UNOFFICIAL TRANSLATION
Although Japan Post Insurance 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.

Items Disclosed on the Internet Concerning the Convocation Notice of the 10th Ordinary General Meeting of Shareholders

The 10th Fiscal Year (from April 1, 2015 to March 31, 2016)

1. Notes to the Consolidated Financial Statements as of and for the Fiscal Year Ended March 31, 2016
2. Notes to the Non-Consolidated Financial Statements as of and for the Fiscal Year Ended March 31, 2016

JAPAN POST INSURANCE Co., Ltd.

Pursuant to laws and regulations, and the provision of Article 15 of the Articles of Incorporation, notes to the consolidated financial statements and notes to the non-consolidated financial statements are disclosed through postings on our website (http://www.jp-life.japanpost.jp/en/index.html).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE FISCAL YEAR ENDED MARCH 31, 2016

(Basis for Preparation of the Consolidated Financial Statements)

1. Scope of Consolidation

   All subsidiaries are consolidated.
   Number of consolidated subsidiaries: 1
   Name of consolidated subsidiary: JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd.

2. Fiscal Year-end Date of the Consolidated Subsidiary

   The consolidated subsidiary has the same fiscal year-end date as that of consolidated financial statements.

(Notes to the Consolidated Balance Sheet)

1. Significant Accounting Policies

(1) Valuation Criteria and Methods for 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” (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

(i) Available-for-sale Securities, at Fair Value

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

(ii) 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.

(2) Valuation Criteria and Methods for Derivative Transactions

All derivative transactions are valued at fair value.

(3) Depreciation Methods for Significant Depreciable Assets

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:

(i) Buildings: 2-60 years
(ii) 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

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.

(4) Recognition of Significant Reserves

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 amount written off for loans and other assets during the fiscal year ended March 31, 2016 was ¥211 million.

(5) Employees' Retirement Benefits Accounting

1) Method for Attributing Expected Benefits to Periods

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

2) Method for Recognizing Actuarial Differences and Prior Service Cost

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.

(6) Reserve for Price Fluctuations

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

(7) Translation of Significant 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, while translation adjustments are treated as gains or losses.

(8) Significant Hedge Accounting

1) Methods for Hedge Accounting

The Company and its subsidiary (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 Standard for Financial Instruments" (ASBJ Statement No. 10).

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.

(9) 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 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”), which is an independent administrative institution. As a result, the amount of provision for policy reserves for the fiscal year ended March 31, 2016 was ¥179,558 million.

(10) Consumption Taxes

All figures are net of consumption taxes.

(11) Consolidated Tax Payment System

The Group had adopted the consolidated tax payment system, under which Japan Post Holdings Co., Ltd. is the parent company. However, since the Company ceased 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 has withdrawn from the said consolidated tax payment system.

2. Changes in Accounting Policies

Effective from the fiscal year ended March 31, 2016, the Company has adopted the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), and the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and others, and has changed the presentation of net income and other related items accordingly.

3. Changes in Presentation

(The Consolidated Balance Sheet)

“Payables under securities lending transactions,” which was included in “Other liabilities” in the previous fiscal year, is separately presented from the fiscal year ended March 31, 2016 due to an increase in materiality.

4. Unadopted Accounting Standards, etc.

- "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No.26, March 28, 2016)

(1) Outline

With respect to the treatment of the recoverability of deferred tax assets, reviews required for the following treatment have been conducted basically following the framework of the JICPA Audit Committee Report No. 66 "Auditing Treatment Concerning Judgment of Recoverability of Deferred Tax Assets," in which companies are classified into five categories and the amounts of deferred tax assets are estimated according to such categories.

1) Treatment of a company that does not meet the requirements for any of the five categories (from Category 1 to Category 5)

2) Requirements for Category 2 and Category 3

3) Treatment for future deductible temporary differences that cannot be scheduled by companies that fall under Category 2

4) Treatment for a reasonable estimable period with respect to taxable income before adjustments including future temporary differences at companies that fall under Category 3

5) Treatment of the cases in which companies meeting the requirements for Category 4 fall under Category 2 or Category 3

(2) Scheduled Date of Adoption

Scheduled to be adopted from the beginning of the period ending March 31, 2017.

(3) Impact of Adoption of the Accounting Standards, etc.

The impact is under assessment at the time of preparing these consolidated financial statements.

5. Matters Regarding Status of Financial Instruments and Fair Value of 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

(i) 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.

(ii) 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 “(5) Derivative Transactions” do not indicate the market risk related to derivative transactions.

(2) Fair Values of Financial Instruments

Amounts carried on the consolidated balance sheet, fair values and the difference between them as of March 31, 2016 were as follows.

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and deposits	1,862,636	1,862,636	-
Available-for-sale securities (negotiable certificates of deposit)	630,000	630,000	-
2) Call loans	360,000	360,000	-
3) Receivables under securities borrowing transactions	3,008,591	3,008,591	-
4) Monetary claims bought	430,150	430,150	-
Available-for-sale securities	430,150	430,150	-
5) Money held in trust (*1)	1,644,547	1,644,547	-
6) Securities	63,609,906	72,621,736	9,011,830
Held-to-maturity bonds	42,239,821	49,752,914	7,513,092
Policy-reserve-matching bonds	13,563,423	15,062,160	1,498,737
Available-for-sale securities	7,806,661	7,806,661	-
7) Loans	8,978,366	9,844,960	866,593
Policy loans	95,629	95,629	-
Industrial and commercial loans (*2)	829,027	909,184	80,228
Loans to the Management Organization (*2)	8,053,780	8,840,145	786,365
Reserve for possible loan losses (*3)	(71)	-	-
Total assets	79,894,197	89,772,621	9,878,423
Payables under securities lending transactions	3,648,478	3,648,478	-
Total liabilities	3,648,478	3,648,478	-
Derivative transactions (*4)			
Hedge accounting not applied	-	-	-
Hedge accounting applied	4,841	4,841	-
Total derivative transactions	4,841	4,841	-

(*1) Money held in trust classified as other than trading, held-to-maturities and policy-reserve-matching.

(*2) In the column of "Net unrealized gains (losses)," the difference between the consolidated balance sheet amount after deduction of reserve for possible loan losses and the fair value is provided.

(*3) Reserve for possible loan losses corresponding to loans has been deducted.

(*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.

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) Call loans and 3) Receivables under securities borrowing transactions

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

4) 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 "6) Securities" below.

5) 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 is provided in "(4) Money held in trust" in accordance with the purpose of the holdings.

6) 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, while the fair value of mutual funds is based on net asset value.

Securities are described in "(3) Securities" in accordance with the purpose of keeping in possession.

7) 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 "(5) 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: Redemption schedule of monetary claims and securities with maturities

(Millions of yen)

	Within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	1,860,505	-	-	-
Call loans	360,000	-	-	-
Receivables under securities borrowing transactions	3,008,591	-	-	-
Monetary claims bought	400,000	-	-	26,954
Securities	5,205,611	16,339,212	11,745,308	29,070,778
Held-to-maturity bonds	3,147,005	8,513,143	5,789,782	24,218,660
Bonds	3,147,005	8,415,143	5,789,782	24,218,660
Japanese government bonds	1,976,100	3,730,300	2,151,700	22,816,000
Japanese local government bonds	667,693	3,664,247	2,738,211	967,710
Japanese corporate bonds	503,212	1,020,596	899,871	434,950
Foreign securities	-	98,000	-	-
Policy-reserve-matching bonds	1,425,492	5,042,705	3,309,736	3,696,200
Bonds	1,425,492	5,042,705	3,309,736	3,696,200
Japanese government bonds	1,417,700	4,874,800	2,937,400	3,598,100
Japanese local government bonds	7,792	129,894	306,338	70,300
Japanese corporate bonds	-	38,011	65,998	27,800
Available-for-sale securities with maturities	633,113	2,783,363	2,645,789	1,155,918
Bonds	633,113	2,198,493	674,645	485,631
Japanese government bonds	3,700	20,000	-	-
Japanese local government bonds	181,946	506,560	145,435	-
Japanese corporate bonds	447,467	1,671,932	529,210	485,631
Foreign securities	-	584,870	1,971,143	670,286
Loans	1,571,189	3,206,595	2,689,155	1,511,687
Total	12,405,898	19,545,807	14,434,463	30,609,420

Note 3: Redemption schedule of payables under securities lending transactions

(Millions of yen)

	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Payables under securities lending transactions	3,648,478	-	-	-	-	-

(3) Securities

1) Held-to-maturity Bonds

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds the consolidated balance sheet amount			
Bonds	42,141,421	49,650,127	7,508,706
Japanese government bonds	31,240,749	38,024,234	6,783,484
Japanese local government bonds	8,043,348	8,573,320	529,971
Japanese corporate bonds	2,857,322	3,052,573	195,250
Foreign securities	98,000	102,387	4,387
Other	-	-	-
Subtotal	42,239,421	49,752,514	7,513,093
Those for which fair value does not exceed the consolidated balance sheet amount			
Bonds	400	399	(0)
Japanese government bonds	-	-	-
Japanese local government bonds	400	399	(0)
Japanese corporate bonds	-	-	-
Foreign securities	-	-	-
Other	-	-	-
Subtotal	400	399	(0)
Total	42,239,821	49,752,914	7,513,092

2) Policy-reserve-matching Bonds

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds the consolidated balance sheet amount			
Bonds	13,563,423	15,062,160	1,498,737
Japanese government bonds	12,913,582	14,367,701	1,454,119
Japanese local government bonds	517,065	551,080	34,015
Japanese corporate bonds	132,776	143,378	10,602
Foreign securities	-	-	-
Other	-	-	-
Subtotal	13,563,423	15,062,160	1,498,737
Those for which fair value does not exceed the consolidated balance sheet amount			
Bonds	-	-	-
Japanese government bonds	-	-	-
Japanese local government bonds	-	-	-
Japanese corporate bonds	-	-	-
Foreign securities	-	-	-
Other	-	-	-
Subtotal	-	-	-
Total	13,563,423	15,062,160	1,498,737

3) Available-for-sale Securities

(Millions of yen)

	Consolidated balance sheet amount	Cost	Difference
Those for which the consolidated balance sheet amount exceeds cost			
Stocks	-	-	-
Bonds	3,764,417	3,660,820	103,597
Japanese government bonds	24,299	23,713	585
Japanese local government bonds	659,349	657,098	2,251
Japanese corporate bonds	3,080,768	2,980,008	100,759
Foreign securities	2,922,017	2,602,654	319,363
Foreign bonds	2,922,017	2,602,654	319,363
Other (*)	105,300	101,954	3,345
Subtotal	6,791,735	6,365,429	426,306
Those for which the consolidated balance sheet amount does not exceed cost			
Stocks	-	-	-
Bonds	351,377	352,130	(752)
Japanese government bonds	-	-	-
Japanese local government bonds	185,330	185,625	(295)
Japanese corporate bonds	166,046	166,504	(457)
Foreign securities	668,804	696,717	(27,912)
Foreign bonds	668,804	696,717	(27,912)
Other (*)	1,054,894	1,054,999	(105)
Subtotal	2,075,076	2,103,847	(28,770)
Total	8,866,811	8,469,276	397,535

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

4) Available-for-sale Securities Sold during the Fiscal Year (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Sales	Gains	Losses
Bonds	4,705	8	-
Japanese corporate bonds	4,705	8	-
Foreign securities	276,241	1,233	1,592
Total	280,946	1,241	1,592

(4) Money Held in Trust

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

(Millions of yen)

Consolidated balance sheet amount	Cost	Difference		
			Those for which the consolidated balance sheet amount exceeds cost	Those for which the consolidated balance sheet amount does not exceed cost
1,644,547	1,480,555	163,992	231,857	67,865

(*) The Group recognized losses on valuation of ¥16,748 million for the fiscal year ended March 31, 2016.

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) Derivative Transactions

1) Derivative transactions to which the hedge accounting is not applied

Not applicable.

2) Derivative transactions to which the hedge accounting is applied

(i) 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	Foreign currency-denominated bonds			
	U.S. dollars		392,081	-	5,408
	Euros		1,301,602	-	(764)
Total			1,693,683	-	4,644

(*) Method for calculating fair value

Fair value is calculated using the forward foreign exchange rate as of the consolidated fiscal year-end date.

(ii) 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	197
Exceptional treatment for interest rate swaps	Interest rate swaps Receivable fixed rate / Payable floating rate	Loans	65,500	46,050	(*2)
Total			-	-	197

(*1) Method for calculating fair value

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.

6. The consolidated balance sheet amount, fair value and the outline of risk management policy of policy-reserve-matching bonds were as follows:

(1) The consolidated balance sheet amount and fair value of policy-reserve-matching bonds amount to ¥13,563,423 million and ¥15,062,160 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)

7. Securities lent under lending agreements in the amount of ¥2,980,599 million were included in "Securities" in the consolidated balance sheets as of March 31, 2016.

8. There were no bankrupt loans, non-interest accrual loans, past due loans for three months or more, and restructured loans as of March 31, 2016. 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.

9. Accumulated depreciation for tangible fixed assets as of March 31, 2016 was ¥63,882 million.

10. Total deferred tax assets and total deferred tax liabilities were ¥906,439 million and ¥186,724 million, respectively. A deduction from deferred tax assets as valuation allowance was ¥7,582 million.

Significant components of deferred tax assets include ¥640,360 million of policy reserves, ¥157,340 million of reserve for price fluctuations, ¥45,603 million of reserve for outstanding claims, ¥17,078 million of liability for retirement benefits, and ¥27,048 million of unrealized losses on available-for-sale securities.

Significant components of deferred tax liabilities include ¥183,164 million of unrealized gains on available-for-sale securities.

11. The statutory tax rate for the fiscal year ended March 31, 2016 was 28.85%. Primary factors for the difference between the statutory tax rate and the effective income tax rate after tax effect accounting include a reduction of 15.91% in net deferred tax assets as of the end of the fiscal year resulting from tax rate changes.

12. Following the enactment of the Act for Partial Amendment of the Income Tax Act, etc. and the Act for Partial Amendment of the Local Tax Act, etc. at the Diet on March 29, 2016, statutory tax rate used for calculating deferred tax assets and deferred tax liabilities has been changed from 28.85% for the previous fiscal year, to 28.24% for those that are expected to be collected or paid during the

period from April 1, 2016 to March 31, 2018, and to 28.00% for those that are expected to be collected or paid on or after April 1, 2018.

As a result, deferred tax assets (after deduction of deferred tax liabilities) decreased ¥21,101 million while income taxes – deferred and net unrealized gains (losses) on available-for-sale securities recorded in the fiscal year ended March 31, 2016 increased ¥25,780 million and ¥4,617 million, respectively.

13. Changes in reserve for policyholder dividends for the fiscal year ended March 31, 2016 were as follows:

a.	Balance at the beginning of the fiscal year	¥2,074,919 million
b.	Policyholder dividends paid	¥316,246 million
c.	Interest accrual	¥132 million
d.	Reduction due to the acquisition of additional annuity	¥315 million
e.	Provision for reserve for policyholder dividends	¥178,004 million
f.	Balance at the end of the fiscal year	¥1,936,494 million

14. Assets pledged as collateral consisted of the following:

Securities ¥2,980,599 million

Liabilities corresponding to assets pledged as collateral consisted of the following:

Payables under securities lending transactions ¥3,648,478 million

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

Besides the above, the following has been pledged as collateral for the transactions such as exchange settlements.

Securities ¥3,940 million

15. Reserve for outstanding claims for reinsured part 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, 2016 was ¥314 million. Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Regulations (hereinafter referred to as “policy reserves-ceded”) as of March 31, 2016 was ¥558 million.

16. Net assets per share were ¥3,138.30.

The Company implemented a 30:1 stock split effective August 1, 2015.

Net assets per share has been calculated assuming the stock split was implemented on April 1, 2015.

17. The Group has the right to sell or pledge securities borrowed under borrowing agreements and securities received as collateral for transactions such as exchange settlements. The fair value of such securities held in hand was ¥3,015,817 million as of March 31, 2016.

18. The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥26,866 million as of March 31, 2016 pursuant to Article 259 of the Insurance Business Act.

This obligation is recognized as operating expenses when it is made.

19. Matters related to retirement benefits are as follows:

(1) Outline of retirement benefits

The Company and its consolidated subsidiary have lump-sum severance indemnity plans which are an unfunded defined benefit plan.

In addition, starting from October 1, 2015, the Company has joined the retirement pension plan based on the Act for Partial Amendment of the Act on National Public Officers’ Retirement Allowance, etc., for the Purpose of Review over the Levels of the Retirement Benefits for National Public Officers (Act No. 96 of 2012) and introduced as a new pension system to replace the discontinued occupational portion (third-tier portion) of the mutual pension, and the pension contribution amount required of the Company for the fiscal year ended March 31, 2016 is ¥200 million.

(2) Defined benefit plans

1) Changes in retirement benefit obligations

	(Millions of yen)
Balance at the beginning of the fiscal year	58,356
Service cost	3,901
Interest cost	404
Actuarial differences	294
Benefits paid	(2,642)
Increase associated with the change from the simplified method to the principle method	384
Other	103
Balance at the end of the fiscal year	60,803

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

	(Millions of yen)
Unfunded retirement benefit obligations	60,803
Liability for retirement benefits recorded on the consolidated balance sheet	60,803

3) Retirement benefit costs

	(Millions of yen)
Service cost	3,901
Interest cost	404
Amortization of actuarial differences	(280)
Amortization of prior service cost	(369)
Effect of the change from the simplified method to the principle method	384
Other	68
Retirement benefit expenses of defined benefit plans	4,108

4) Adjustments for retirement benefits

The breakdown of adjustments for retirement benefits (before tax effect) is as follows:

	(Millions of yen)
Prior service cost	(369)
Actuarial differences	(575)
Total	(944)

5) Accumulated adjustments for retirement benefits

The breakdown of accumulated adjustments for retirement benefits (before tax effect) is as follows:

	(Millions of yen)
Unrecognized prior service cost	4,774
Unrecognized actuarial differences	2,201
Total	6,975

6) Actuarial assumptions

The principal actuarial assumption used for the fiscal year ended March 31, 2016 was as follows:

Discount rate	0.3 to 0.7%

20. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Organization, amounted to ¥46,712,164 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 ¥2,011,685 million and ¥635,806 million, respectively, for the category of reinsurance.

21. "Other liabilities" in the consolidated balance sheet includes ¥53,792 million of deposits from the Management Organization.

    Deposits from the Management Organization 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 Consolidated Statement of Income)

1. 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, 2016 was ¥28 million. The amount of provision for policy reserves-ceded that is added to the calculation of reversal of policy reserves for the fiscal year ended March 31, 2016 was ¥243 million.

2. Net income per share was ¥141.50.
   The Company implemented a 30:1 stock split effective August 1, 2015.
   Net income per share has been calculated assuming the stock split was implemented on April 1, 2015.

3. Insurance premiums and others assumed based on reinsurance contracts with the Management Organization included in insurance premiums and others for the fiscal year ended March 31, 2016 were ¥1,322,308 million.

4. Insurance claims based on reinsurance contracts with the Management Organization included in insurance claims for the fiscal year ended March 31, 2016 were ¥7,518,791 million.

5. 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, was ¥170,458 million for the fiscal year ended March 31, 2016.

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

1. Class and Number of Shares Issued and Treasury Stock (Thousands of shares)

	April 1, 2015	Increase	Decrease	March 31, 2016
Shares issued				
Common stock	20,000	580,000	-	600,000
Treasury stock				
Common stock	-	-	-	-

(*1) The Company implemented a 30:1 stock split effective August 1, 2015.

(*2) The increase of 580,000 thousand shares issued of common stock is attributable to the stock split.

2. Stock Acquisition Rights Including Those Owned by the Company

Not applicable.

3. Information on Dividends

(1) Dividends Paid

Resolution	Class of shares	Total amount (Millions of yen)	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 13, 2015	Common stock	24,527	1,226.38	March 31, 2015	May 14, 2015

(2) Dividends whose effective date falls after the end of the fiscal year ended March 31, 2016

Resolution	Class of shares	Total amount (Millions of yen)	Source of dividends	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 13, 2016	Common stock	33,600	Retained earnings	56.00	March 31, 2016	June 23, 2016

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE FISCAL YEAR ENDED MARCH 31, 2016

(Notes to the Non-Consolidated Balance Sheet)

1. Significant Accounting Policies

(1) Valuation Criteria and Methods for 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) Equities of Subsidiaries and Affiliates (stocks issued by subsidiaries as defined in Article 2, Paragraph 12 of the Insurance Business Act and closely related parties (excluding subsidiaries) and affiliates as defined in Article 13-5-2, Paragraph 3 of the Order for Enforcement of the Insurance Business Act)

Carried at cost and the cost of these securities sold is calculated using the moving-average method.

4) Available-for-sale Securities

(i) Available-for-sale Securities, at Fair Value

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

(ii) 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.

(2) Valuation Criteria and Methods for Derivative Transactions

All derivative transactions are valued at fair value.

(3) Depreciation Method for Fixed Assets

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:

(i) Buildings: 2-60 years

(ii) 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

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.

(4) Recognition of Reserves

1) 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 amount written off for loans and other assets during the fiscal year ended March 31, 2016 was ¥211 million.

2) Reserve for Employees' Retirement Benefits

In order to provide for payment of retirement benefits to employees, a reserve for employees' retirement benefits is provided based on the projected amount of retirement benefit obligations at the end of the fiscal year.

(i) Method for Attributing Expected Benefits to Periods

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

(ii) Method for Recognizing Actuarial Differences and Prior Service Cost

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.

(5) Reserve for Price Fluctuations

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

(6) 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, while translation adjustments are treated as gains or losses.

(7) Hedge Accounting

1) Methods for Hedge Accounting

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).

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.

(8) 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 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”), which is an independent administrative institution. As a result, the amount of provision for policy reserves for the fiscal year ended March 31, 2016 was ¥179,558 million.

(9) Employees’ Retirement Benefits Accounting

Unrecognized actuarial differences and unrecognized prior service cost related to retirement benefits are treated differently from the consolidated financial statements.

(10) Consumption Taxes

All figures are net of consumption taxes.

(11) Consolidated Tax Payment System

The Company had adopted the consolidated tax payment system, under which Japan Post Holdings Co., Ltd. is the parent company. However, since the Company ceased 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 has withdrawn from the said consolidated tax payment system.

2. The balance sheet amount, fair value and the outline of the 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 ¥13,563,423 million and ¥15,062,160 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)

3. Securities lent under lending agreements in the amount of ¥2,980,599 million were included in “Securities” in the balance sheets as of March 31, 2016.

4. There were no bankrupt loans, non-interest accrual loans, past due loans for three months or more, and restructured loans as of March 31, 2016. 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.

5. Accumulated depreciation for tangible fixed assets as of March 31, 2016 was ¥63,808 million.

6. Total monetary claims and total monetary obligations with respect to subsidiaries and affiliates amounted to ¥601 million and ¥20,501 million, respectively.

7. Total deferred tax assets and total deferred tax liabilities were ¥906,920 million and ¥186,724 million, respectively. A deduction from deferred tax assets as valuation allowance was ¥7,580 million.

Significant components of deferred tax assets include ¥640,360 million of policy reserves, ¥157,340 million of reserve for price fluctuations, ¥45,603 million of reserve for outstanding claims, ¥18,693 million of reserve for employees' retirement benefits, and ¥27,048 million of unrealized losses on available-for-sale securities.

Significant components of deferred tax liabilities include ¥183,164 million of unrealized gains on available-for-sale securities.

8. The statutory tax rate for the fiscal year ended March 31, 2016 was 28.85%. Primary factors for the difference between the statutory tax rate and the effective income tax rate after tax effect accounting include a reduction of 15.74% in net deferred tax assets as of the end of the fiscal year resulting from tax rate changes.

9. Following the enactment of the Act for Partial Amendment of the Income Tax Act, etc. and the Act for Partial Amendment of the Local Tax Act, etc. at the Diet on March 29, 2016, statutory tax rate used for calculating deferred tax assets and deferred tax liabilities has been changed from 28.85% for the previous fiscal year, to 28.24% for those that are expected to be collected or paid during the period from April 1, 2016 to March 31, 2018, and to 28.00% for those that are expected to be collected or paid on or after April 1, 2018.

As a result, deferred tax assets (after deduction of deferred tax liabilities) decreased ¥21,125 million while income taxes – deferred and net unrealized gains (losses) on available-for-sale securities recorded in the fiscal year ended March 31, 2016 increased ¥25,745 million and ¥4,617 million, respectively.

10. Changes in reserve for policyholder dividends for the fiscal year ended March 31, 2016 were as follows:

a.	Balance at the beginning of the fiscal year	¥2,074,919 million
b.	Policyholder dividends paid	¥316,246 million
c.	Interest accrual	¥132 million
d.	Reduction due to the acquisition of additional annuity	¥315 million
e.	Provision for reserve for policyholder dividends	¥178,004 million
f.	Balance at the end of the fiscal year	¥1,936,494 million

11. Equities of subsidiaries and affiliates was ¥984 million.

12. Assets pledged as collateral consisted of the following:

Securities	¥2,980,599 million

Liabilities corresponding to assets pledged as collateral consisted of the following:

Payables under securities lending transactions	¥3,648,478 million

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

Besides the above, the following has been pledged as collateral for the transactions such as exchange settlements.

Securities	¥3,940 million

13. Reserve for outstanding claims for reinsured part 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, 2016 was ¥314 million. Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Regulations (hereinafter referred to as "policy reserves-ceded") as of March 31, 2016 was ¥558 million.

14. Net assets per share were ¥3,130.75.
    The Company implemented a 30:1 stock split effective August 1, 2015.
    Net assets per share has been calculated assuming the stock split was implemented on April 1, 2015.

15. The Company has the right to sell or pledge securities borrowed under borrowing agreements and securities received as collateral for transactions such as exchange settlements. The fair value of such securities held in hand was ¥3,015,817 million as of March 31, 2016.

16. The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥26,866 million as of March 31, 2016 pursuant to Article 259 of the Insurance Business Act.
    This obligation is recognized as operating expenses when it is made.

17. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Organization, amounted to ¥46,712,164 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 ¥2,011,685 million and ¥635,806 million, respectively, for the category of reinsurance.

18. Deposits from the Management Organization in the balance sheet 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)

1. Total income from transactions with subsidiaries and affiliates amounted to ¥197 million, and total expenses amounted to ¥12,657 million.

2. Gains on sales of securities comprise domestic bonds of ¥8 million and foreign securities of ¥1,233 million.

3. Losses on sales of securities comprise foreign securities of ¥1,592 million.

4. Gains on money held in trust include losses on valuation of ¥16,748 million.

5. Losses on derivative financial instruments include gains on valuation of ¥4,644 million.

6. 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, 2016 was ¥28 million. The amount of provision for policy reserves-ceded that is added to the calculation of reversal of policy reserves for the fiscal year ended March 31, 2016 was ¥243 million.

7. Net income per share was ¥143.90.
The Company implemented a 30:1 stock split effective August 1, 2015.
Net income per share has been calculated assuming the stock split was implemented on April 1, 2015.

8. Insurance premiums assumed based on reinsurance contracts with the Management Organization included in insurance premiums and others for the fiscal year ended March 31, 2016 were ¥1,322,308 million.

9. Insurance claims based on reinsurance contracts with the Management Organization included in insurance claims for the fiscal year ended March 31, 2016 were ¥7,518,791 million.

10. 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, was ¥170,458 million for the fiscal year ended March 31, 2016.

11. Transactions of the Company with related parties are as follows:

(1) Parent company, major shareholders (limited only to companies), and others

Type	Company name	Percentage of voting rights	Relationship	Transaction	Transaction amount	Account	Year-end balance
Parent company	Japan Post Holdings Co., Ltd.	Directly owned 89%	Group management Interlocking officers	Payment of brand royalty fees (Note 1)	¥3,366 million	Accounts payable	¥302 million

Conditions of transactions and policies to decide the conditions

Notes: (1) Based on the concept that the benefits of brand value enjoyed by the Company from maintaining its membership in Japan Post Group is reflected on the Company's performance, brand royalty fees are calculated by multiplying the amount of insurance policies in force as of the end of the previous fiscal year, which is a financial indicator whereupon such benefits have been reflected, by a fixed rate.

(2) Transaction amount does not include consumption taxes. Year-end balance includes consumption taxes.

(2) Companies, etc. sharing the same parent company and subsidiaries, etc. of other related companies

Type	Company name	Percentage of voting rights	Relationship	Transaction	Transaction amount	Account	Year-end balance
Subsidiary of parent company	Japan Post Co., Ltd.	None	Insurance agency Interlocking officers	Payments for commission of agency services (Note 1)	¥377,955 million	Agency accounts payable	¥44,593 million

Conditions of transactions and policies to decide the conditions

Notes: (1) 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 each type of outsourcing services, such as collection of insurance premiums and payments for insurance money, by the volume of work.

(2) Transaction amount does not include consumption taxes. Year-end balance includes consumption taxes.

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

Type and number of treasury stock

Not applicable.