

# UNOFFICIAL TRANSLATION

Although the Company pays close attention to provide English translation of the information disclosed in Japanese, the Japanese original prevails over its English translation in the case of any discrepancy.

## Summary of Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 [Under Japanese GAAP]



May 15, 2015

Company Name: JAPAN POST INSURANCE Co., Ltd.

URL: <http://www.jp-life.japanpost.jp/>

Representative: Masami Ishii, Director and President, CEO, Representative Executive Officer

Scheduled date of General Shareholder's Meeting: June 24, 2015

(Amounts of less than one million yen are rounded down.)

### 1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(1) Non-Consolidated Results of Operations (% indicates changes from the previous corresponding period.)

	Ordinary income		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2015	10,169,236	(9.5)	493,169	6.4	81,758	28.9
Fiscal year ended March 31, 2014	11,233,925	(5.1)	463,506	(12.4)	63,428	(30.3)

	Net income per share	Diluted net income per share (Note)	Return on equity	Ordinary profit to total assets	Ordinary profit to ordinary income
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2015	4,087.92	-	4.7	0.6	4.8
Fiscal year ended March 31, 2014	3,171.42	-	4.2	0.5	4.1

(Note) Diluted net income per share is not presented for the fiscal year ended March 31, 2015 as potential common stock did not exist.

### (2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2015	84,911,946	1,969,143	2.3	98,457.19
As of March 31, 2014	87,088,626	1,534,457	1.8	76,722.86

Net assets attributable to the Company's shareholders as of March 31, 2015 and 2014 were ¥1,969,143 million and ¥1,534,457 million, respectively.

### (3) Non-Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2015	(2,887,099)	3,446,777	(17,284)	2,205,969
Fiscal year ended March 31, 2014	(3,751,723)	4,714,279	(23,161)	1,663,576

**\* Notes:**

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(2) Total number of shares issued (common stock)

Total number of shares issued at the end of the fiscal year:

March 31, 2015: 20,000,000 shares

March 31, 2014: 20,000,000 shares

<p>* This document is intended for the sole purpose of providing information to the general public, and should not be construed as solicitation or an offer to invest in any securities including shares in the Company.</p>
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[Attachment]

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## 1. Analysis of Non-Consolidated Results of Operations and Non-Consolidated Financial Position

### (1) Analysis of Non-Consolidated Results of Operations

During the fiscal year ended March 31, 2015, Japan Post Insurance Co., Ltd. (the “Company”) sold 2,381 thousand individual insurance policies with an insured amount of ¥7,002.5 billion, and 137 thousand individual annuity policies with an annuity amount of ¥493.5 billion. This was mainly attributable to further strengthening of sales promotion systems in collaboration with Japan Post Co., Ltd. (“Japan Post Co.”), the main channel of the Company, and the strong sales in *Hajime no Kanpo* educational endowment insurance launched in April.

Ordinary income amounted to ¥10,169.2 billion, comprising the sum of items including insurance premiums and others of ¥5,956.7 billion, investment income of ¥1,460.7 billion, and reversal of policy reserves of ¥2,632.8 billion. Meanwhile, ordinary expenses amounted to ¥9,676.0 billion, comprising the sum of items including insurance claims and others of ¥9,059.5 billion, investment expenses of ¥10.9 billion, and operating expenses of ¥512.4 billion. As a result, ordinary profit amounted to ¥493.1 billion.

Net income amounted to ¥81.7 billion due to the recording of items including ¥97.9 billion of provision for reserve for price fluctuations under extraordinary losses, ¥200.7 billion of provision for reserve for policyholder dividends, and ¥111.3 billion of total income taxes. In addition, core profit amounted to ¥515.4 billion.

### (2) Analysis of Non-Consolidated Financial Position

As of March 31, 2015, total assets amounted to ¥84,911.9 billion, mainly comprising ¥66,277.2 billion of securities and ¥9,977.3 billion of loans.

Total liabilities amounted to ¥82,942.8 billion, comprising ¥77,905.6 billion of policy reserves and others.

Total net assets amounted to ¥1,969.1 billion, comprising ¥558.0 billion of net unrealized gains on available-for-sale securities.

The solvency margin ratio stood at 1,641.4% and real net assets amounted to ¥11,512.2 billion.

## 2. Issues to be Addressed

The Japan Post Group renewed the period covered by the “New Japan Post Group Network Creation Plan 2016,” the medium-term management plan announced in February 2014, and announced in April 2015 its new medium-term management plan “New Japan Post Group Network Creation Plan 2017” covering the three years from the fiscal year ending March 31, 2016 to the fiscal year ending March 31, 2018 to articulate its future direction in management for overcoming issues, such as pursuit of greater profitability of the Group, improvement in productivity and strengthening of corporate governance upon taking into account factors such as changes in the operating environment, including the continued low interest rate environment.

In this medium-term management plan, based on the policy of aiming to be the “No. 1 Japanese insurance company selected by customers,” through establishing a strong management base required for the Company’s growth, as well as by developing products and services that will further strengthen our advantage, the Company focuses on implementing the following key measures in order to pave the way for moving onto a full-fledged growth path.

- 1) Establish structures enabling the performance of functions ranging from underwriting to claims payments in a simple, quick and accurate manner

In constructing our future growth strategy, by making investments in our administrative and IT system infrastructures that form the basis of our competitive edge, we will build administrative operations and IT structures enabling the performance of functions ranging from underwriting to claims payments in a simple, quick and accurate manner so as to reinforce our insurance policies management structure and to provide high-quality services.

In addition, with regard to the IT systems that form the basis of administrative processes, we will reinforce our structure of IT development and management in line with the renewal and upgrade of our backbone systems scheduled in January 2017, and by doing so, we will aim to improve system quality and development productivity.

- 2) Strengthen sales capabilities of our sales channels

Making joint efforts with Japan Post Co., the Company will strengthen sales capabilities of the agency (post office) sales channel, which accounts for a considerable portion of our new policy sales. The Company will further accelerate the speed of increase in new policies by means of improvement in productivity by securing and training sales staff at Japan Post Co. and through an increased amount of sales activities such as home visit activities for customers for policies in force, and will also promote a sales increase in endowment and whole life insurance, which falls under universal services, and improvement in the ratio of hospitalization riders.

Directly managed sales offices of the Company aim to expand sales in the corporate, workplaces and inner (within Japan Post Group) market by strengthening the sales structure for corporate customers.

- 3) Development of insurance products that meet customer needs and improvement of services for elderly customers

The Company will develop insurance products and services that meet customer needs by enhancing the attractiveness of savings products and customers' convenience for alternative procedures on maturity, as well as raising the age limits for endowment and whole life insurance to enable elderly customers to purchase insurance policies. Through these efforts, the Company will contribute to providing better convenience to customers and achieve expansion in new policies.

In the elderly customer market, where we have an advantage and further growth is expected, the Company will build an "elderly customer-friendly business model" and promote reforms to review every point of customer contact from the elderly customers' perspective in order to provide elderly customers with high-quality services.

- 4) Enhance profitability of investments

As for investments, the Company will aim to enhance profitability by promoting our policy of matching assets with liabilities and assuming investment risk within an acceptable range to accelerate diversification

of investment assets.

5) Strengthen internal control environment and staff training

The Company will strengthen the internal control environment by ensuring the quality of our product solicitations and achieving thorough compliance, which form the foundation of our operations, and also by promoting initiatives to incorporate customer feedback in our operations to strengthen risk management.

In addition, the Company will train and develop staff to become the core of corporate operations and the source of competitiveness, as well as create a suitable work environment for a diverse range of personnel (promotion of diversity management), and aim for mutual growth of employees and the Company.

In the fiscal year ending March 31, 2017, which falls under this medium-term management plan, the Company will celebrate the 100th anniversary of our Postal Life Insurance Services. Toward this commemorative year, we will steadily implement the key measures stated above and seek to move onto a growth path.

### 3. Basic Approach Concerning Selection of Accounting Standards

The Company prepares its financial statements based on Japanese GAAP. The Company discloses its financial statements in accordance with the “Ordinance for Enforcement of the Insurance Business Act” (Ordinance No. 5 issued by the Ministry of Finance in 1996).

## 4. Non-Consolidated Financial Statements

## (1) Non-Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
<b>ASSETS:</b>		
Cash and deposits	1,663,576	2,205,969
Cash	4,258	3,118
Deposits	1,659,318	2,202,851
Call loans	230,025	445,428
Receivables under securities borrowing transactions	2,822,188	2,720,856
Monetary claims bought	107,448	449,068
Money held in trust	581,627	1,434,943
Securities	69,378,975	66,277,244
Japanese government bonds	52,522,914	48,086,445
Japanese local government bonds	9,173,780	9,555,857
Japanese corporate bonds	6,441,832	6,652,464
Stocks	984	984
Foreign securities	1,239,464	1,981,492
Loans	11,020,585	9,977,345
Policy loans	54,271	74,097
Industrial and commercial loans	763,298	806,259
Loans to the Management Organization	10,203,015	9,096,988
Tangible fixed assets	89,322	131,672
Land	40,726	68,350
Buildings	33,287	34,176
Leased assets	1,456	1,970
Construction in progress	1,648	9,759
Other tangible fixed assets	12,204	17,415
Intangible fixed assets	126,040	157,580
Software	126,022	157,564
Other intangible fixed assets	18	15
Agency accounts receivable	102,651	95,023
Reinsurance receivables	234	630
Other assets	374,320	468,916
Accounts receivable	172,115	259,663
Prepaid expenses	814	924
Accrued income	195,169	184,944
Money on deposit	2,158	7,243
Derivative financial instruments	166	13,393
Suspense payments	787	589
Other assets	3,108	2,157
Deferred tax assets	592,665	548,210
Reserve for possible loan losses	(1,036)	(943)
Total assets	87,088,626	84,911,946

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
<b>LIABILITIES:</b>		
Policy reserves and others	80,799,941	77,905,677
Reserve for outstanding claims	831,690	718,156
Policy reserves	77,745,490	75,112,601
Reserve for policyholder dividends	2,222,759	2,074,919
Reinsurance payables	1,234	2,017
Other liabilities	4,077,493	4,257,294
Payables under securities lending transactions	3,703,176	3,658,492
Income taxes payable	15,804	19,452
Accounts payable	229,922	463,217
Accrued expenses	15,626	16,218
Unearned revenue	4	-
Deposits received	12,172	11,184
Deposits from the Management Organization	66,221	59,058
Derivative financial instruments	15,805	12,866
Lease obligations	1,528	2,105
Asset retirement obligation	15	15
Suspense receipt	16,433	13,963
Other liabilities	781	719
Reserve for possible claim payments	1,881	-
Reserve for employees' retirement benefits	59,385	65,645
Reserve under the special law	614,233	712,167
Reserve for price fluctuations	614,233	712,167
Total liabilities	85,554,169	82,942,802
<b>NET ASSETS:</b>		
Capital stock	500,000	500,000
Capital surplus	500,044	500,044
Legal capital surplus	405,044	405,044
Other capital surplus	95,000	95,000
Retained earnings	349,627	411,043
Legal retained earnings	17,222	20,584
Other retained earnings	332,404	390,459
Retained earnings brought forward	332,404	390,459
Total shareholders' equity	1,349,671	1,411,088
Net unrealized gains (losses) on available-for-sale securities	184,774	558,033
Net deferred gains (losses) on hedges	11	22
Total valuation and translation adjustments	184,785	558,055
Total net assets	1,534,457	1,969,143
Total liabilities and net assets	87,088,626	84,911,946



## (2) Non-Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
ORDINARY INCOME	11,233,925	10,169,236
Insurance premiums and others	5,911,643	5,956,716
Insurance premiums	5,911,269	5,954,839
Reinsurance income	374	1,876
Investment income	1,540,615	1,460,745
Interest and dividend income	1,458,190	1,365,796
Interest on deposits	465	694
Interest and dividends on securities	1,180,339	1,119,333
Interest on loans	12,478	13,489
Interest on loans to the Management Organization	260,797	227,682
Other interest and dividend income	4,109	4,596
Gains on money held in trust	9,736	32,762
Gains on sales of securities	71,074	61,908
Gains on redemption of securities	54	36
Gains on foreign exchanges	1,452	12
Reversal of reserve for possible loan losses	-	14
Other investment income	107	215
Other ordinary income	3,781,665	2,751,774
Reversal of reserve for outstanding claims	115,432	113,534
Reversal of policy reserves	3,656,490	2,632,889
Reversal of reserve for possible claim payments	5,122	1,881
Reversal of reserve for directors' retirement benefits	164	-
Other ordinary income	4,455	3,468
ORDINARY EXPENSES	10,770,418	9,676,067
Insurance claims and others	10,160,877	9,059,549
Insurance claims	9,511,326	8,253,973
Annuity payments	256,746	304,096
Benefits	33,941	41,538
Surrender benefits	220,263	291,290
Other refunds	135,968	162,462
Reinsurance premiums	2,631	6,188
Provision for policy reserves and others	4,627	1,497
Provision for interest on policyholder dividends	4,627	1,497
Investment expenses	18,122	10,994
Interest expenses	4,963	4,298
Losses on sales of securities	10,205	4,963
Losses on redemption of securities	62	44
Losses on derivative financial instruments	2,161	773
Provision for reserve for possible loan losses	8	-
Other investment expenses	721	915
Operating expenses	513,046	512,417
Other ordinary expenses	73,744	91,608
Taxes	38,193	54,238
Depreciation and amortization	34,217	35,552
Provision for reserve for employees' retirement benefits	608	1,099
Other ordinary expenses	725	717
Ordinary profit	463,506	493,169

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
EXTRAORDINARY GAINS	-	-
EXTRAORDINARY LOSSES	99,999	99,366
Losses on sales and disposal of fixed assets	8,638	1,432
Provision for reserve for price fluctuations	91,360	97,934
Provision for reserve for policyholder dividends	242,146	200,722
Income before income taxes	121,361	193,080
Income taxes - Current	200,701	208,234
Income taxes - Deferred	(142,768)	(96,912)
Total income taxes	57,932	111,321
Net income	63,428	81,758

## (3) Non-Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(Millions of yen)

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

	Valuation and translation adjustments	
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges
Balance at the beginning of the fiscal year	155,778	-
Changes in the fiscal year		
Cash dividends		
Net income		
Net changes in items other than shareholders' equity in the fiscal year	28,996	11
Net changes in the fiscal year	28,996	11
Balance at the end of the fiscal year	184,774	11

Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus		Retained earnings		Total shareholders' equity
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	
Balance at the beginning of the fiscal year	500,000	405,044	95,000	17,222	332,404	1,349,671
Cumulative effects of changes in accounting policies					(3,533)	(3,533)
Restated balance	500,000	405,044	95,000	17,222	328,871	1,346,138
Changes in the fiscal year						
Cash dividends				3,361	(20,170)	(16,808)
Net income					81,758	81,758
Net changes in items other than shareholders' equity in the fiscal year						
Net changes in the fiscal year	-	-	-	3,361	61,588	64,949
Balance at the end of the fiscal year	500,000	405,044	95,000	20,584	390,459	1,411,088

	Valuation and translation adjustments	
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges
Balance at the beginning of the fiscal year	184,774	11
Cumulative effects of changes in accounting policies		
Restated balance	184,774	11
Changes in the fiscal year		
Cash dividends		
Net income		
Net changes in items other than shareholders' equity in the fiscal year	373,258	11
Net changes in the fiscal year	373,258	11
Balance at the end of the fiscal year	558,033	22

## (4) Non-Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income taxes	121,361	193,080
Depreciation and amortization	34,217	35,552
Net change in reserve for outstanding claims	(115,432)	(113,534)
Net change in policy reserves	(3,656,490)	(2,632,889)
Provision for interest on policyholder dividends	4,627	1,497
Provision for reserve for policyholder dividends	242,146	200,722
Net change in reserve for possible loan losses	(59)	(92)
Net change in reserve for possible claim payments	(5,122)	(1,881)
Net change in reserve for directors' retirement benefits	(164)	-
Net change in reserve for employees' retirement benefits	1,053	1,156
Net change in reserve for price fluctuations	91,360	97,934
Interest and dividend income (accrual basis)	(1,458,190)	(1,365,796)
Net (gains) losses on securities	(60,861)	(56,937)
Interest expenses (accrual basis)	4,963	4,298
Net (gains) losses on foreign exchanges	(1,452)	(12)
Net (gains) losses on tangible fixed assets	248	1,310
Net change in agency accounts receivable	31,259	7,628
Net change in reinsurance receivables	(234)	(396)
Net change in other assets (excluding those related to investing activities and financing activities)	(26,644)	(86,486)
Net change in reinsurance payables	1,043	782
Net change in other liabilities (excluding those related to investing activities and financing activities)	(12,494)	(8,420)
Other, net	(1,054)	(33,600)
Subtotal	(4,805,918)	(3,756,084)
Interest and dividend received (cash basis)	1,653,556	1,438,805
Interest paid (cash basis)	(4,911)	(4,311)
Policyholder dividends paid	(420,523)	(349,687)
Income taxes paid	(173,926)	(215,821)
Net cash used in operating activities	(3,751,723)	(2,887,099)

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of call loans	(32,758,125)	(33,053,228)
Proceeds from redemption of call loans	32,731,552	32,837,825
Net change in receivables under securities borrowing transactions	(490,901)	101,332
Purchases of monetary claims bought	(2,746,495)	(3,417,540)
Proceeds from sale and redemption of monetary claims bought	3,066,421	3,131,989
Purchases of money held in trust	(290,000)	(550,000)
Proceeds from sale of money held in trust	13,813	-
Purchases of securities	(6,587,951)	(3,849,529)
Proceeds from sale and redemption of securities	9,806,272	7,196,095
Payments for loans	(1,610,231)	(1,354,547)
Proceeds from collection of loans	3,273,164	2,397,748
Net change in payables under securities lending transactions	588,617	(44,684)
Other, net	(229,212)	144,115
Total of net cash provided by investment transactions	4,766,922	3,539,576
Total of net cash provided by (used in) operating activities and investment transactions	1,015,199	652,476
Purchases of tangible fixed assets	(5,958)	(28,447)
Purchases of intangible fixed assets	(44,136)	(58,659)
Other, net	(2,548)	(5,692)
Net cash provided by investing activities	4,714,279	3,446,777
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of lease obligations	(410)	(476)
Dividends paid	(22,750)	(16,808)
Net cash used in financing activities	(23,161)	(17,284)
Effect of exchange rate changes on cash and cash equivalents	-	-
Net change in cash and cash equivalents	939,395	542,393
Cash and cash equivalents at the beginning of the fiscal year	724,181	1,663,576
Cash and cash equivalents at the end of the fiscal year	1,663,576	2,205,969

## (5) Notes to the Non-Consolidated Financial Statements

(Notes on Going-Concern Assumption)

Not applicable.

## (Significant Accounting Policies)

	2015 (From April 1, 2014 to March 31, 2015)
1. Valuation Criteria and Methods for Securities	<p>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:</p> <p>(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.</p> <p>(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.</p> <p>(3) Stocks of subsidiaries and affiliates Stocks of subsidiaries and affiliates are carried at cost and the cost of these securities sold is calculated using the moving-average method.</p> <p>(4) Available-for-sale securities 1) 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. 2) Available-for-sale securities for which fair values are deemed extremely difficult to determine (a) 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. (b) 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.</p>
2. Valuation Criteria and Methods for Derivative Transactions	All derivative transactions are valued at fair value.
3. Depreciation Method for Fixed Assets	<p>(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: 1) Buildings: 2-55 years 2) Other tangible fixed assets: 2-20 years</p> <p>(2) Intangible fixed assets (excluding leased assets)</p>

	2015 (From April 1, 2014 to March 31, 2015)
	<p>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.</p> <p>(3) Leased assets</p> <p>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.</p>
4. Recognition of Reserves	<p>(1) Reserve for possible loan losses</p> <p>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.</p> <p>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.</p> <p>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 amount written off for loans and other assets during the fiscal year ended March 31, 2015 was ¥294 million.</p> <p>(2) Reserve for employees' retirement benefits</p> <p>In order to provide for payment of retirement benefits to employees, a reserve is provided in the amount expected to be incurred at the end of the fiscal year based on projected benefit obligations.</p> <p>1) Method for attributing expected benefits to periods</p> <p>In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit to respective service period.</p> <p>2) Method for recognizing actuarial differences and prior service cost</p> <p>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.</p> <p>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.</p> <p>(Additional information)</p> <p>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 was recognized for the fiscal year ended March 31, 2015. 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</p>



	2015 (From April 1, 2014 to March 31, 2015)
	fiscal year of incurrence.
5. Reserve for Price Fluctuations	Reserve for price fluctuations in security investments is computed based on Article 115 of the Insurance Business Act.
6. Hedge Accounting	<p>(1) Methods for hedge accounting</p> <p>The Company 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 Standard for Financial Instruments” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 10).</p> <p>(2) Hedging instruments and hedged items</p> <p>1) Hedging instrument: Foreign currency exchange contracts Hedged item: Foreign-currency-denominated bonds</p> <p>2) Hedging instrument: Interest rate swaps Hedged item: Loans</p> <p>(3) Hedging policies</p> <p>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.</p> <p>(4) Assessment of hedge effectiveness</p> <p>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.</p>
7. Scope of Cash and Cash Equivalents in Statements of Cash Flows	Scope of cash and cash equivalents on the statements of cash flows is equivalent to cash and deposits on the balance sheets.
8. Principal Matters Serving as the Basis for Preparing Financial Statements	<p>(1) Policy reserves</p> <p>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:</p> <p>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).</p> <p>2) Reserves for other contracts are computed based on the net level premium method.</p> <p>Pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, effective from the fiscal 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”),</p>

	2015 (From April 1, 2014 to March 31, 2015)
	<p>which is an independent administrative institution. As a result, the amount of provision for policy reserves for the fiscal year ended March 31, 2015 was ¥176,491 million.</p> <p>(2) Consumption taxes All figures are net of consumption taxes.</p> <p>(3) Consolidated Tax Payment System The Company adopts the consolidated tax payment system, under which Japan Post Holdings Co., Ltd. is the parent company.</p>

## (Changes in Accounting Policies)

2015 (From April 1, 2014 to March 31, 2015)
<p>Effective from the fiscal 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.</p> <p>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 brought forward at the beginning of the fiscal year ended March 31, 2015.</p> <p>As a result, reserve for employees’ retirement benefits increased by ¥5,104 million and retained earnings brought forward decreased by ¥3,533 million at the beginning of the fiscal year ended March 31, 2015. The effect of these changes on ordinary profit and income before income taxes for the fiscal year ended March 31, 2015 was immaterial.</p>

## (Changes in Presentation)

2015 (As of March 31, 2015)
<p>“Net change in receivables under securities borrowing transactions” and “net change in payables under securities lending transactions,” which were included in “net change in receivables under securities borrowing transactions and payables under securities lending transactions” under “cash flows from investing activities” in the previous fiscal year, are separately presented from the current fiscal year due to an increase in materiality. To reflect this change in method of presentation, the financial statements for the previous fiscal year have been reclassified.</p> <p>As a result, ¥97,715 million presented as “net change in receivables under securities borrowing transactions and payables under securities lending transactions” under “cash flows from investing activities” in the statements of cash flows for the previous fiscal year has been reclassified into “net change in receivables under securities borrowing transactions” of ¥(490,901) million and “net change in payables under securities lending transactions” of ¥588,617 million.</p>

## (Notes to the Non-Consolidated Balance Sheet)

2015 (As of March 31, 2015)	
1. The balance sheet amount, fair value and the outline of risk management policy of policy-reserve-matching bonds were as follows:	
(1) The balance sheet amount and fair value of policy-reserve-matching bonds amount to ¥15,493,208 million and ¥16,668,447 million, respectively.	
(2) 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.	
1) Postal Life Insurance Contracts	
2) Japan Post Insurance life insurance contracts (general)	
3) Japan Post Insurance life insurance contracts (lump-sum payment annuity)	
2. Securities lent under lending agreements in the amount of ¥3,211,916 million were included in “Securities” in the balance sheets as of March 31, 2015.	
3. 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. Definitions for each of the respective loans are as follows: Bankrupt loans refer 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.	
4. The amount of unused commitments as of March 31, 2015 was ¥1,250 million.	
5. Accumulated depreciation for tangible fixed assets as of March 31, 2015 was ¥63,535 million.	
6. Total monetary claims and total monetary obligations with respect to subsidiaries and affiliates amounted to ¥314 million and ¥107,445 million, respectively.	
7. Changes in reserve for policyholder dividends for the fiscal year ended March 31, 2015 were as follows:	
Balance at the beginning of the fiscal year	¥2,222,759 million
Policyholder dividends paid	¥349,687 million
Interest accrual	¥1,497 million
Reduction due to the acquisition of additional annuity	¥372 million
Provision for reserve for policyholder dividends	¥200,722 million
Balance at the end of the fiscal year	¥2,074,919 million
8. Stocks of subsidiaries and affiliates amounted to ¥984 million.	

## 2015 (As of March 31, 2015)

9. Assets pledged as collateral consisted of the following:  
 Securities ¥3,211,916 million  
 Liabilities corresponding to assets pledged as collateral consisted of the following:  
 Payables under securities lending transactions ¥3,658,492 million  
 All of securities above were pledged as collateral for securities lending transactions with cash collateral.
10. 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 was ¥285 million. Policy reserves 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 was ¥314 million.
11. The Company has the right to sell or pledge securities borrowed under borrowing agreements. The fair value of such securities held in hand was ¥2,701,601 million as of March 31, 2015.
12. The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥22,829 million as of March 31, 2015 pursuant to Article 259 of the Insurance Business Act. This obligation is recognized as operating expenses when it is made.
13. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Organization, amounted to ¥52,156,724 million and 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 in the amount of ¥2,182,885 million and ¥626,849 million, respectively, for the category of reinsurance.
14. Deposits from the Management Organization recorded on the balance sheets refer 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.

## (Notes to the Non-Consolidated Statement of Income)

2015 (From April 1, 2014 to March 31, 2015)	
1.	Total income from transactions with subsidiaries and affiliates amounted to ¥0 million, and total expenses amounted to ¥12,535 million.
2.	Gains on sales of securities comprise domestic bonds of ¥56,869 million and foreign securities of ¥5,038 million.
3.	Losses on sales of securities comprise foreign securities of ¥4,963 million.
4.	Gains on money held in trust include losses on valuation of ¥442 million.
5.	The amount of provision for reserve for outstanding claims-ceded that is added to the calculation of reversal of reserve for outstanding claims for the fiscal year ended March 31, 2015 was ¥203 million. The amount of provision for policy reserve-ceded that is added to the calculation of reversal of policy reserves for the fiscal year ended March 31, 2015 was ¥130 million.
6.	Insurance premiums assumed based on reinsurance contracts with the Management Organization included in insurance premiums and others for the fiscal year ended March 31, 2015 were ¥1,697,140 million.
7.	Insurance claims based on reinsurance contracts with the Management Organization included in insurance claims for the fiscal year ended March 31, 2015 were ¥8,208,198 million.
8.	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, were ¥190,363 million for the fiscal year ended March 31, 2015.

## (Notes to the Non-Consolidated Statement of Changes in Net Assets)

2015 (From April 1, 2014 to March 31, 2015)

## 1. Type and number of shares issued

(Thousands of shares)

	April 1, 2014	Increase	Decrease	March 31, 2015	Remarks
Shares issued					
Common stock	20,000	-	-	20,000	

## 2. Information on dividends

Dividends paid of the fiscal year

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, 2014	Common stock	16,808	840.43	March 31, 2014	May 15, 2014

## (Notes to the Non-Consolidated Statement of Cash Flows)

2015 (From April 1, 2014 to March 31, 2015)

The reconciliation of cash and cash equivalents in the statement of cash flows to cash and deposits in the balance sheet as of March 31, 2015 was as follows:

Cash and deposits	¥2,205,969 million
Cash and cash equivalents at the end of the fiscal year	¥2,205,969 million

## (Financial Instruments)

## 1. Matters Regarding Status of 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 “Derivative Transactions” do not indicate the market risk related to derivative transactions.

## 2. Fair Values of Financial Instruments

Amounts carried on the balance sheets, fair values and the difference between them as of March 31, 2015 were as follows. Financial instruments for which fair values are extremely difficult to determine are not included in the table below (see Note 2).

(Millions of yen)

	Balance sheet amount	Fair value	Net unrealized gains (losses)
(1) Cash and deposits	2,205,969	2,205,969	-
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	83,044,366	89,684,487	6,640,121
Payables under securities lending transactions	3,658,492	3,658,492	-
Total liabilities	3,658,492	3,658,492	-
Derivative transactions (* 3)			
Hedge accounting not applied	-	-	-
Hedge accounting applied	526	526	-
Total derivative transactions	526	526	-

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

Note 1: Calculation methods for fair values of financial instruments

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 “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 “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.

Derivative transactions

Notes on the fair value of derivatives are presented in “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.



Note 2: Balance sheet amounts of financial instruments for which fair values are deemed extremely difficult to determine

(Millions of yen)

	Balance sheet amount
Unlisted stocks (*)	20,984

(\*) 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.

Note 3: Redemption schedule of major monetary claims and securities with maturities

(Millions of yen)

	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
Policy-reserve-matching bonds	1,911,429	4,288,547	1,762,786	1,444,146	2,168,753	3,809,900
Available-for-sale securities with maturities	1,523,237	1,525,870	1,257,537	709,435	1,267,272	516,476
Loans	1,678,018	1,819,669	1,598,350	1,389,573	1,657,299	1,834,335
Total	12,429,053	13,864,696	8,572,339	6,534,883	8,383,654	30,043,601

Note 4: Redemption schedule of payables under securities lending transactions

(Millions of yen)

	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	-	-	-	-	-

(Securities)

## 1. Held-to-maturity bonds (As of March 31, 2015)

(Millions of yen)

	Type	Balance sheet amount	Fair value	Difference
Those for which fair value exceeds the balance sheet amount	Bonds	43,526,994	48,060,756	4,533,761
	Japanese government bonds	32,497,522	36,429,888	3,932,365
	Japanese local government bonds	8,010,537	8,454,263	443,725
	Japanese corporate bonds	3,018,933	3,176,604	157,670
	Foreign securities	98,000	101,894	3,894
	Other	-	-	-
	Subtotal	43,624,994	48,162,650	4,537,655
Those for which fair value does not exceed the balance sheet amount	Bonds	70,564	70,025	(539)
	Japanese government bonds	-	-	-
	Japanese local government bonds	64,865	64,341	(523)
	Japanese corporate bonds	5,699	5,683	(15)
	Foreign securities	-	-	-
	Other	-	-	-
	Subtotal	70,564	70,025	(539)
Total		43,695,559	48,232,675	4,537,116

## 2. Policy-reserve-matching bonds (As of March 31, 2015)

(Millions of yen)

	Type	Balance sheet amount	Fair value	Difference
Those for which fair value exceeds the balance sheet amount	Bonds	15,462,719	16,638,173	1,175,453
	Japanese government bonds	14,655,817	15,800,030	1,144,212
	Japanese local government bonds	674,853	699,297	24,444
	Japanese corporate bonds	132,049	138,846	6,797
	Foreign securities	-	-	-
	Other	-	-	-
	Subtotal	15,462,719	16,638,173	1,175,453
Those for which fair value does not exceed the balance sheet amount	Bonds	30,488	30,273	(214)
	Japanese government bonds	4,450	4,419	(31)
	Japanese local government bonds	25,036	24,857	(179)
	Japanese corporate bonds	1,001	997	(4)
	Foreign securities	-	-	-
	Other	-	-	-
	Subtotal	30,488	30,273	(214)
Total		15,493,208	16,668,447	1,175,238

## 3. Stocks of subsidiaries and affiliates (As of March 31, 2015)

Stocks of affiliates is not applicable.

The fair value and net unrealized gains (losses) for stocks of subsidiaries in the amount of ¥984 million are unlisted stock and disclosure is thus omitted as there is no available market price and it is extremely difficult to determine its fair value.

## 4. Available-for-sale securities (As of March 31, 2015)

(Millions of yen)

	Type	Balance sheet amount	Cost	Difference
Those for which the balance sheet amount exceeds cost	Stocks	-	-	-
	Bonds	4,868,151	4,768,988	99,163
	Japanese government bonds	828,655	827,483	1,171
	Japanese local government bonds	681,442	679,443	1,998
	Japanese corporate bonds	3,358,053	3,262,061	95,992
	Foreign securities	1,781,819	1,455,693	326,126
	Foreign bonds	1,781,819	1,455,693	326,126
	Other(*)	30,084	27,989	2,095
	Subtotal	6,680,055	6,252,670	427,384
Those for which the balance sheet amount does not exceed cost	Stocks	-	-	-
	Bonds	335,848	336,406	(558)
	Japanese government bonds	100,000	100,000	(0)
	Japanese local government bonds	99,121	99,311	(189)
	Japanese corporate bonds	136,726	137,094	(367)
	Foreign securities	81,673	82,019	(346)
	Foreign bonds	81,673	82,019	(346)
	Other(*)	1,713,983	1,713,983	-
	Subtotal	2,131,505	2,132,410	(904)
Total		8,811,560	8,385,080	426,480

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

## 5. Policy-reserve-matching bonds sold during the fiscal year (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Sales	Gains	Losses
Bonds	1,717,375	56,869	-
Japanese government bonds	1,717,375	56,869	-

## 6. Available-for-sales securities sold during the fiscal year (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Sales	Gains	Losses
Foreign securities	158,468	5,038	4,963

(Money Held in Trust)

As of March 31, 2015

Money held in trust classified as other than trading, held-to-maturity and policy-reserve-matching

(Millions of yen)

Balance sheet amount	Cost	Difference	Those for which the balance sheet amount exceeds cost	Those for which the balance sheet amount does not exceed cost
1,434,943	1,079,701	355,241	357,085	1,844

(\*) The Company recognized losses on valuation of ¥442 million for the fiscal year ended March 31, 2015.

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.

(Derivative Transactions)

As of March 31, 2015

- Derivative transactions to which the hedge accounting method is not applied  
Not applicable.

- Derivative transactions to which the hedge accounting method is applied

(1) Currency-related derivatives

(Millions of yen)

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 Sold U.S. dollars Euros	Foreign currency-denominated bonds	172,008 191,112	- -	(12,843) 13,337
Total			363,120	-	493

Note: Method for calculating fair value

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

(2) Interest rate-related derivatives

(Millions of yen)

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	13,750	13,750	32
Exceptional treatment for interest rate swaps	Interest rate swaps: Receivable fixed rate / Payable floating rate	Loans	88,200	65,500	(Note 2)
Total			-	-	32

Notes: 1. Method for calculating fair value

Fair value is calculated using discounted present value.

- 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.

## (Retirement Benefits)

2015 (From April 1, 2014 to March 31, 2015)

## 1. Outline of retirement benefits

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

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

	(Millions of yen)
Balance at the beginning of the fiscal year	56,068
Cumulative effects of changes in accounting policies	5,104
Restated balance at the beginning of the fiscal year	61,172
Service cost	3,559
Interest cost	428
Actuarial differences	242
Benefits paid	(2,476)
Prior service cost	(5,174)
Other	(26)
Balance at the end of the fiscal year	57,724
(Note) Prior service cost incurred as a result of the change in lump-sum severance indemnity plans to a point system as of April 1, 2015.	

## (2) Balance of retirement benefit obligations and reconciliations of reserve for employees' retirement benefits recorded on the balance sheet

	(Millions of yen)
Unfunded retirement benefit obligations	57,724
Unrecognized actuarial differences	2,777
Unrecognized prior service cost	5,143
Reserve for employees' retirement benefits recorded on the balance sheet	65,645

## (3) Retirement benefit costs

	(Millions of yen)
Service cost	3,559
Interest cost	428
Amortization of actuarial differences	(297)
Amortization of prior service cost	(30)
Other	(1)
Retirement benefit expenses of defined benefit plans	3,657

## (4) Actuarial assumptions

Principal actuarial assumption used for the fiscal year ended March 31, 2015

Discount rate	0.7%
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## (Tax Effect)

As of March 31, 2015

## 1. Significant components of deferred tax assets and liabilities as of March 31, 2015

(Millions of yen)

Deferred tax assets	
Policy reserves	559,683
Reserve for price fluctuations	134,860
Reserve for outstanding claims	49,850
Reserve for employees' retirement benefits	18,936
Unrealized losses on available-for-sale securities	769
Other	14,114
Subtotal	778,215
Valuation allowance	(2,947)
Total deferred tax assets	775,267
Deferred tax liabilities	
Unrealized gains on available-for-sale securities	(224,458)
Other	(2,599)
Total deferred tax liabilities	(227,057)

## 2. Adjustment of deferred tax assets and liabilities due to changes in effective statutory tax rate

During the fiscal 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 fiscal year beginning on or after April 1, 2015. Due to this tax rate change, deferred tax assets and deferred tax liabilities decreased by ¥51,900 million and ¥15,200 million, respectively, and deferred income taxes increased by ¥51,675 million for the fiscal year ended March 31, 2015.

## (Per Share Data)

(Yen)

2015 (From April 1, 2014 to March 31, 2015)	
Net assets per share	98,457.19
Net income per share	4,087.92

Note: Diluted net income per share is not presented for the fiscal year ended March 31, 2015 as potential common stock did not exist.

## (Subsequent Events)

Not applicable.