the change of the lump-sum severance indemnity plan to a point system as of April 1, 2015.

2) Balance of retirement benefit obligations and reconciliations of liability for retirement benefits recorded on the consolidated balance sheets

March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Unfunded retirement benefit obligations	¥ 58,356	¥ 56,627	\$ 486
Liability for retirement benefits recorded on the consolidated balance sheets	¥ 58,356	¥ 56,627	\$ 486

3) Retirement benefit costs

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Service cost	¥ 3,639	¥ 3,289	\$ 30
Interest cost	428	932	4
Amortization of actuarial differences	(297)	(315)	(2)
Amortization of prior service cost	(30)	—	(0)
Other	69	32	1
Retirement benefit expenses of defined benefit plans	¥ 3,808	¥ 3,938	\$ 32

4) Adjustments for retirement benefits (before tax effect)

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Prior service cost	¥ 5,143	¥ —	\$ 43
Actuarial differences	(540)	—	(4)
Total	¥ 4,603	¥ —	\$ 38

5) Accumulated adjustments for retirement benefits (before tax effect)

March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Unrecognized prior service cost	¥ 5,143	¥ —	\$ 43
Unrecognized actuarial differences	2,777	3,317	23
Total	¥ 7,920	¥ 3,317	\$ 66

6) Actuarial assumptions

The principal actuarial assumptions used for the years ended March 31, 2015 and 2014 were as follows:

Years ended March 31	2015	2014
Discount rate	0.7%	1.7%

13. RESERVES RELATED TO REINSURANCE CONTRACTS

Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Organization, are provided at amounts calculated based on the statement of calculation procedures for the Company's insurance premiums and policy reserves. The amounts calculated based on the foregoing procedures are not less than the amounts calculated based on the statement of calculation procedures for the Postal Life Insurance Policy Reserves in accordance with the Act on Management Organization for Postal Savings and Postal Life Insurance (Act No. 101 of 2005). In addition, contingency reserve and reserve for price fluctuations are provided for the category of reinsurance.

The policy reserves, excluding contingency reserve, contingency reserve and reserve for price fluctuations mentioned above as of March 31, 2015 and 2014 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Policy reserves (excluding contingency reserve)	¥ 52,156,724	¥ 57,879,628	\$ 434,024
Contingency reserve	2,182,885	2,350,030	18,165
Reserve for price fluctuations	626,849	554,723	5,216

14. DEPOSITS FROM THE MANAGEMENT ORGANIZATION

"Other liabilities" in the consolidated balance sheets include deposits from the Management Organization. Deposits from the Management Organization refers to the amounts equivalent to the reserve for outstanding claims and reserve for losses on compensation for damages related to litigation or conciliation of the Management Organization, which was deposited at the time of privatization based on the outsourcing agreements with the Management Organization for the administrative operation of the Postal Life Insurance.

Deposits from the Management Organization as of March 31, 2015 and 2014 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Deposits from the Management Organization	¥ 59,058	¥ 66,221	\$ 491

15. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities as of March 31, 2015 and 2014 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Deferred tax assets:			
Policy reserves	¥ 559,683	¥ 485,089	\$ 4,657
Reserve for price fluctuations	134,860	106,845	1,122
Reserve for outstanding claims	49,850	53,823	415
Liability for retirement benefits	16,875	17,464	140
Unrealized losses on available-for-sale securities	769	3,815	6
Other	15,020	14,313	125
Subtotal	777,060	681,352	6,466
Valuation allowance	(2,948)	(2,996)	(25)
Total deferred tax assets	774,111	678,356	6,442
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(224,458)	(84,569)	(1,868)
Other	(2,599)	(1,254)	(22)
Total deferred tax liabilities	(227,057)	(85,823)	(1,889)
Net deferred tax assets (liabilities)	¥ 547,053	¥ 592,532	\$ 4,552

The Company and its domestic subsidiary are subject to Japanese national and local income taxes, which, in aggregate, would result in a statutory tax rate of approximately 30.78% for the year ended March 31, 2015, and 33.33% for the year ended March 31, 2014.

Reconciliation of the effective income tax rate reflected in the accompanying consolidated statements of income to the statutory tax rate for the years ended March 31, 2015 and 2014 was as follows:

Years ended March 31	2015	2014
Statutory tax rate	30.78%	33.33%
Reduction in net deferred tax assets resulting from tax rate changes	26.85	4.36
Effect of difference between tax rate for the current fiscal year and those for the following and subsequent fiscal years	–	10.06
Other	0.13	0.16
Effective income tax rate	57.76%	47.91%

During the year ended March 31, 2015, the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 9 of 2015) was promulgated on March 31, 2015 and, as a result, the statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 30.78% to 28.85% from the year beginning on or after April 1, 2015. Due to this tax rate change, deferred tax assets and deferred tax liabilities decreased by ¥51,919 million (\$432 million) and ¥15,200 million (\$126 million), respectively, and deferred income taxes increased by ¥51,694 million (\$430 million) for the year ended March 31, 2015.

16. NET ASSETS

(1) Type and Number of Shares Issued

Year ended March 31, 2015	Thousands of shares			
	April 1, 2014	Increase	Decrease	March 31, 2015
Shares issued:				
Common stock	20,000	–	–	20,000
Total	20,000	–	–	20,000

Year ended March 31, 2014	Thousands of shares			
	April 1, 2013	Increase	Decrease	March 31, 2014
Shares issued:				
Common stock	20,000	–	–	20,000
Total	20,000	–	–	20,000

(2) Information on Dividends

1) Dividends paid

Dividend paid for the year ended March 31, 2015

Resolution	Class of shares	Total amount (Millions of Yen)	Total amount (Millions of U.S. Dollars)	Per share amount (Yen)	Per share amount (U.S. Dollars)	Record date	Effective date
Board of Directors' meeting held on May 14, 2014	Common stock	¥ 16,808	\$ 140	¥ 840.43	\$ 6.99	March 31, 2014	May 15, 2014

Dividend paid for the year ended March 31, 2014

Resolution	Class of shares	Total amount (Millions of Yen)	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 14, 2013	Common stock	¥ 22,750	¥ 1,137.51	March 31, 2013	May 15, 2013

2) Dividends whose effective date falls after the end of the fiscal year

Dividends whose effective date falls after the end of the year ended March 31, 2015

Resolution	Class of shares	Total amount (Millions of Yen)	Total amount (Millions of U.S. Dollars)	Source of dividends	Per share amount (Yen)	Per share amount (U.S. Dollars)	Record date	Effective date
Board of Directors' meeting held on May 13, 2015	Common stock	¥ 24,527	\$ 204	Retained earnings	¥ 1,226.38	\$ 10.21	March 31, 2015	May 14, 2015

17. OPERATING EXPENSES

Operating expenses for the years ended March 31, 2015 and 2014 consisted of the following:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Sales activity expenses	¥ 182,243	¥ 190,508	\$ 1,517
Sales administration expenses	17,147	13,847	143
General administration expenses	313,767	309,643	2,611
Total	¥ 513,159	¥ 513,999	\$ 4,270

18. REVERSAL OF RESERVE FOR OUTSTANDING CLAIMS AND REVERSAL OF POLICY RESERVES

The amounts of provision for reserve for outstanding claims-ceded that are added to the calculation of reversal of reserve for outstanding claims for the years ended March 31, 2015 and 2014 were ¥203 million (\$2 million) and ¥82 million, respectively. The amounts of provision for policy reserve-ceded that are added to the calculation of reversal of policy reserves for the years ended March 31, 2015 and 2014 were ¥130 million (\$1 million) and ¥183 million, respectively.

19. INSURANCE PREMIUMS AND OTHERS

Insurance premiums assumed based on reinsurance contracts with the Management Organization included in insurance premiums and others for the years ended March 31, 2015 and 2014 were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Insurance premiums	¥ 1,697,140	¥ 2,155,398	\$ 14,123

20. INSURANCE CLAIMS

Insurance claims based on reinsurance contracts with the Management Organization included in insurance claims for the years ended March 31, 2015 and 2014 were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Insurance claims	¥ 8,208,198	¥ 9,477,426	\$ 68,305

21. EXTRAORDINARY LOSSES

Extraordinary losses for the years ended March 31, 2015 and 2014 consisted of the following:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Losses on sales and disposal of fixed assets	¥ 1,432	¥ 8,670	\$ 12
Provision for reserve for price fluctuations	97,934	91,360	815
Total	¥ 99,366	¥ 100,030	\$ 827

22. PROVISION FOR RESERVE FOR POLICYHOLDER DIVIDENDS

Provision for reserve for policyholder dividends, which is provided for the Management Organization based on gains or losses and others arising in the category of reinsurance due to the reinsurance contracts with the Management Organization, for the years ended March 31, 2015 and 2014 were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Provision for reserve for policyholder dividends	¥ 190,363	¥ 222,812	\$ 1,584

23. OTHER COMPREHENSIVE INCOME

The amount reclassified and tax effect amounts related to other comprehensive income for the years ended March 31, 2015 and 2014 were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Net unrealized gains (losses) on available-for-sale securities:			
Amount arising during the fiscal year	¥ 524,140	¥ 32,105	\$ 4,362
Reclassification adjustments	(7,947)	8,502	(66)
Before tax effect adjustments	516,192	40,608	4,296
Tax effect	(142,934)	(11,611)	(1,189)
Net unrealized gains (losses) on available-for-sale securities	373,258	28,996	3,106
Net deferred gains (losses) on hedges:			
Amount arising during the fiscal year	15	16	0
Reclassification adjustments	–	–	–
Before tax effect adjustments	15	16	0
Tax effect	(4)	(4)	(0)
Net deferred gains (losses) on hedges	11	11	0
Adjustments for retirement benefits:			
Amount arising during the fiscal year	4,932	–	41
Reclassification adjustments	(328)	–	(3)
Before tax effect adjustments	4,603	–	38
Tax effect	(1,263)	–	(11)
Adjustments for retirement benefits	3,339	–	28
Total other comprehensive income	¥ 376,609	¥ 29,007	\$ 3,134

24. FINANCIAL INSTRUMENTS

(1) Policy for Handling Financial Instruments

The Company promotes cash flows matching between assets and liabilities using yen-denominated interest-bearing assets, taking into consideration the characteristics of liabilities so as to maintain sound management and ensure payments for insurance claims and others. The Company endeavors to invest in yen-denominated bonds such as Japanese local government bonds and Japanese corporate bonds, of which yield is expected to be relatively higher than that of Japanese government bonds, as well as in risk assets including foreign bonds and stocks from the perspective of improving profitability as well as to strengthen the risk management system.

Derivative transactions are identified as a key hedging method against foreign exchange fluctuation risk and interest rate risk to our investment assets, and these are not used for speculative purposes.

(2) Features and Risks of Financial Instruments

Financial assets owned by the Company consist mainly of securities and loans, and are managed by using an asset liability management (ALM) framework. Such securities are exposed to the credit risk of their issuing bodies, and market price fluctuation risk and interest rate risk. In addition, foreign-currency-denominated bonds are exposed to the foreign exchange risk. Moreover, the Company owns loans with floating interest rates, which are exposed to the interest rate risk.

Derivative transactions which the Company uses are mainly foreign exchange contracts and interest rate swaps. These are used for the purpose of hedging interest rate risk and foreign exchange fluctuation risk limited to the purpose of hedging and is not meant for speculative purposes. The market-related risk of derivative transactions are therefore reduced and limited.

(3) Risk Management Framework for Financial Instruments

1) Management of market risk

Market risk is the risk of losses resulting from fluctuation in the value of assets and liabilities held including off-balance sheet assets due to fluctuations in various market risk factors such as interest rates, foreign exchange rates, and stock prices, and is categorized into interest rate risk and market price fluctuation risk. Interest rate risk is the risk of losses resulting from deterioration in corporate value due to a decrease in the value of interest-bearing assets denominated in yen and insurance liabilities, which arises from fluctuations in yen interest rates where mismatch exists between interest rates and maturities of interest-bearing assets denominated in yen and insurance liabilities. Market price fluctuation risk is the market risk other than interest risk. The Company manages interest rate risk as well as market price fluctuation risk, which is categorized by aggregating credit risk and real estate investment risk, by setting a reference value and managing the risks so that each risk quantity does not exceed it.

The risk control supervisory department measures

the quantity of market risk, credit risk, and real estate investment risk using value at risk (VaR), and reports to the risk management committee regularly.

2) Management of credit risk

Credit risk is the risk of losses resulting from a decline or elimination in the value of assets including off-balance sheet assets due to deterioration in financial conditions of borrowers and other reasons.

In order to control investment and lending to borrowers with high credit risk, the Company manages its investment and lending by prescribing credit eligibility rules based on internal rating. Moreover, to prevent concentration of credit risk on a particular borrower, group or industry, the Company establishes credit limits corresponding to internal rating and standards of credit shares by industry.

The results of their activities are reported to the risk management committee regularly.

(4) Additional Notes Concerning the Fair Value of Financial Instruments

The fair value of a financial instrument includes prices based on market quotations as well as rationally calculated prices for those whose market prices are not readily available. In calculating prices, certain premises and assumptions are adopted, and the use of different assumptions may lead to changes in pricing.

The contract amounts of derivative transactions in Note 25 "DERIVATIVE TRANSACTIONS" do not indicate the market risk related to derivative transactions.

(5) Fair Values of Financial Instruments

Amounts carried on the consolidated balance sheets, fair values and the difference between them as of March 31, 2015 and 2014 were as follows. Financial instruments for which fair values are extremely difficult to determine are not included in the table below.

(Millions of yen)

March 31	2015		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and deposits	¥ 2,213,786	¥ 2,213,786	¥ –
Available-for-sale securities (negotiable certificates of deposit)	1,295,000	1,295,000	–
2) Receivables under securities borrowing transactions	2,720,856	2,720,856	–
3) Monetary claims bought	449,068	449,068	–
Available-for-sale securities	449,068	449,068	–
4) Money held in trust ¹	1,434,943	1,434,943	–
5) Securities	66,256,260	71,968,615	5,712,355
Held-to-maturity bonds	43,695,559	48,232,675	4,537,116
Policy-reserve-matching bonds	15,493,208	16,668,447	1,175,238
Available-for-sale securities	7,067,492	7,067,492	–
6) Loans ²	9,977,267	10,905,033	927,765
Policy loans	74,097	74,097	–
Industrial and commercial loans	806,181	862,878	56,697
Loans to the Management Organization	9,096,988	9,968,057	871,068
Total assets	¥ 83,052,183	¥ 89,692,304	¥ 6,640,121
Payables under securities lending transactions ³	¥ 3,658,492	¥ 3,658,492	¥ –
Total liabilities	¥ 3,658,492	¥ 3,658,492	¥ –
Derivative transactions ⁴			
Hedge accounting not applied	¥ –	¥ –	¥ –
Hedge accounting applied	526	526	–
Total derivative transactions	¥ 526	¥ 526	¥ –

(Millions of yen)

March 31	2014		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and deposits	¥ 1,670,837	¥ 1,670,837	¥ –
Available-for-sale securities (negotiable certificates of deposit)	704,300	704,300	–
2) Receivables under securities borrowing transactions	2,822,188	2,822,188	–
3) Monetary claims bought	107,448	107,448	–
Available-for-sale securities	107,448	107,448	–
4) Money held in trust ¹	581,627	581,627	–
5) Securities	69,237,991	73,506,909	4,268,917
Held-to-maturity bonds	45,257,324	48,427,090	3,169,765
Policy-reserve-matching bonds	17,953,667	19,052,820	1,099,152
Available-for-sale securities	6,026,999	6,026,999	–
6) Loans ²	11,020,493	11,973,916	953,422
Policy loans	54,271	54,271	–
Industrial and commercial loans	763,206	804,957	41,750
Loans to the Management Organization	10,203,015	11,114,687	911,671
Total assets	¥ 85,440,588	¥ 90,662,928	¥ 5,222,340
Payables under securities lending transactions ³	¥ 3,703,176	¥ 3,703,176	¥ –
Total liabilities	¥ 3,703,176	¥ 3,703,176	¥ –
Derivative transactions ⁴			
Hedge accounting not applied	¥ –	¥ –	¥ –
Hedge accounting applied	(15,638)	(15,638)	–
Total derivative transactions	¥ (15,638)	¥ (15,638)	¥ –

(Millions of U.S. Dollars)

March 31	2015		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and deposits	\$ 18,422	\$ 18,422	\$ –
Available-for-sale securities (negotiable certificates of deposit)	10,776	10,776	–
2) Receivables under securities borrowing transactions	22,642	22,642	–
3) Monetary claims bought	3,737	3,737	–
Available-for-sale securities	3,737	3,737	–
4) Money held in trust ¹	11,941	11,941	–
5) Securities	551,354	598,890	47,536
Held-to-maturity bonds	363,615	401,370	37,756
Policy-reserve-matching bonds	128,927	138,707	9,780
Available-for-sale securities	58,812	58,812	–
6) Loans ²	83,026	90,747	7,720
Policy loans	617	617	–
Industrial and commercial loans	6,709	7,180	472
Loans to the Management Organization	75,701	82,950	7,249
Total assets	\$ 691,122	\$ 746,378	\$ 55,256
Payables under securities lending transactions ³	\$ 30,444	\$ 30,444	\$ –
Total liabilities	\$ 30,444	\$ 30,444	\$ –
Derivative transactions ⁴			
Hedge accounting not applied	\$ –	\$ –	\$ –
Hedge accounting applied	4	4	–
Total derivative transactions	\$ 4	\$ 4	\$ –

Notes: 1. Money held in trust classified as other than trading, held-to-maturities and policy-reserve-matching.

2. Reserve for possible loan losses corresponding to loans has been deducted.

3. Included in "Other liabilities" in the consolidated balance sheets.

4. Net receivables and payables arising from derivative transactions are stated at net values, and if the values are negative, they are indicated in parentheses.

Calculation methods for fair values of financial instruments are as follows:

Assets

1) Cash and deposits

Deposits (including negotiable certificates of deposit) mature within a short-term (one year), and their fair value approximates book value.

2) Receivables under securities borrowing transactions

These are settled within a short-term (one year), and their fair value approximates book value.

3) Monetary claims bought

The fair value of monetary claims bought accounted for as securities in the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10) is calculated in a similar manner to the method described in 5) "Securities" below.

4) Money held in trust

The fair value of money held in trust is based on the price quoted by the exchange for shares and net asset value for mutual funds.

Money held in trust are provided in Note 4 (4) "Money Held in Trust" in accordance with the purpose of the holdings.

5) Securities

The fair value of bonds is primarily based on the price published by industry associations such as the reference statistical price published by the Japan Securities Dealers Association, or price offered by the financial institutions.

Securities are described in Note 4 "SECURITIES" in accordance with the purpose of keeping in possession.

6) Loans

For policy loans and those included in loans to the Management Organization of Postal Life Insurance Contracts, book values are used as fair values because amounts are limited to the values of corresponding cash surrender value and their fair value approximates book value considering their short maturities and interest conditions.

For industrial and commercial loans with floating interest rates, whose future cash flows follow market interest rates, their fair value approximates book value.

For industrial and commercial loans with fixed interest rates or loans to the Management Organization (excluding policy loans), fair value is based on a net discounted present value of future cash flows.

Liabilities

Payables under securities lending transactions

These are settled within a short-term (one year) and their fair value approximates book value.

Derivatives

Notes on the fair value of derivatives are presented in Note 25 "DERIVATIVE TRANSACTIONS." Interest rate swaps subject to exceptional treatment for interest rate swaps are jointly disclosed with hedged industrial and commercial loans. Therefore, their fair values are included in the relevant industrial and commercial loans.

The consolidated balance sheet amounts of financial instruments for which fair values are deemed extremely difficult to determine are as shown below:

March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Unlisted stocks	¥ 20,000	¥ 140,000	\$ 166

Note: The above instruments are not included in the scope of fair value disclosures because there are no available market prices and it is extremely difficult to determine their fair values.

Redemption schedule of major monetary claims and securities with maturities were as follows:

(Millions of yen)

March 31	2015					
	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Cash and deposits with maturities	¥ 1,295,000	¥ –	¥ –	¥ –	¥ –	¥ –
Receivables under securities borrowing transactions	2,720,856	–	–	–	–	–
Monetary claims bought	419,000	–	–	–	–	27,989
Securities	6,316,178	12,045,027	6,973,989	5,145,309	6,726,354	28,181,276
Held-to-maturity bonds	2,881,511	6,230,609	3,953,665	2,991,726	3,290,329	23,854,900
Bonds	2,881,511	6,230,609	3,953,665	2,893,726	3,290,329	23,854,900
Japanese government bonds	2,605,800	3,811,800	1,818,900	338,500	907,300	22,527,900
Japanese local government bonds	73,433	1,456,508	1,762,530	2,060,555	1,788,557	926,550
Japanese corporate bonds	202,278	962,301	372,235	494,671	594,472	400,450
Foreign securities	–	–	–	98,000	–	–
Policy-reserve-matching bonds	1,911,429	4,288,547	1,762,786	1,444,146	2,168,753	3,809,900
Bonds	1,911,429	4,288,547	1,762,786	1,444,146	2,168,753	3,809,900
Japanese government bonds	1,729,360	4,262,100	1,653,400	1,355,800	1,845,000	3,711,700
Japanese local government bonds	182,069	26,447	86,149	64,313	267,014	70,400
Japanese corporate bonds	–	–	23,237	24,033	56,739	27,800
Available-for-sale securities with maturities	1,523,237	1,525,870	1,257,537	709,435	1,267,272	516,476
Bonds	1,523,237	1,325,876	1,116,982	364,370	270,500	482,937
Japanese government bonds	903,700	23,700	–	–	–	–
Japanese local government bonds	179,444	319,722	273,313	450	–	–
Japanese corporate bonds	440,093	982,454	843,669	363,920	270,500	482,937
Foreign securities	–	199,993	140,555	345,065	996,772	33,539
Loans	1,678,018	1,819,669	1,598,350	1,389,573	1,657,299	1,834,335
Total assets	¥ 12,429,053	¥ 13,864,696	¥ 8,572,339	¥ 6,534,883	¥ 8,383,654	¥ 30,043,601

(Millions of yen)

March 31	2014					
	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Cash and deposits with maturities	¥ 704,300	¥ –	¥ –	¥ –	¥ –	¥ –
Receivables under securities borrowing transactions	2,822,188	–	–	–	–	–
Monetary claims bought	81,000	–	–	–	–	25,278
Securities	5,158,868	13,016,431	10,964,422	4,600,991	7,342,106	27,378,558
Held-to-maturity bonds	3,614,348	6,028,517	6,155,676	2,353,733	3,782,059	22,847,540
Bonds	3,614,348	6,028,517	6,155,676	2,255,733	3,782,059	22,847,540
Japanese government bonds	3,558,100	4,581,900	3,532,400	197,000	659,500	21,574,200
Japanese local government bonds	54,848	741,127	1,833,818	1,827,595	2,310,376	873,590
Japanese corporate bonds	1,400	705,490	789,458	231,138	812,183	399,750
Foreign securities	–	–	–	98,000	–	–
Policy-reserve-matching bonds	1,014,401	4,830,421	3,605,125	1,583,792	2,732,196	4,056,700
Bonds	1,014,401	4,830,421	3,605,125	1,583,792	2,732,196	4,056,700
Japanese government bonds	775,100	4,640,560	3,535,900	1,492,300	2,484,100	3,962,400
Japanese local government bonds	163,575	189,861	50,394	73,312	205,885	66,500
Japanese corporate bonds	75,726	–	18,831	18,180	42,211	27,800
Available-for-sale securities with maturities	530,119	2,157,491	1,203,621	663,465	827,850	474,318
Bonds	530,119	2,142,053	1,028,458	577,101	181,220	442,450
Japanese government bonds	3,700	907,400	20,000	–	–	–
Japanese local government bonds	149,842	353,093	257,888	1,000	–	–
Japanese corporate bonds	376,577	881,560	750,570	576,101	181,220	442,450
Foreign securities	–	15,438	175,162	86,364	646,630	31,867
Loans	1,815,014	1,929,903	1,703,875	1,476,998	1,832,300	2,262,035
Total assets	¥ 10,581,372	¥ 14,946,334	¥ 12,668,298	¥ 6,077,989	¥ 9,174,407	¥ 29,665,872

(Millions of U.S. Dollars)

March 31	2015					
	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Cash and deposits with maturities	\$ 10,776	\$ –	\$ –	\$ –	\$ –	\$ –
Receivables under securities borrowing transactions	22,642	–	–	–	–	–
Monetary claims bought	3,487	–	–	–	–	233
Securities	52,560	100,233	58,034	42,817	55,974	234,512
Held-to-maturity bonds	23,979	51,848	32,901	24,896	27,381	198,510
Bonds	23,979	51,848	32,901	24,080	27,381	198,510
Japanese government bonds	21,684	31,720	15,136	2,817	7,550	187,467
Japanese local government bonds	611	12,120	14,667	17,147	14,884	7,710
Japanese corporate bonds	1,683	8,008	3,098	4,116	4,947	3,332
Foreign securities	–	–	–	816	–	–
Policy-reserve-matching bonds	15,906	35,687	14,669	12,018	18,047	31,704
Bonds	15,906	35,687	14,669	12,018	18,047	31,704
Japanese government bonds	14,391	35,467	13,759	11,282	15,353	30,887
Japanese local government bonds	1,515	220	717	535	2,222	586
Japanese corporate bonds	–	–	193	200	472	231
Available-for-sale securities with maturities	12,676	12,698	10,465	5,904	10,546	4,298
Bonds	12,676	11,033	9,295	3,032	2,251	4,019
Japanese government bonds	7,520	197	–	–	–	–
Japanese local government bonds	1,493	2,661	2,274	4	–	–
Japanese corporate bonds	3,662	8,176	7,021	3,028	2,251	4,019
Foreign securities	–	1,664	1,170	2,871	8,295	279
Loans	13,964	15,142	13,301	11,563	13,791	15,265
Total assets	\$ 103,429	\$ 115,376	\$ 71,335	\$ 54,380	\$ 69,765	\$ 250,009

Redemption schedule of payables under securities lending transactions were as follows:

(Millions of yen)

March 31	2015					
	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Payables under securities lending transactions	¥ 3,658,492	¥ –	¥ –	¥ –	¥ –	¥ –

(Millions of yen)

March 31	2014					
	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Payables under securities lending transactions	¥ 3,703,176	¥ –	¥ –	¥ –	¥ –	¥ –

(Millions of U.S. Dollars)

March 31	2015					
	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Payables under securities lending transactions	\$ 30,444	\$ –	\$ –	\$ –	\$ –	\$ –

25. DERIVATIVE TRANSACTIONS

(1) Derivative Transactions to Which the Hedge Accounting Method Is Not Applied

There were no derivative transactions to which the hedge accounting method has not been applied as of March 31, 2015 and 2014.

(2) Derivative Transactions to Which the Hedge Accounting Method Is Applied

1) Currency-related derivatives

(Millions of yen)

March 31			2015		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Fair value hedge accounting	Forward foreign exchange	Foreign currency-denominated bonds			
	Sold				
	U.S. dollars		¥ 172,008	¥ –	¥ (12,843)
	Euros		191,112	–	13,337
		Total	¥ 363,120	¥ –	¥ 493

(Millions of yen)

March 31			2014		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Fair value hedge accounting	Forward foreign exchange	Foreign currency-denominated bonds			
	Sold				
	U.S. dollars		¥ 270,312	¥ –	¥ (6,817)
	Euros		133,944	–	(8,837)
		Total	¥ 404,257	¥ –	¥ (15,655)

(Millions of U.S. Dollars)

March 31			2015		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Fair value hedge accounting	Forward foreign exchange	Foreign currency-denominated bonds			
	Sold				
	U.S. dollars		\$ 1,431	\$ –	\$ (107)
	Euros		1,590	–	111
		Total	\$ 3,022	\$ –	\$ 4

Note: Fair value is calculated using forward foreign exchange rates at the fiscal year-end.

2) Interest rate-related derivatives

(Millions of yen)

March 31			2015		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Deferred hedge method	Interest rate swaps:	Loans			
	Receivable fixed rate / Payable floating rate		¥ 13,750	¥ 13,750	¥ 32
Exceptional treatment for interest rate swaps	Interest rate swaps:	Loans			
	Receivable fixed rate / Payable floating rate		88,200	65,500	– ²
		Total			¥ 32

(Millions of yen)

March 31			2014		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Deferred hedge method	Interest rate swaps: Receivable fixed rate / Payable floating rate	Loans	¥ 9,950	¥ 9,950	¥ 16
Exceptional treatment for interest rate swaps	Interest rate swaps: Receivable fixed rate / Payable floating rate	Loans	102,780	85,400	— ²
		Total			¥ 16

(Millions of U.S. Dollars)

March 31			2015		
Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Deferred hedge method	Interest rate swaps: Receivable fixed rate / Payable floating rate	Loans	\$ 114	\$ 114	\$ 0
Exceptional treatment for interest rate swaps	Interest rate swaps: Receivable fixed rate / Payable floating rate	Loans	734	545	— ²
		Total			\$ 0

Notes: 1. Fair value is calculated using discounted present value.

2. Interest rate swap amounts measured by the exceptional treatment for interest rate swaps are disclosed with the loans that are subject to the hedge. Therefore such fair value is included in the fair value of the relevant loans.

26. LEASE TRANSACTIONS

Operating Leases

As lessee

Future lease payments under non-cancelable operating leases as of March 31, 2015 and 2014 were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Due within 1 year	¥ 687	¥ 448	\$ 6
Due after 1 year	424	—	4
Total	¥ 1,112	¥ 448	\$ 9

27. SEGMENT INFORMATION

(1) Segment Information

The Group has only one segment, namely, the life insurance business in Japan.

(2) Supplemental Information

1) Information by product and service

The Group's products and services are placed under one category for the years ended March 31, 2015 and 2014.

2) Information by geographic region

Ordinary income in Japan exceeded 90% of ordinary income in the consolidated statements of income and the balance of tangible fixed assets in Japan exceeded 90% of the total balance on the consolidated balance sheets for the years ended March 31, 2015 and 2014.

3) Information by major customer

No customer accounted for 10% or more of ordinary income in the consolidated statements of income for the years ended March 31, 2015 and 2014.

28. RELATED PARTY TRANSACTIONS

(1) Related Party Transactions

Transactions of the Company with related parties for the years ended March 31, 2015 and 2014 were as follows:

2015										
Type	Company name	Location	Capital	Business	Percentage of voting rights	Relationship	Transaction	Transaction amount	Account	Year-end balance
Parent company	Japan Post Holdings Co., Ltd.	Chiyoda-ku Tokyo	¥3,500,000 million (\$29,125 million)	Holding company	Directly owned 100%	Business management Interlocking officers	Payments for business management fees ¹	¥3,030 million (\$25 million)	Accounts payable-other	¥272 million (\$2 million)
Subsidiary of parent company	Japan Post Co., Ltd.	Chiyoda-ku Tokyo	¥400,000 million (\$3,329 million)	Postal and logistics business Post office business	—	Insurance agency Interlocking officers	Payments for commission of agency services ²	¥359,536 million (\$2,992 million)	Agency accounts payable	¥37,087 million (\$309 million)

2014										
Type	Company name	Location	Capital	Business	Percentage of voting rights	Relationship	Transaction	Transaction amount	Account	Year-end balance
Parent company	Japan Post Holdings Co., Ltd.	Chiyoda-ku Tokyo	¥3,500,000 million	Holding company	Directly owned 100%	Business management Interlocking officers	Payments for business management fees ¹	¥2,773 million	Accounts payable-other	¥242 million
Subsidiary of parent company	Japan Post Co., Ltd.	Chiyoda-ku Tokyo	¥100,000 million	Postal and logistics business Post office business	—	Insurance agency Interlocking officers	Payments for commission of agency services ²	¥366,248 million	Agency accounts payable	¥35,557 million

Notes: 1. The Company, Japan Post Holdings Co., Ltd., Japan Post Bank Co., Ltd. and other group companies bear an amount corresponding to the degree of the benefit from services provided of operating expenses of corporate staff departments of Japan Post Holdings Co., Ltd. multiplied by a fixed profit rate.

2. The Company makes payments including commission of insurance solicitation calculated by multiplying the insurance amounts and insurance premiums of each contract by commission rates set for each class of insurance, and commission of maintenance and collection calculated by multiplying unit prices set for outsourcing services, such as collection of insurance premiums and payments for insurance money, by the volume of work.

3. Transaction amount does not include consumption taxes. Year-end balance includes consumption taxes.

(2) Parent Company

Japan Post Holdings Co., Ltd. (unlisted company)

29. PER SHARE DATA

March 31	Yen		U.S. Dollars
	2015	2014	2015
Net assets per share	¥ 3,292.88	¥ 2,563.56	\$ 27.40

Years ended March 31	Yen		U.S. Dollars
	2015	2014	2015
Net income per share	¥ 135.54	¥ 104.67	\$ 1.13

Notes: 1. Diluted net income per share is not presented for the years ended March 31, 2015 and 2014 as potential common stock did not exist.

2. Net income per share is calculated based on the following:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Net income	¥ 81,323	¥ 62,802	\$ 677
Amount not attributable to common stockholders	—	—	—
Net income attributable to common stock	¥ 81,323	¥ 62,802	\$ 677

Years ended March 31	Thousands of shares	
	2015	2014
Average number of common stock during the fiscal year	600,000	600,000

3. Net assets per share is calculated based on the following:

March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2014	2015
Net assets	¥ 1,975,727	¥ 1,538,136	\$ 16,441
Amount deducted from net assets	–	–	–
Net assets attributable to common stock at the fiscal year-end	¥ 1,975,727	¥ 1,538,136	\$ 16,441

March 31	Thousands of shares	
	2015	2014
Number of common stock at the fiscal year-end used for the calculation of net assets per share	600,000	600,000

4. Changes in Accounting Policies

Effective from the year ended March 31, 2015, with respect to the application of the Retirement Benefits Accounting Standard and Guidance on Retirement Benefits, the Company has adopted provisions stated in the main clause of Paragraph 35 of the Retirement Benefits Accounting Standard and the main clause of Paragraph 67 of the Guidance on Retirement Benefits, and has made transitional provisions in accordance with Paragraph 37 of the Retirement Benefits Accounting Standard.

As a result, net assets per share decreased by ¥5.89 (\$0.05) at the beginning of the year ended March 31, 2015.

The effect of this change on net income per share for the year ended March 31, 2015 was immaterial.

Effective from the year ended March 31, 2014, the Company has adopted the Retirement Benefits Accounting Standard and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012) excluding provisions stated in the main clause of Paragraph 35 of the Retirement Benefits Accounting Standard and the main clause of Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits, and has made transitional provisions in accordance with Paragraph 37 of the Retirement Benefits Accounting Standard.

As a result, net assets per share increased by ¥3.83 as of March 31, 2014.

5. The Company implemented a 30:1 stock split effective August 1, 2015, and net assets per share and net income per share as of and for the years ended March 31, 2015 and 2014 have been calculated assuming the stock split was implemented on April 1, 2013.

30. SUBSEQUENT EVENTS

Stock Splits

The Company implemented a 30:1 stock split effective August 1, 2015 for common stock held by common stockholders in the final stockholders registry as of the record date of July 31, 2015 in order to increase stock liquidity and its investor base. As a result, the number of common stock increased by 580,000,000 shares.

The effect of the stock split on per share data is described in Note 29 "PER SHARE DATA."

Independent Auditor's Report



Independent Auditor's Report

To the Board of Directors of JAPAN POST INSURANCE Co., Ltd.:

We have audited the accompanying consolidated financial statements of JAPAN POST INSURANCE Co., Ltd. and its consolidated subsidiary, which comprise the consolidated balance sheets as at March 31, 2015 and 2014, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of JAPAN POST INSURANCE Co., Ltd. and its consolidated subsidiary as at March 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

December 3, 2015
Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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
Total	¥3,200,699	112.2	¥2,853,633	113.1
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
Total	¥620,427	100.2	¥618,960	94.6
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>).

Indicators Related to Asset Management (General Account)

(1) Portfolio Trends

Asset Structure, Increase/Decrease in Assets

(Millions of yen, %)

As of March 31	2015			2014		
	Amount	Percentage	Increase/decrease	Amount	Percentage	Increase/decrease
Cash, deposits, call loans	¥ 2,651,397	3.1	¥ 757,796	¥ 1,893,601	2.2	¥ 965,968
Receivables under resale agreements	–	–	–	–	–	–
Receivables under securities borrowing transactions	2,720,856	3.2	(101,332)	2,822,188	3.2	490,901
Monetary claims bought	449,068	0.5	341,619	107,448	0.1	(319,969)
Trading account securities	–	–	–	–	–	–
Money held in trust	1,434,943	1.7	853,315	581,627	0.7	324,795
Securities	66,277,244	78.1	(3,101,731)	69,378,975	79.7	(3,179,205)
Corporate and government bonds	64,294,767	75.7	(3,843,759)	68,138,527	78.2	(3,516,419)
Domestic stocks	984	0.0	–	984	0.0	–
Foreign securities	1,981,492	2.3	742,028	1,239,464	1.4	337,214
Foreign corporate and government bonds	1,961,492	2.3	862,028	1,099,464	1.3	337,214
Foreign stocks and other securities	20,000	0.0	(120,000)	140,000	0.2	–
Other securities	–	–	–	–	–	–
Loans	9,977,345	11.8	(1,043,239)	11,020,585	12.7	(1,670,968)
Policy loans	74,097	0.1	19,825	54,271	0.1	18,347
Industrial and commercial loans	806,256	0.9	42,961	763,298	0.9	86,506
Loans to Management Organization for Postal Savings and Postal Life Insurance	9,096,988	10.7	(1,106,026)	10,203,015	11.7	(1,775,822)
Real estate	112,286	0.1	36,624	75,662	0.1	1,657
Investment property	–	–	–	–	–	–
Deferred tax assets	548,210	0.6	(44,455)	592,665	0.7	131,151
Other	741,537	0.9	124,629	616,907	0.7	(118,129)
Reserve for possible loan losses	(943)	(0.0)	92	(1,036)	(0.0)	59
General account total	¥84,911,946	100.0	¥(2,176,680)	¥87,088,626	100.0	¥(3,373,737)
Foreign currency-denominated assets	2,196,349	2.6	1,067,568	1,128,780	1.3	469,826

Notes: (1) "Loans to Management Organization for Postal Savings and Postal Life Insurance" includes lending to Management Organization for Postal Savings and Postal Life Insurance (Postal Life Insurance Account).

(2) "Real estate" is booked as the sum total of land, buildings and construction in progress.

(2) Yield

For the years ended March 31	2015	2014
Cash, deposits, call loans	0.05	0.05
Receivables under resale agreements	–	–
Receivables under securities borrowing transactions	–	–
Monetary claims bought	0.32	0.34
Trading account securities	–	–
Money held in trust	3.54	3.04
Securities	1.73	1.71
Corporate and government bonds	1.70	1.71
Domestic stocks	–	–
Foreign securities	2.87	1.95
Loans	2.25	2.31
Industrial and commercial loans	1.53	1.58
Real estate	–	–
General account total	1.70	1.71
Overseas loans and investments	2.88	1.98

Notes: (1) Yields are calculated by dividing investment income less investment expenses by the daily average balance based on book value.

(2) General account total includes assets related securities trust.

(3) "Overseas loans and investments" is the total of assets denominated in foreign currencies and yen denominated assets.

(3) Average Balance on Primary Assets

For the years ended March 31	2015	2014
Cash, deposits, call loans	¥ 697,545	¥ 508,225
Receivables under resale agreements	–	–
Receivables under securities borrowing transactions	–	–
Monetary claims bought	213,732	169,426
Trading account securities	–	–
Money held in trust	932,276	322,995
Securities	68,089,151	72,303,279
Corporate and government bonds	66,560,265	71,275,552
Domestic stocks	984	984
Foreign securities	1,527,902	1,026,743
Loans	10,738,264	11,817,657
Industrial and commercial loans	780,733	723,681
Real estate	100,636	74,029
General account total	¥85,268,102	¥89,156,089
Overseas loans and investments	1,820,170	1,086,882

Notes: (1) General account total includes assets related securities trust.

(2) "Real estate" is booked as the sum total of land, buildings and construction in progress.

(3) "Overseas loans and investments" is the total of assets denominated in foreign currencies and yen denominated assets.

(4) Investment Income

(Millions of yen)

For the years ended March 31	2015	2014
Interest and dividends income	¥1,365,796	¥1,458,190
Gains on trading account securities	–	–
Gains on money held in trust	32,762	9,736
Gains on trading securities	–	–
Gains on sales of securities	61,908	71,074
Gains on redemption of securities	36	54
Gains on derivatives	–	–
Gains on foreign exchange	12	1,452
Reversal of reserves for possible loan losses	14	–
Other investment income	215	107
Total	¥1,460,745	¥1,540,615

(5) Investment Expenses

(Millions of yen)

For the years ended March 31	2015	2014
Interest expenses	¥ 4,298	¥ 4,963
Losses on trading account securities	–	–
Losses on money held in trust	–	–
Losses on trading securities	–	–
Losses on sales of securities	4,963	10,205
Losses on valuation of securities	–	–
Losses on redemption of securities	44	62
Losses on derivatives	773	2,161
Losses on foreign exchange	–	–
Provision for reserves for possible loan losses	–	8
Write-off loans	–	–
Depreciation of real estate for lease and other assets	–	–
Other investment expenses	915	721
Total	¥10,994	¥18,122

(6) Interest, Dividends and Other Income

(Millions of yen)

For the years ended March 31	2015	2014
Interest on bank deposits	¥ 694	¥ 465
Interest and dividends on securities	1,119,333	1,180,339
Interest on corporate and government bonds	1,074,732	1,152,433
Domestic stock dividends	–	–
Interest and dividends on foreign securities	44,600	27,906
Interest on loans	13,489	12,478
Interest on loans to Management Organization for Postal Savings and Postal Life Insurance	227,682	260,797
Rent on real estate	–	–
Net, including other income	¥1,365,796	¥1,458,190

(7) Gains on Sales of Securities

(Millions of yen)

For the years ended March 31	2015	2014
Japanese government bonds and other bonds	¥56,869	¥70,968
Domestic stocks and other securities	–	–
Foreign securities	5,038	106
Net, including other gains on sales of securities	¥61,908	¥71,074

(8) Losses on Sales of Securities

(Millions of yen)

For the years ended March 31	2015	2014
Japanese government bonds and other bonds	¥ –	¥ 2,948
Domestic stocks and other securities	–	–
Foreign securities	4,963	7,256
Net, including other losses on sales of securities	¥ 4,963	¥10,205

(9) Losses on Valuation of Securities

Not applicable as of March 31, 2015 and 2014

(10) Proprietary Trading Securities

Not applicable as of March 31, 2015 and 2014

(11) Proceeds on Sales of Proprietary Trading Securities

Not applicable for the years ended March 31, 2015 and 2014

(12) Securities Composition

(Millions of yen, %)

As of March 31	2015		2014	
	Amount	Percentage	Amount	Percentage
Corporate and government bonds	¥64,294,767	97.0	¥68,138,527	98.2
Japanese government bonds	48,086,445	72.6	52,522,914	75.7
Japanese local government bonds	9,555,857	14.4	9,173,780	13.2
Japanese corporate bonds	6,652,464	10.0	6,441,832	9.3
Public entity bonds	4,240,887	6.4	4,060,169	5.9
Domestic stocks	984	0.0	984	0.0
Foreign securities	1,981,492	3.0	1,239,464	1.8
Foreign corporate and government bonds	1,961,492	3.0	1,099,464	1.6
Foreign stocks and other securities	20,000	0.0	140,000	0.2
Other securities	–	–	–	–
Total	¥66,277,244	100.0	¥69,378,975	100.0

(13) Securities by Maturity Date

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
As of March 31, 2015	¥8,033,323	¥12,094,811	¥7,044,877	¥5,252,746	¥6,849,337	¥28,746,217	¥68,021,312
Securities	6,319,339	12,094,811	7,044,877	5,252,746	6,849,337	28,716,133	66,277,244
Japanese government bonds	5,239,170	8,108,693	3,493,485	1,753,254	2,784,240	26,707,601	48,086,445
Japanese local government bonds	435,823	1,809,681	2,126,745	2,127,428	2,056,248	999,930	9,555,857
Japanese corporate bonds	644,345	1,966,464	1,273,042	899,062	930,926	938,622	6,652,464
Stocks	–	–	–	–	–	984	984
Foreign securities	–	209,972	151,603	473,000	1,077,921	68,994	1,981,492
Foreign corporate and government bonds	–	209,972	151,603	473,000	1,077,921	48,994	1,961,492
Foreign stocks and other securities	–	–	–	–	–	20,000	20,000
Other securities	–	–	–	–	–	–	–
Monetary claims bought	418,983	–	–	–	–	30,084	449,068
Certificates of deposit	1,295,000	–	–	–	–	–	1,295,000
Other	–	–	–	–	–	–	–
As of March 31, 2014	¥5,947,902	¥13,047,132	¥11,038,215	¥4,695,520	¥7,426,365	¥28,035,587	¥70,190,724
Securities	5,162,602	13,047,132	11,038,215	4,695,520	7,426,365	28,009,139	69,378,975
Japanese government bonds	4,337,884	10,137,211	7,114,491	1,730,372	3,211,422	25,991,532	52,522,914
Japanese local government bonds	369,133	1,290,360	2,150,133	1,904,499	2,516,451	943,201	9,173,780
Japanese corporate bonds	455,584	1,603,752	1,589,107	858,753	1,042,779	891,855	6,441,832
Stocks	–	–	–	–	–	984	984
Foreign securities	–	15,807	184,483	201,894	655,712	181,565	1,239,464
Foreign corporate and government bonds	–	15,807	184,483	201,894	655,712	41,565	1,099,464
Foreign stocks and other securities	–	–	–	–	–	140,000	140,000
Other securities	–	–	–	–	–	–	–
Monetary claims bought	81,000	–	–	–	–	26,448	107,448
Certificates of deposit	704,300	–	–	–	–	–	704,300
Other	–	–	–	–	–	–	–

Note: Includes the handling of securities based on Accounting Standard for Financial Instruments and its Implementation Guidance (ASBJ Statement No.10).

(14) Bond Term-End Balance Yield

As of March 31	2015	2014
Corporate and government bonds	1.62	1.63
Foreign corporate and government bonds	2.46	2.38

(%)

(15) Breakdown of Local Government Bonds by Region

As of March 31	2015	2014
Hokkaido	¥ 216,261	¥ 219,140
Tohoku	79,880	75,457
Kanto	2,258,807	2,195,188
Chubu	1,016,316	962,679
Kinki	916,662	898,265
Chugoku	281,093	254,851
Shikoku	83,167	77,991
Kyushu	642,712	614,000
Other	4,060,955	3,876,204
Total	¥9,555,857	¥9,173,780

(Millions of yen)

Note: "Other" indicates the balance of joint issuance market public placed local government bonds.

(16) Loans by Contractual Maturity Date

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
Total industrial and commercial loans as of March 31, 2015	¥1,029,154	¥2,394,514	¥1,598,396	¥1,389,612	¥1,657,335	¥1,834,234	¥9,903,247
Variable rate loans	22,700	25,750	22,300	10,050	16,150	5,000	101,950
Fixed rate loans	1,006,454	2,368,764	1,576,096	1,379,562	1,641,185	1,829,234	9,801,297
Total industrial and commercial loans as of March 31, 2014	¥1,071,617	¥2,619,145	¥1,704,473	¥1,476,533	¥1,832,874	¥2,261,669	¥10,966,313
Variable rate loans	17,380	42,150	24,550	7,500	11,150	10,000	112,730
Fixed rate loans	1,054,237	2,576,995	1,679,923	1,469,033	1,821,724	2,251,669	10,853,583

(Millions of yen)

Notes: (1) "Fixed rate loans" includes loans to Management Organization for Postal Savings and Postal Life Insurance (Postal Life Insurance Account).

(2) Among the loans to Management Organization for Postal Savings and Postal Life Insurance (Postal Life Insurance Account), the legal designated period is accrued as current maturity.

(17) Loans to Domestic Companies by Company Size

(Number of borrowers, millions of yen, %)

As of March 31		2015		2014	
			Percentage		Percentage
Large companies	Number of borrowers	45	90.0	41	93.2
	Amount of loans	¥ 255,110	2.7	¥ 243,210	2.3
Medium-sized companies	Number of borrowers	–	–	–	–
	Amount of loans	¥ –	–	¥ –	–
Small companies	Number of borrowers	5	10.0	3	6.8
	Amount of loans	¥ 9,114,993	97.3	¥10,218,937	97.7
Total loans to domestic companies	Number of borrowers	50	100.0	44	100.0
	Amount of loans	¥ 9,370,103	100.0	¥10,462,147	100.0

Notes: (1) Loans to Management Organization for Postal Savings and Postal Life Insurance (Postal Life Insurance Account) are classified as "small and medium-sized companies" by "Corporate Guideline of Entry Statistics Questionnaire" as specified by the Research and Statistics Department, Bank of Japan.

(2) Classifications are defined as shown below.

(3) Number of borrowers indicates the number of borrowers identified by name and is not the number of loans.

Industry type	1. All industries (excluding 2-4)		2. Retail and restaurant		3. Service		4. Wholesale	
Large companies	More than 300 employees	Paid-in capital over ¥1 billion	More than 50 employees	Paid-in capital over ¥1 billion	More than 100 employees	Paid-in capital over ¥1 billion	More than 100 employees	Paid-in capital over ¥1 billion
Medium-sized companies		Paid-in capital between ¥0.3 billion and ¥1 billion		Paid-in capital between ¥0.05 billion and ¥1 billion		Paid-in capital between ¥0.05 billion and ¥1 billion		Paid-in capital between ¥0.1 billion and ¥1 billion
Small companies	Paid-in capital under ¥0.3 billion or fewer than 300 employees		Paid-in capital under ¥0.05 billion or fewer than 50 employees		Paid-in capital under ¥0.05 billion or fewer than 100 employees		Paid-in capital under ¥0.1 billion or fewer than 100 employees	

(18) Breakdown of Loans by Industry

(Millions of yen, %)

As of March 31	2015		2014	
	Amount	Percentage	Amount	Percentage
Domestic	¥ 9,903,247	100.0	¥10,966,313	100.0
Manufacturing	74,040	0.7	79,040	0.7
Foods	8,800	0.1	8,800	0.1
Textiles and apparel	2,000	0.0	2,000	0.0
Wood, wood products	–	–	–	–
Pulp and paper	11,950	0.1	11,950	0.1
Printing	5,000	0.1	5,000	0.0
Chemicals	10,150	0.1	10,150	0.1
Oil and coal products	4,650	0.0	4,650	0.0
Ceramics, soil and stone	7,000	0.1	7,000	0.1
Iron and steel	8,000	0.1	8,000	0.1
Nonferrous metals	–	–	–	–
Metal products	–	–	–	–
General purpose, production and industrial machinery	1,490	0.0	1,490	0.0
Electric appliances	10,000	0.1	15,000	0.1
Transportation equipment	5,000	0.1	5,000	0.0
Other manufacturing products	–	–	–	–
Agriculture and forestry	–	–	–	–
Fishery	–	–	–	–
Mining, quarrying and gravel extraction	–	–	–	–
Construction	900	0.0	–	–
Electric power, gas, heat supply and waterworks	–	–	–	–
Information and communications	9,350	0.1	7,950	0.1
Transportation and postal	49,824	0.5	43,662	0.4
Wholesale trade	64,600	0.7	64,400	0.6
Retail trade	–	–	–	–
Financing and insurance	9,149,788	92.4	10,248,115	93.5
Real estate	21,600	0.2	18,980	0.2
Rental	–	–	–	–
Academic research, specialist and technology services	–	–	–	–
Lodging	–	–	–	–
Restaurant	–	–	–	–
Lifestyle related services, amusement	–	–	–	–
Education and learning support	–	–	–	–
Medical and welfare	–	–	–	–
Other services	–	–	–	–
Local organizations and public entities	533,144	5.4	504,165	4.6
Individuals (residential/consumption/local taxes/other)	–	–	–	–
Overseas	¥ –	–	¥ –	–
Governments and public entities	–	–	–	–
Financial institutions	–	–	–	–
Commerce and industry	–	–	–	–
Total industrial and commercial loans	¥ 9,903,247	100.0	¥10,966,313	100.0

Notes: (1) Domestic classification is based on the industrial classification of the Bank of Japan's rental payment previous to loans (by industry and new loans for equipment rentals).

(2) Loans to Management Organization for Postal Savings and Postal Life Insurance (Postal Life Insurance Account) are classified as "financing and insurance" in the Loans Questionnaire by Industrial Type of "Guideline of Entry Statistics Questionnaire" as specified by the Research and Statistics Department, Bank of Japan.

(19) Breakdown of Industrial Loans by Use

(Millions of yen, %)

As of March 31	2015		2014	
	Amount	Percentage	Amount	Percentage
Capital investments	¥ 453,077	4.6	¥ 419,032	3.8
Operations	9,450,170	95.4	10,547,281	96.2
Total	¥ 9,903,247	100.0	¥10,966,313	100.0

Note: Loans to Management Organization for Postal Savings and Postal Life Insurance (Postal Life Insurance Account) are classified as "operations."

(20) Breakdown of Loans by Region

(Millions of yen, %)

As of March 31	2015		2014	
	Amount	Percentage	Amount	Percentage
Hokkaido	¥ –	–	¥ –	–
Tohoku	31,042	0.3	32,217	0.3
Kanto	9,443,809	95.4	10,536,982	96.1
Chubu	156,417	1.6	135,290	1.2
Kinki	177,852	1.8	165,455	1.5
Chugoku	15,672	0.2	16,642	0.2
Shikoku	8,218	0.1	8,812	0.1
Kyushu	70,234	0.7	70,912	0.6
Total	¥ 9,903,247	100.0	¥10,966,313	100.0

Notes: (1) Loans to individuals, non-residents and for insurance policies are not included.

(2) Regional classification depends on the location of the borrower's headquarters.

(3) Loans to Management Organization for Postal Savings and Postal Life Insurance (Postal Life Insurance Account) are classified under "Kanto," as the organization is located in Tokyo.

(21) Tangible Fixed Assets

1) Tangible Fixed Assets

(Millions of yen, %)

	Balance at end of previous period	Increase in current period	Decrease in current period	Depreciation in current period	Balance at end of current period	Accumulated depreciation	Accumulated depreciation percentage
For the year ended March 31, 2015	¥89,322	¥53,510	¥5,409	¥5,750	¥131,672	¥63,535	–
(Includes rentals and other real estate)	–	–	–	–	–	–	–
Land	40,726	27,624	–	–	68,350	–	–
Buildings, net	33,287	3,911	952	2,070	34,176	17,365	33.7
Lease assets, net	1,456	959	6	438	1,970	1,167	37.2
Construction in progress	1,648	12,445	4,334	–	9,759	–	–
Others, net	12,204	8,567	115	3,241	17,415	45,001	72.1
For the year ended March 31, 2014	¥85,968	¥11,863	¥2,405	¥6,103	¥89,322	¥63,476	–
(Includes rentals and other real estate)	–	–	–	–	–	–	–
Land	40,726	–	–	–	40,726	–	–
Buildings, net	33,262	1,967	52	1,889	33,287	16,036	32.5
Lease assets, net	1,335	513	27	364	1,456	976	40.2
Construction in progress	15	3,792	2,159	–	1,648	–	–
Others, net	10,628	5,589	164	3,848	12,204	46,463	79.2

2) Breakdown of Real Estate Holdings by Use

(Millions of yen, number of buildings)

As of March 31	2015	2014
Value of real estate holdings	¥112,286	¥75,662
For business operations	112,286	75,662
For lease	—	—
Number of buildings held for leasing	—	—

Note: "Value of real estate holdings" is booked as the sum total of land, buildings (including facilities and structures) and construction in progress.

(22) Gains on Disposal of Fixed Assets

Not applicable for the years ended March 31, 2015 and 2014

(23) Losses on Disposal of Fixed Assets

(Millions of yen)

For the years ended March 31	2015	2014
Tangible fixed assets	¥1,358	¥ 248
Land	—	—
Buildings	1,273	57
Lease assets	6	27
Other assets	78	163
Intangible fixed assets	69	8,389
Others	3	—
Total	¥1,432	¥8,638
Includes rentals and other real estate	—	—

Note: "Buildings" is booked as the sum total of buildings, facilities and structures.

(24) Depreciation on Real Estate, Movable and Other Assets Held for Leasing

Not applicable for the years ended March 31, 2015 and 2014

(25) Overseas Loans and Investments

1) Breakdown by Asset Composition

(Millions of yen, %)

As of March 31		2015		2014	
		Amount	Percentage	Amount	Percentage
Foreign currency-denominated assets	Foreign corporate and government bonds	¥2,001,781	84.6	¥1,068,324	76.2
	Foreign stocks	194,567	8.2	60,455	4.3
	Cash and cash equivalents	—	—	—	—
	Subtotal	2,196,349	92.8	1,128,780	80.5
Foreign currency-denominated assets with fixed yen value	Foreign corporate and government bonds	—	—	—	—
	Cash and cash equivalents	—	—	—	—
	Subtotal	—	—	—	—
Yen denominated assets	Loans to non-residents	—	—	—	—
	Foreign corporate and government bonds and other assets	169,882	7.2	273,801	19.5
	Subtotal	169,882	7.2	273,801	19.5
Net overseas loans and investments		¥2,366,231	100.0	¥1,402,581	100.0

Note: "Foreign currency-denominated assets with fixed yen value" is recorded under assets on the balance sheets as the fixed yen value that was determined at settlement with foreign exchange forward contracts.

2) Overseas Loans and Investments by Geographic Area

(Millions of yen, %)

	Foreign securities		Corporate and government bonds		Stocks and other securities		Loans to non-residents	
	Value	Percentage	Value	Percentage	Value	Percentage	Value	Percentage
As of March 31, 2015	¥2,366,231	100.0	¥1,961,492	100.0	¥404,738	100.0	¥ –	–
North America	1,596,736	67.5	1,418,613	72.3	178,122	44.0	–	–
Europe	318,609	13.5	302,164	15.4	16,445	4.1	–	–
Oceania	101,266	4.3	101,266	5.2	–	–	–	–
Asia	–	–	–	–	–	–	–	–
Central and South America	210,171	8.9	–	–	210,171	51.9	–	–
Middle East	–	–	–	–	–	–	–	–
Africa	–	–	–	–	–	–	–	–
International organization	139,447	5.9	139,447	7.1	–	–	–	–
As of March 31, 2014	¥1,402,581	100.0	¥1,099,464	100.0	¥303,117	100.0	¥ –	–
North America	854,523	60.9	799,786	72.7	54,737	18.1	–	–
Europe	190,897	13.6	185,178	16.8	5,718	1.9	–	–
Oceania	16,499	1.2	16,499	1.5	–	–	–	–
Asia	–	–	–	–	–	–	–	–
Central and South America	242,661	17.3	–	–	242,661	80.1	–	–
Middle East	–	–	–	–	–	–	–	–
Africa	–	–	–	–	–	–	–	–
International organization	98,000	7.0	98,000	8.9	–	–	–	–

3) Composition of Foreign Currency-Denominated Assets by Currency

(Millions of yen, %)

As of March 31	2015		2014	
	Amount	Percentage	Amount	Percentage
U.S. dollar	¥1,824,884	83.1	¥ 955,973	84.7
Euro	180,615	8.2	148,185	13.1
British pound	109,698	5.0	23,409	2.1
Australian dollar	77,679	3.5	–	–
Canadian dollar	3,470	0.2	1,211	0.1
Total	¥2,196,349	100.0	¥1,128,780	100.0

(26) Yield on Overseas Loans and Investments

(%)

For the years ended March 31	2015	2014
Yield on overseas loans and investments	2.88	1.98

(27) Summary of New Public-Sector Investment Underwriting and Loans

(Millions of yen)

For the years ended March 31		2015	2014
Public bonds	Japanese government bonds	¥ —	¥ —
	Japanese local government bonds	—	—
	Public entity bonds	14	25
	Subtotal	14	25
Loans	Government organizations	—	—
	Public entities	50,456	68,886
	Subtotal	50,456	68,886
Total		¥50,471	¥68,912

(28) Loan Interest Rates

Not applicable for the years ended March 31, 2015 and 2014

Market Value Information of Securities (General Account)

(1) Market Value of Securities

1) Net Valuation Gain/Loss of Trading Securities

Japan Post Insurance does not hold securities for trading as of March 31, 2015 and 2014.

2) Market Value Information of Securities (with market value, other than trading securities)

(Millions of yen)

As of March 31	2015					2014				
	Book value	Market value	Net gain/loss			Book value	Market value	Net gain/loss		
			Gain	Loss	Gain			Loss		
Held-to-maturity bonds	¥43,695,559	¥48,232,675	¥4,537,116	¥4,537,655	¥ 539	¥45,257,324	¥48,427,090	¥3,169,765	¥3,174,107	¥ 4,342
Policy-reserve-matching bonds	15,493,208	16,668,447	1,175,238	1,175,453	214	17,953,667	19,052,820	1,099,152	1,100,453	1,300
Equities of subsidiaries and affiliated companies	–	–	–	–	–	–	–	–	–	–
Available-for-sale securities	9,411,484	10,193,205	781,721	784,470	2,748	7,148,598	7,414,127	265,529	278,007	12,478
Corporate and government bonds	5,105,394	5,203,999	98,605	99,163	558	4,927,726	5,025,535	97,809	100,097	2,287
Domestic stocks	713,204	996,906	283,701	285,545	1,844	337,777	412,261	74,484	78,011	3,527
Foreign securities	1,850,911	2,248,231	397,319	397,666	346	1,072,516	1,164,581	92,065	98,718	6,652
Foreign corporate and government bonds	1,537,712	1,863,492	325,779	326,126	346	917,500	1,001,464	83,964	90,616	6,652
Foreign stocks and other securities	313,198	384,738	71,539	71,539	–	155,016	163,117	8,101	8,101	–
Other securities	–	–	–	–	–	–	–	–	–	–
Monetary claims bought	446,973	449,068	2,095	2,095	–	106,278	107,448	1,170	1,181	11
Certificates of deposit	1,295,000	1,295,000	–	–	–	704,300	704,300	–	–	–
Other	–	–	–	–	–	–	–	–	–	–
Total	¥68,600,251	¥75,094,328	¥6,494,077	¥6,497,580	¥3,502	¥70,359,590	¥74,894,037	¥4,534,446	¥4,552,568	¥18,121
Corporate and government bonds	64,196,162	70,003,228	5,807,066	5,808,378	1,312	68,040,718	72,403,664	4,362,946	4,370,876	7,930
Domestic stocks	713,204	996,906	283,701	285,545	1,844	337,777	412,261	74,484	78,011	3,527
Foreign securities	1,948,911	2,350,125	401,213	401,560	346	1,170,516	1,266,362	95,846	102,499	6,652
Foreign corporate and government bonds	1,635,712	1,965,386	329,673	330,020	346	1,015,500	1,103,245	87,745	94,397	6,652
Foreign stocks and other securities	313,198	384,738	71,539	71,539	–	155,016	163,117	8,101	8,101	–
Other securities	–	–	–	–	–	–	–	–	–	–
Monetary claims bought	446,973	449,068	2,095	2,095	–	106,278	107,448	1,170	1,181	11
Certificates of deposit	1,295,000	1,295,000	–	–	–	704,300	704,300	–	–	–
Other	–	–	–	–	–	–	–	–	–	–

Notes: (1) This table includes the handling of securities under the Financial Instruments and Exchange Law.

(2) This table includes money held in trust other than trading securities and its book value is ¥1,026,403 million with a gain of ¥355,241 million as of March 31, 2015 and ¥492,793 million with a gain of ¥82,585 million as of March 31, 2014.

The book values for securities that are considered difficult to determine the market value are as follows.

(Millions of yen)

As of March 31	2015	2014
Held-to-maturity bonds	¥ -	¥ -
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Equities of subsidiaries and affiliated companies	984	984
Available-for-sale securities	20,000	140,000
Unlisted domestic stocks (excluding OTC traded equities)	-	-
Unlisted foreign stocks (excluding OTC traded equities)	20,000	140,000
Unlisted foreign bonds	-	-
Others	-	-
Total	¥20,984	¥140,984

(2) Data on Market Value of Money Held in Trust

(Millions of yen)

As of March 31	2015					2014				
	Carrying amount	Market value	Net gain/loss			Carrying amount	Market value	Net gain/loss		
			Gain	Loss	Gain			Loss		
Money held in trust	¥1,434,943	¥1,434,943	¥ -	¥ -	¥ -	¥581,627	¥581,627	¥ -	¥ -	¥ -

1) Money Held in Trust for Trading Purposes

Japan Post Insurance does not hold money held in trust for trading purposes as of March 31, 2015 and 2014.

2) Assets Held-to-Maturity in Trust/Assets Held for Reserves in Trust/Other Money Held in Trust

(Millions of yen)

As of March 31	2015					2014				
	Book value	Market value	Net gain/Loss			Book value	Market value	Net gain/Loss		
			Gain	Loss	Gain			Loss		
Assets held-to-maturity in trust	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -
Assets held for reserves in trust	-	-	-	-	-	-	-	-	-	-
Other money held in trust	1,079,701	1,434,943	355,241	357,085	1,844	499,042	581,627	82,585	86,112	3,527
Domestic stock fund	765,237	1,048,938	283,701	285,545	1,844	342,583	417,067	74,484	78,011	3,527
Foreign stock fund	158,944	195,510	36,565	36,565	-	55,742	60,755	5,013	5,013	-
Foreign bond fund	155,519	190,493	34,974	34,974	-	100,716	103,804	3,087	3,087	-
Real estate fund	-	-	-	-	-	-	-	-	-	-

3) Balances of Securities in Money Held in Trust

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
As of March 31, 2015							
Domestic stock						996,906	¥1,381,644
Foreign securities						384,738	
Foreign corporate and government bonds						—	
Foreign stocks and other securities						384,738	
As of March 31, 2014							
Domestic stock						412,261	¥575,379
Foreign securities						163,117	
Foreign corporate and government bonds						—	
Foreign stocks and other securities						163,117	

4) Currency Composition of Money Held in Trust

(Millions of yen, %)

As of March 31	2015		2014	
	Amount	Percentage	Amount	Percentage
Japanese yen	¥ 996,906	72.2	¥412,261	71.7
U.S. dollar	364,823	26.4	156,187	27.1
Euro	—	—	—	—
Others	19,915	1.4	6,930	1.2
Total	¥1,381,644	100.0	¥575,379	100.0

Note: Excluding cash and deposits

5) Industry Composition of Japanese Stocks of Money Held in Trust

(Millions of yen, %)

As of March 31	2015		2014	
	Market value	Percentage	Market value	Percentage
Fishery, agriculture and forestry	¥ 559	0.1	¥ 308	0.1
Mining	3,022	0.3	1,973	0.5
Construction	29,857	3.0	10,616	2.6
Manufacturing				
Foods	41,889	4.2	15,978	3.9
Textiles and apparel	5,604	0.6	2,979	0.7
Pulp and paper	1,706	0.2	1,236	0.3
Chemicals	50,087	5.0	22,226	5.4
Pharmaceuticals	57,218	5.7	19,132	4.6
Oil and coal products	9,614	1.0	2,502	0.6
Rubber products	10,529	1.1	3,837	0.9
Glass and ceramic products	6,766	0.7	4,196	1.0
Iron and steel	12,032	1.2	6,612	1.6
Nonferrous metals	12,243	1.2	4,170	1.0
Metal products	4,884	0.5	2,874	0.7
Machinery	47,724	4.8	21,365	5.2
Electric appliances	109,326	11.0	52,032	12.6
Transportation equipment	125,236	12.6	48,147	11.7
Precision instruments	23,188	2.3	5,903	1.4
Other products	10,460	1.0	5,974	1.4
Electric power and gas	14,463	1.5	9,206	2.2
Transportation, information and communications				
Land transportation	40,836	4.1	15,514	3.8
Marine transportation	2,446	0.2	1,528	0.4
Air transportation	7,150	0.7	2,124	0.5
Warehousing and port transportation services	1,670	0.2	932	0.2
Information and communications	92,457	9.3	30,676	7.4
Trade and services				
Wholesale trade	69,127	6.9	19,273	4.7
Retail trade	36,775	3.7	17,244	4.2
Finance and insurance				
Banking	81,461	8.2	38,556	9.4
Securities and trading	10,079	1.0	6,951	1.7
Insurance	18,380	1.8	9,045	2.2
Other financial services	9,349	0.9	5,343	1.3
Real estate	23,379	2.3	13,723	3.3
Services	27,373	2.7	10,070	2.4
Total	¥996,906	100.0	¥412,261	100.0

(3) Combined Market Value of Derivative Transactions (with or without hedge accounting)

(i) Breakdown of gains and losses (breakdown of hedge accounting applied and not applied portions)

(Millions of yen)

	Interest rate related	Currency related	Stocks related	Bonds related	Others	Total
As of March 31, 2015	¥971	¥493	¥-	¥-	¥-	¥1,465
Portion with hedge accounting applied	971	493	-	-	-	1,465
Portion with hedge accounting not applied	-	-	-	-	-	-
As of March 31, 2014	¥326	¥(15,655)	¥-	¥-	¥-	¥(15,328)
Portion with hedge accounting applied	326	(15,655)	-	-	-	(15,328)
Portion with hedge accounting not applied	-	-	-	-	-	-

Notes: (1) Of the hedge accounting applied as of March 31, 2015, the portion with hedge accounting (the fair value hedge method) applied for net gain (currency related ¥493 million) is accrued in the statement of income.

(2) Of the hedge accounting applied as of March 31, 2014, the portion with hedge accounting (the fair value hedge method) applied for net loss (currency related ¥15,655 million) is accrued in the statement of income.

(ii) Interest rate related

(Millions of yen)

Category	As of March 31	2015			2014				
		Type	Contract amount, etc.	Market value	Net gain/loss	Contract amount, etc.	Market value	Net gain/loss	
		Over one year			Over one year				
Over-the-counter	Interest rate swap								
	Fixed interest receipt/ variable interest payment	¥101,950	¥79,250	¥971	¥971	¥112,730	¥95,350	¥326	¥326
Total					¥971				¥326

Note: The market value (current price) of swap transactions is indicated in the net gain/loss column.

Reference: Outstanding balances of interest rate swaps by contractual maturity date

(Millions of yen, %)

Category	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
As of March 31, 2015	¥22,700	¥25,750	¥22,300	¥10,050	¥16,150	¥5,000	¥101,950
Fixed receipt Swap notational principal	22,700	25,750	22,300	10,050	16,150	5,000	101,950
Average fixed interest receipt	0.55	0.44	0.45	0.48	0.94	1.12	0.58
Average variable interest payment	0.17	0.16	0.18	0.20	0.24	0.24	0.19
As of March 31, 2014	¥17,380	¥42,150	¥24,550	¥7,500	¥11,150	¥10,000	¥112,730
Fixed receipt Swap notational principal	17,380	42,150	24,550	7,500	11,150	10,000	112,730
Average fixed interest receipt	0.82	0.53	0.39	0.55	0.93	1.05	0.63
Average variable interest payment	0.36	0.23	0.20	0.26	0.28	0.28	0.25

(iii) Currency related

(Millions of yen)

Category	As of March 31 Type	2015				2014			
		Contract amount, etc. Over one year	Market value	Net gain/ loss	Contract amount, etc. Over one year	Market value	Net gain/ loss		
Over-the-counter	Foreign exchange forward contracts								
	Sold	¥363,120	¥ –	¥ 493	¥ 493	¥404,257	¥ –	¥(15,655)	¥(15,655)
	U.S. dollar	172,008	–	(12,843)	(12,843)	270,312	–	(6,817)	(6,817)
	Euro	191,112	–	13,337	13,337	133,944	–	(8,837)	(8,837)
	Purchased	–	–	–	–	–	–	–	–
	Total			¥ 493				¥(15,655)	

Notes: (1) Future quotation for the exchange rate at the end of the fiscal year is used.

(2) The net gain/loss is described for the exchange contract market value.

(iv) Stocks related

There were no such outstanding balances as of March 31, 2015 and 2014.

(v) Bonds related

There were no such outstanding balances as of March 31, 2015 and 2014.

(vi) Others

There were no such outstanding balances as of March 31, 2015 and 2014.

Indicators for Separate Accounts

None

History

Japan Post Insurance Co., Ltd. was established as Kampo Co., Ltd. on September 1, 2006 under the Postal Service Privatization Act enacted in October 2005. During the period up to September 30, 2007, the Company prepared to launch operations as a life insurance company. On October 1, 2007, the Company changed

its trade name to Japan Post Insurance Co., Ltd.

Japan Post Insurance currently engages in the life insurance business and Postal Life Insurance management business under commission from the Management Organization for Postal Savings and Postal Life Insurance.

September 2006	Established Kampo Co., Ltd. under the Postal Service Privatization Act
October 2007	Changed trade name to Japan Post Insurance Co., Ltd. in line with commencement of life insurance business Started Postal Life Insurance management operations under commission from the Management Organization for Postal Savings and Postal Life Insurance
December 2007	Obtained approval for new operations (liberalization of investment products)
June 2008	Commenced commissioned sales of life insurance products for corporate clients (term insurance)
July 2008	Launched <i>Sono hi kara</i> , a new hospitalization rider
July 2009	Established branches in all prefectures through opening of the Nara Branch and Wakayama Branch
October 2011	JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd. (current consolidated subsidiary) became a subsidiary
April 2014	Launched <i>Hajime no Kampo</i> , an educational endowment insurance
July 2014	Commenced handling commissioned sales of cancer insurance products for American Family Life Assurance Company of Columbus (Aflac)
September 2015	Obtained approval for commissioned sales of insurance products for corporate clients (general welfare group term insurance, etc.)
October 2015	Commenced sales of endowment insurance "New Free Plan (short-term premium payment)"
November 2015	Listed shares on the First Section of the Tokyo Stock Exchange

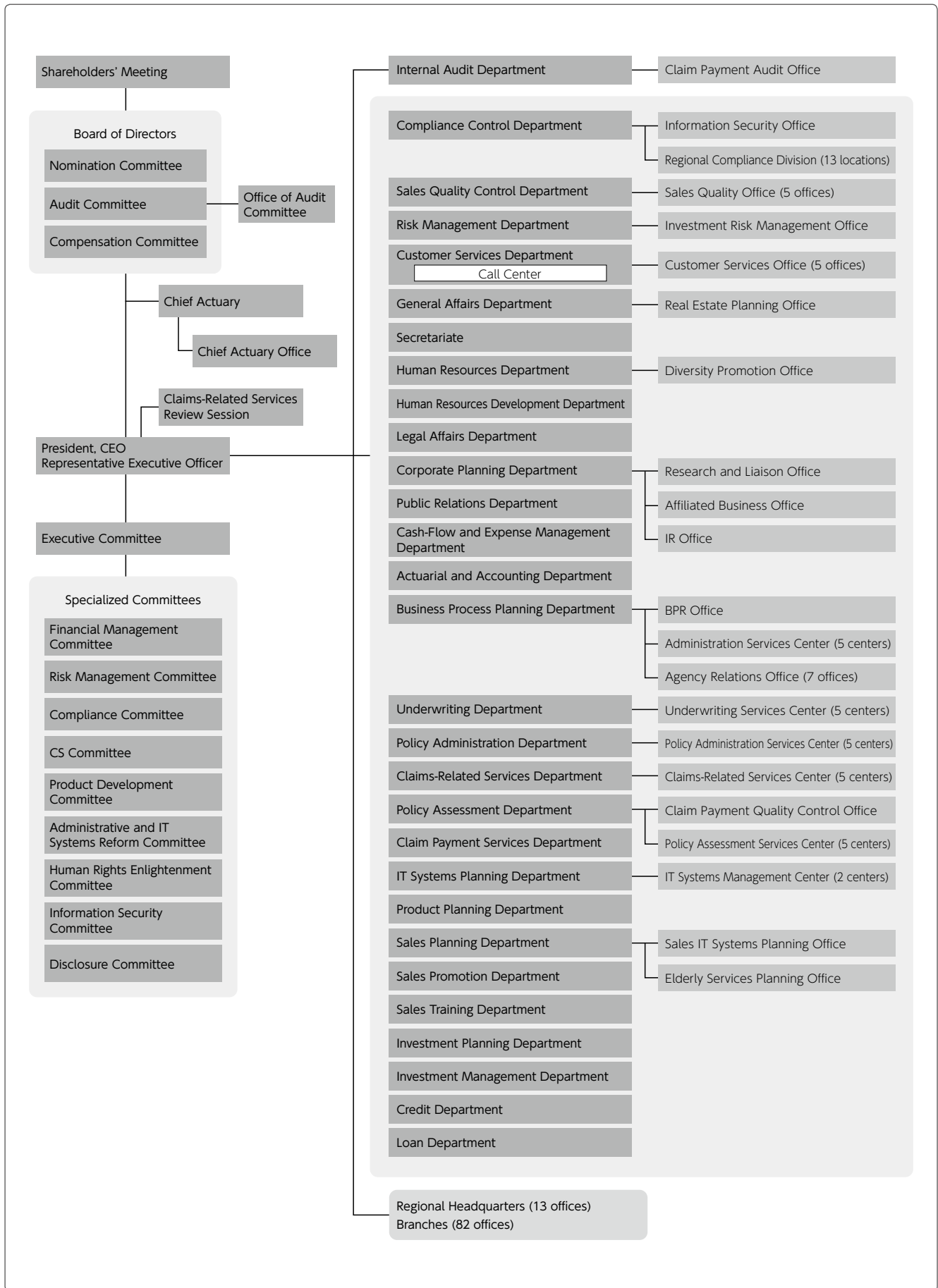
■ History of Postal Life Insurance

October 1916	Foundation of Postal Life Insurance business by the Ministry of Communications
October 1926	Foundation of postal annuity business by the Ministry of Communications
June 1949	Establishment of The Ministry of Posts and Telecommunications
January 2001	Creation of Postal Services Agency as part of realignment of government ministries
April 2003	Establishment of Japan Post

Major Businesses

- (1) Life insurance businesses
- (2) Agency or administration services for other insurance companies (including foreign insurance companies) and other financial services companies and loan guarantees and other businesses supplemental to previously mentioned businesses
- (3) Trading of Japanese government bonds, local government bonds and government-guaranteed bonds; accepting subscriptions for local government bonds, corporate bonds and other bonds; commissioned management and other businesses provided for under the Insurance Business Act; and other life insurance businesses not covered by the Insurance Business Act but legally permissible
- (4) Management of Postal Life Insurance Policies commissioned by the Management Organization for Postal Savings and Postal Life Insurance
- (5) Other business supplemental or related to previously mentioned businesses

Organization Chart



Paid-in Capital (As of September 30, 2015)

Month, Date, Year	Gain (loss) on investments	Gain (loss) on capital after contribution	Outline
October 1, 2007	¥499,950 million	¥500,000 million	Capital increase by privatization

Total Number of Stocks (As of September 30, 2015)

Total number of issuable stocks	2,400,000,000
Total number of issued stocks	600,000,000
Current period shareholder	one entity

Condition of Stocks (As of September 30, 2015)

1) Types of stocks issued

Issued stocks	Type	Number of issued stocks	Contents
	Common stock	600,000,000	—

2) Major shareholder

Name	Investments in Japan Post Insurance Co., Ltd.		Investments by major shareholders in Japan Post Insurance Co., Ltd.	
	Number of stocks held	Ratio of number of stocks held	Number of stocks held	Ratio of number of stocks held
Japan Post Holdings Co., Ltd.	600,000,000	100%	—	—

Shareholder (As of September 30, 2015)

Name	Address of main place of business or sales	Paid-in capital or investment	Business outline	Date of establishment	Percentage of owned shares included in the total number of shares
Japan Post Holdings Co., Ltd.	Chiyoda-ku, Tokyo	¥3,500,000 million	Management of the Japan Post Group	January 23, 2006	100%

Directors and Executive Officers

Males: 31 Females: 3 (Ratio of female directors/executive officers: 8.8%)

(As of September 28, 2015)

Directors

Director	Masami Ishii	President, CEO Representative Executive Officer
Director	Toshihisa Minakata	Deputy President Representative Executive Officer
Director	Shoji Awakura	Deputy President Representative Executive Officer
Director	Akira Anzai	
Director	Taizo Nishimuro	President & CEO, Japan Post Holdings Co., Ltd.
Director	Masaharu Hino	Attorney-at-law
Director	Fumiaki Furuya	Chairman, NIPPON SHUPPAN HANBAI INC.
Director	Kiyomi Saito	CEO, JBond Totan Securities Co., Ltd.
Director	Shin Yoshidome	Senior Adviser, Daiwa Institute of Research Business Innovation Ltd.
Director	Shinji Hattori	Chairman & Group CEO, Seiko Holdings Corporation
Director	Michiko Matsuda	Adviser, IHI Enviro Corporation

Note: Six directors (Masaharu Hino, Fumiaki Furuya, Kiyomi Saito, Shin Yoshidome, Shinji Hattori and Michiko Matsuda) are Outside Directors as specified in Article 2, Item 15 of the Corporate Law.

Executive Officers

		In charge of respective departments
President, CEO Representative Executive Officer	Masami Ishii	
Deputy President Representative Executive Officer	Toshihisa Minakata	Secretariate
Deputy President Representative Executive Officer	Shoji Awakura	Sales Promotion Department and Regional Headquarters
Senior Managing Executive Officer	Kiyoshi Ido	IT Systems Planning Department
Senior Managing Executive Officer	Kazuhide Kinugawa	Sales Quality Control Department, Customer Services Department, General Affairs Department, Human Resources Department, Human Resources Development Department, Sales Training Department and Credit Department
Senior Managing Executive Officer	Masaaki Horigane	Actuarial and Accounting Department, Policy Assessment Department and Claim Payment Services Department
Senior Managing Executive Officer	Mitsuhiko Uehira	Product Planning Department, Sales Planning Department and Sales Training Department
Managing Executive Officer	Kiyotaka Fujimoto	Investment Planning Department, Investment Management Department and Loan Department
Managing Executive Officer	Yoshito Horiie	Business Process Planning Department, Underwriting Department, Policy Administration Department and Claims-Related Services Department
Managing Executive Officer	Tetsuya Senda	Corporate Planning Department, Public Relations Department and Cash-Flow and Expense Management Department
Managing Executive Officer	Yasuhiro Sadayuki	Compliance Control Department, Risk Management Department and Legal Affairs Department
Managing Executive Officer	Yoshihiko Ido	Senior General Manager, Sales Promotion Department
Managing Executive Officer	Yoshio Inoue	Internal Audit Department
Executive Officer	Tomoaki Nara	Senior General Manager, Investment Planning Department
Executive Officer	Shinji Ando	Senior General Manager, Compliance Control Department
Executive Officer	Nobuyasu Kato	Senior General Manager, Policy Assessment Department
Executive Officer	Yasutaka Nishikawa	Senior General Manager, Kinki Regional Headquarters
Executive Officer	Osamu Kubo	Senior General Manager, Tokyo Regional Headquarters
Executive Officer	Yasuaki Hironaka	
Executive Officer	Hiromichi Udagawa	Senior General Manager, Kanto Regional Headquarters
Executive Officer	Hiroshi Nagaso	Senior General Manager, Tokai Regional Headquarters
Executive Officer	Hisao Nishikawa	Senior General Manager, Chugoku Regional Headquarters
Executive Officer	Masato Kawagoe	Senior General Manager, Kyushu Regional Headquarters
Executive Officer	Yasumi Suzukawa	Senior General Manager, Claim Payment Services Department
Executive Officer	Kieko Onoki	General Manager, Sendai Administration Services Center
Executive Officer	Toru Onishi	Senior General Manager, Corporate Planning Department and Affiliated Business Office

Annual Report 2015

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