

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.

November 13, 2015
JAPAN POST INSURANCE Co., Ltd.

**Announcement of Financial Results for
the Six Months Ended September 30, 2015**

JAPAN POST INSURANCE Co., Ltd. (the “Company”; Masami Ishii, Director and President, CEO, Representative Executive Officer) hereby announces its financial results for the six months ended September 30, 2015 (April 1, 2015 to September 30, 2015).

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1. Business Highlights

(1) Policies in Force and New Policies

▪ Policies in Force

(Thousands of policies, billions of yen, %)

As of	March 31, 2015		September 30, 2015			
	Number of policies	Policy amount	Number of policies		Policy amount	
			% of March 31, 2015 total	% of March 31, 2015 total		
Individual insurance	13,539	39,159.0	14,426	106.6	41,764.6	106.7
Individual annuities	1,318	3,615.9	1,349	102.3	3,574.6	98.9
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-

Notes: 1. The amount of individual annuities is the total of annuity resources at the beginning of the payout phase and policy reserves for policies in the payout phase.

2. Figures and amounts which were previously rounded to the nearest unit are rounded down from the end of the previous fiscal year (including the figures and amounts for the previous year).

▪ New Policies

(Thousands of policies, billions of yen, %)

Six months ended September 30	2014				2015					
	Number of policies	Policy amount			Number of policies		Policy amount			
		New policies		Net increase arising from the conversion	% of September 30, 2014 total	% of September 30, 2014 total	New policies	Net increase arising from the conversion		
Individual insurance	1,242	3,598.1	3,598.1	-	1,171	94.2	3,522.4	97.9	3,522.4	-
Individual annuities	85	307.5	307.5	-	37	44.3	133.0	43.3	133.0	-
Group insurance	-	-	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-	-	-

Notes: 1. The amount of individual annuities is the annuity resources at the beginning of the payout phase.

2. Figures and amounts which were previously rounded to the nearest unit are rounded down from the end of the previous fiscal year (including the figures and amounts for the previous year).

(2) Annualized Premiums

▪ Policies in Force

(Billions of yen, %)

As of	March 31, 2015	September 30, 2015	
			% of March 31, 2015 total
Individual insurance	2,526.8	2,697.0	106.7
Individual annuities	673.8	660.9	98.1
Total	3,200.6	3,357.9	104.9
Medical coverage, living benefits and other	257.4	275.7	107.1

▪ New Policies

(Billions of yen, %)

Six months ended September 30	2014	2015	
			% of September 30, 2014 total
Individual insurance	238.1	238.1	100.0
Individual annuities	105.8	62.7	59.3
Total	343.9	300.9	87.5
Medical coverage, living benefits and other	20.9	24.6	117.7

- Notes: 1. Annualized premiums are one-time insurance premiums factored according to the payment method and calculated as insurance premiums for one year. (Single payments are insurance premiums divided by the term of coverage.)
2. "Medical coverage, living benefits and other" includes medical benefits (hospitalization and surgery benefits, etc.), living benefits (limited illness and nursing care benefits, etc.) and premium payment waivers (excluding disability and including specified diseases and nursing) and is recorded as annualized premiums.
3. Figures for annualized premiums, which were previously rounded to the nearest unit are rounded down to the nearest unit from the end of the previous fiscal year (including the figures for the previous year).

(3) Key Income and Expenses

(Billions of yen, %)

Six months ended September 30	2014	2015	
			% of September 30, 2014 total
Insurance premiums and others	3,078.1	2,746.7	89.2
Investment income	745.7	688.8	92.4
Insurance claims and others	4,597.1	4,349.8	94.6
Investment expenses	7.7	4.2	54.8

(4) Total Assets

(Billions of yen, %)

As of	March 31, 2015	September 30, 2015	
			% of March 31, 2015 total
Total assets	84,911.9	84,688.7	99.7

2. Investment Overview for the Six Months Ended September 30, 2015 (General Account)

(1) Investment Environment

During the first half of the fiscal year ending March 31, 2016, although the U.S. economy was brisk and the European economy also slowly recovered, the growth in Japan was weak and the pace of growth slowed down slightly in the emerging countries including China. The world economy in total remained on a weak growth track as in the previous fiscal year. The U.S. economy recovered at a firm pace under employment conditions that are slowly improving. Meanwhile, the Japanese economy was generally sluggish due to factors such as the decline in personal consumption and weak overseas demand. In Europe, the economy is slowly recovering thanks to the gradual recovery in personal consumption and strong performance in export under the implementation of quantitative easing policy by the European Central Bank (“ECB”). The pace of growth of the Chinese economy is slowing amid the promotion of structural reform toward personal consumption-driven economy.

The central banks of developed countries are continuing their monetary easing policies, such as the quantitative and qualitative easing by the Bank of Japan (“BOJ”). However, the U.S. is shifting to a stage where it is searching for the timing of monetary tightening. Under these economic circumstances, the investment environment of the Company was as follows.

Domestic Bond Market

After starting at the 0.3% level, the domestic long-term yield declined to the 0.2% level in late April due to the tight supply and demand environment in the bond market owing to the BOJ’s ongoing bond buying operations that started the year before last and the falling interest rates in Europe due to the implementation of quantitative easing policy by the ECB. The domestic yield then temporarily surged to the 0.5% level in the wake of the soaring interest rate in Europe from a rebound to an excessive drop in the interest rate. However, the domestic yield gradually declined to 0.35% at the end of September as interest rates in Europe once again trended downward amid stagnant price indexes in the region, awareness of the possibility of additional monetary easing in a certain part of the market, and a sense of caution about economic slowdowns in the emerging countries including China.

Domestic Stock Market

In the first half, the Nikkei Stock Average started at the ¥19,000 level, then rose and stayed around the ¥20,000 level from mid-May to mid-August, because the U.S. stock prices rose to a record high level due to strong corporate performances and the dollar surged against the yen owing to rising interest rates in the U.S. However, a sharp decline in the Chinese stock prices in late August raised concerns in the market about China’s economic slowdown, and investors around the world became more risk averse. As a result, the Nikkei Stock Average fell sharply, and closed at ¥17,388 at the end of September.

Foreign Exchange Markets

In the first half, the USD/JPY exchange rate started the period at the ¥119 level. Up to mid-August, USD/JPY was traded around the ¥123 - ¥125 range as the dollar surged, driven by the suggestion of an increase in policy interest rate made by Janet Yellen, Chair of the FRB, in May and the strong economic indicators in the U.S. However, triggered by the sudden plunge in Chinese stock prices in late August, investors around the world became more risk averse. Consequently, the yen rose and the USD/JPY came to the ¥119 level at the end of September.

In the first half, the EUR/JPY exchange rate started at the ¥128 level. The euro appreciated due to the sudden rise in European interest rates in late April and reached the ¥140 level briefly in June. The EUR/JPY was subsequently traded around the upper ¥130 level despite a brief trend of the euro’s depreciation arising from concerns about the potential exit of Greece from the Eurozone, but in the latter half of August, investors became more risk averse because of growing concerns about China, which triggered the appreciation of the yen. At the end of September, the EUR/JPY reached the ¥133 level.

(2) Investment Policies of the Company

The Company’s operations are based on the concept of asset liability management (ALM) in order to maintain sound management and ensure the payment of insurance claims and others. Specifically, the approach is to match assets with liabilities, with a focus on yen-denominated interest-bearing assets with high affinity to the characteristics of liabilities. With this approach the Company aims to earn stable profits while mitigating interest rate risk.

Moreover, the Company will make an effort to increase revenues through the investment of risk assets such as foreign securities and stocks under appropriate risk management.

(3) Performance Overview

[Assets]

At September 30, 2015, total assets of the Company amounted to ¥84.6 trillion, a decrease of ¥0.2 trillion from ¥84.9 trillion at the end of the previous fiscal year.

In terms of investment, the Company continued to invest primarily in yen-denominated interest-bearing assets that provide stable interest income, and invested in risk assets such as foreign securities and stocks under appropriate risk management.

For corporate and government bonds, the Company invested primarily in long-term and super long-term bonds when domestic yields were relatively high, in view of their value as assets that secure stable income.

For foreign securities, the Company increased investments because of the continued low domestic yield and invested primarily in hedged foreign bonds.

For money held in trust, the Company invested primarily in domestic stocks, with close attention to market trends.

For loans, the Company provided loans including syndicated loans, loans to local governments and policy loans. The amount of loans decreased due to the repayment of loans to the Management Organization for Postal Savings and Postal Life Insurance.

[Investment Income and Expenses]

For the six months ended September 30, 2015, investment income of the Company decreased by ¥56.8 billion from the previous corresponding period to ¥688.8 billion mainly due to a decrease in interest and dividend income.

Investment expenses decreased by ¥3.5 billion from the previous corresponding period to ¥4.2 billion mainly due to a decrease in losses on sales of securities.

As a result, investment income and expenses amounted to ¥684.5 billion, a decrease of ¥53.3 billion from the previous corresponding period.

3. Investment Performance (General Account)

(1) Asset Composition

(Billions of yen, %)

As of	March 31, 2015		September 30, 2015	
	Amount	Ratio	Amount	Ratio
Cash, deposits, call loans	2,651.3	3.1	2,417.6	2.9
Receivables under resale agreements	-	-	-	-
Receivables under securities borrowing transactions	2,720.8	3.2	3,055.9	3.6
Monetary claims bought	449.0	0.5	407.4	0.5
Trading account securities	-	-	-	-
Money held in trust	1,434.9	1.7	1,709.0	2.0
Securities	66,277.2	78.1	66,146.4	78.1
Corporate and government bonds	64,294.7	75.7	62,499.7	73.8
Domestic stocks	0.9	0.0	0.9	0.0
Foreign securities	1,981.4	2.3	3,596.1	4.2
Foreign corporate and government bonds	1,961.4	2.3	3,596.1	4.2
Foreign stocks and other securities	20.0	0.0	-	-
Other securities	-	-	49.4	0.1
Loans	9,977.3	11.8	9,439.8	11.1
Real estate	112.2	0.1	118.7	0.1
Deferred tax assets	548.2	0.6	647.2	0.8
Other	741.5	0.9	747.1	0.9
Reserve for possible loan losses	(0.9)	(0.0)	(0.8)	(0.0)
Total	84,911.9	100.0	84,688.7	100.0
Foreign currency-denominated assets	2,196.3	2.6	3,844.1	4.5

Note: "Real estate" includes the total of land, buildings and construction in progress.

(2) Increase/Decrease in Assets

(Billions of yen)

Six months ended September 30	2014	2015
Cash, deposits, call loans	276.1	(233.7)
Receivables under resale agreements	-	-
Receivables under securities borrowing transactions	(269.9)	335.0
Monetary claims bought	226.8	(41.6)
Trading account securities	-	-
Money held in trust	449.3	274.1
Securities	(1,508.9)	(130.7)
Corporate and government bonds	(1,961.3)	(1,794.9)
Domestic stocks	-	-
Foreign securities	452.3	1,614.6
Foreign corporate and government bonds	452.3	1,634.6
Foreign stocks and other securities	-	(20.0)
Other securities	-	49.4
Loans	(537.7)	(537.5)
Real estate	31.3	6.4
Deferred tax assets	26.7	99.0
Other	95.6	5.5
Reserve for possible loan losses	(0.0)	0.1
Total	(1,210.7)	(223.2)
Foreign currency-denominated assets	617.0	1,647.8

Note: "Real estate" includes the total of land, buildings and construction in progress.

(3) Investment Income

(Billions of yen)

Six months ended September 30	2014	2015
Interest and dividend income	692.4	661.9
Interest on deposits	0.3	0.3
Interest and dividends on securities	566.0	549.7
Interest on loans	6.6	6.9
Interest on loans to the Management Organization	117.2	102.2
Rent revenue from real estate	-	-
Other interest and dividend income	2.2	2.6
Gains on trading account securities	-	-
Gains on money held in trust	9.7	26.0
Gains on trading securities	-	-
Gains on sales of securities	43.2	0.2
Gains on sales of Japanese government bonds and other bonds	38.2	0.0
Gains on sales of domestic stocks and other securities	-	-
Gains on sales of foreign securities	5.0	0.2
Other gains on sales of securities	-	-
Gains on redemption of securities	0.0	0.0
Gains on derivative financial instruments	-	0.5
Gains on foreign exchanges	0.1	-
Reversal of reserve for possible loan losses	0.0	0.0
Other investment income	0.0	0.0
Total	745.7	688.8

(4) Investment Expenses

(Billions of yen)

Six months ended September 30	2014	2015
Interest expenses	2.0	2.2
Losses on trading account securities	-	-
Losses on money held in trust	-	-
Losses on trading securities	-	-
Losses on sales of securities	4.9	0.9
Losses on sales of Japanese government bonds and other bonds	-	-
Losses on sales of domestic stocks and other securities	-	-
Losses on sales of foreign securities	4.9	0.9
Other losses on sales of securities	-	-
Losses on valuation of securities	-	-
Losses on valuation of Japanese government bonds and other bonds	-	-
Losses on valuation of domestic stocks and other securities	-	-
Losses on valuation of foreign securities	-	-
Other losses on valuation of securities	-	-
Losses on redemption of securities	0.0	0.0
Losses on derivative financial instruments	0.2	-
Losses on foreign exchanges	-	0.4
Provision for reserve for possible loan losses	-	-
Write-off loans	-	-
Depreciation of real estate for lease and other assets	-	-
Other investment expenses	0.4	0.4
Total	7.7	4.2

(5) Net Valuation Gain/Loss of Trading Securities

The Company does not hold securities for trading.

(6) Fair Value Information of Securities (with Fair Value, Other Than Trading Securities)

(Billions of yen)

As of	March 31, 2015					September 30, 2015				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)		
				Gains	Losses				Gains	Losses
Held-to-maturity bonds	43,695.5	48,232.6	4,537.1	4,537.6	0.5	43,217.7	47,704.5	4,486.8	4,487.1	0.3
Policy-reserve-matching bonds	15,493.2	16,668.4	1,175.2	1,175.4	0.2	14,997.9	16,132.2	1,134.2	1,134.3	0.1
Stocks of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	9,411.4	10,193.2	781.7	784.4	2.7	10,144.3	10,798.2	653.9	692.6	38.7
Corporate and government bonds	5,105.3	5,203.9	98.6	99.1	0.5	4,290.8	4,382.0	91.2	91.5	0.3
Domestic stocks	713.2	996.9	283.7	285.5	1.8	951.8	1,152.1	200.3	227.1	26.8
Foreign securities	1,850.9	2,248.2	397.3	397.6	0.3	3,535.3	3,896.1	360.8	371.8	11.0
Foreign corporate and government bonds	1,537.7	1,863.4	325.7	326.1	0.3	3,182.0	3,498.1	316.1	324.4	8.2
Foreign stocks and other securities	313.1	384.7	71.5	71.5	-	353.3	397.9	44.6	47.4	2.8
Other securities	-	-	-	-	-	50.0	49.4	(0.5)	-	0.5
Monetary claims bought	446.9	449.0	2.0	2.0	-	405.3	407.4	2.1	2.1	-
Negotiable certificates of deposit	1,295.0	1,295.0	-	-	-	910.9	910.9	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	68,600.2	75,094.3	6,494.0	6,497.5	3.5	68,360.0	74,635.0	6,275.0	6,314.2	39.2
Corporate and government bonds	64,196.1	70,003.2	5,807.0	5,808.3	1.3	62,408.5	68,116.9	5,708.4	5,709.2	0.7
Domestic stocks	713.2	996.9	283.7	285.5	1.8	951.8	1,152.1	200.3	227.1	26.8
Foreign securities	1,948.9	2,350.1	401.2	401.5	0.3	3,633.3	3,998.0	364.7	375.8	11.0
Foreign corporate and government bonds	1,635.7	1,965.3	329.6	330.0	0.3	3,280.0	3,600.1	320.1	328.3	8.2
Foreign stocks and other securities	313.1	384.7	71.5	71.5	-	353.3	397.9	44.6	47.4	2.8
Other securities	-	-	-	-	-	50.0	49.4	(0.5)	-	0.5
Monetary claims bought	446.9	449.0	2.0	2.0	-	405.3	407.4	2.1	2.1	-
Negotiable certificates of deposit	1,295.0	1,295.0	-	-	-	910.9	910.9	-	-	-
Other	-	-	-	-	-	-	-	-	-	-

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

2. This table includes money held in trust other than trading securities and its book value is ¥1,305.1 billion with net unrealized gains of ¥244.9 billion as of September 30, 2015 and ¥1,026.4 billion with net unrealized gains of ¥355.2 billion as of March 31, 2015.

The book values for securities that fair values are deemed extremely difficult to determine are as follows.

(Billions of yen)

As of	March 31, 2015	September 30, 2015
Held-to-maturity bonds	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Stocks of subsidiaries and affiliates	0.9	0.9
Available-for-sale securities	20.0	-
Unlisted domestic stocks (excluding OTC traded equities)	-	-
Unlisted foreign stocks (excluding OTC traded equities)	20.0	-
Unlisted foreign bonds	-	-
Others	-	-
Total	20.9	0.9

(7) Data on Fair Value of Money Held in Trust

(Billions of yen)

As of	March 31, 2015					September 30, 2015				
	Balance sheet amount	Fair value	Net unrealized gains (losses)			Balance sheet amount	Fair value	Net unrealized gains (losses)		
			Gains	Losses				Gains	Losses	
Money held in trust	1,434.9	1,434.9	-	-	-	1,709.0	1,709.0	-	-	-

- Money held in trust for trading purposes

The Company does not hold money held in trust for trading purposes.

- Assets held-to-maturity in trust/assets held for reserves in trust/other money held in trust

(Billions of yen)

As of	March 31, 2015					September 30, 2015				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)		
			Gains	Losses				Gains	Losses	
Assets held-to-maturity in trust	-	-	-	-	-	-	-	-	-	-
Assets held for reserves in trust	-	-	-	-	-	-	-	-	-	-
Other money held in trust	1,079.7	1,434.9	355.2	357.0	1.8	1,464.1	1,709.0	244.9	274.6	29.7

4. UNAUDITED NON-CONSOLIDATED BALANCE SHEETS

(Millions of yen)

Items	Term	As of March 31, 2015	As of September 30, 2015
		Amount	Amount
ASSETS:			
Cash and deposits		2,205,969	1,740,801
Call loans		445,428	676,886
Receivables under securities borrowing transactions		2,720,856	3,055,954
Monetary claims bought		449,068	407,455
Money held in trust		1,434,943	1,709,067
Securities		66,277,244	66,146,462
[Japanese government bonds]		[48,086,445]	[46,736,750]
[Japanese local government bonds]		[9,555,857]	[9,485,787]
[Japanese corporate bonds]		[6,652,464]	[6,277,254]
[Stocks]		[984]	[984]
[Foreign securities]		[1,981,492]	[3,596,191]
Loans		9,977,345	9,439,801
Policy loans		74,097	83,643
Industrial and commercial loans		806,259	779,455
Loans to the Management Organization		9,096,988	8,576,702
Tangible fixed assets		131,672	140,665
Intangible fixed assets		157,580	177,570
Agency accounts receivable		95,023	88,802
Reinsurance receivables		630	968
Other assets		468,916	457,836
Deferred tax assets		548,210	647,275
Reserve for possible loan losses		(943)	(802)
Total assets		84,911,946	84,688,745
LIABILITIES:			
Policy reserves and others		77,905,677	76,420,197
Reserve for outstanding claims		718,156	687,233
Policy reserves		75,112,601	73,699,714
Reserve for policyholder dividends		2,074,919	2,033,249
Reinsurance payables		2,017	2,672
Other liabilities		4,257,294	5,552,936
Payables under securities lending transactions		3,658,492	5,320,670
Income taxes payable		19,452	10,958
Lease obligations		2,105	2,096
Asset retirement obligation		15	15
Other liabilities		577,228	219,196
Reserve for employees' retirement benefits		65,645	67,270
Reserve for price fluctuations		712,167	742,556
Total liabilities		82,942,802	82,785,633
NET ASSETS:			
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		411,043	435,817
Legal retained earnings		20,584	25,489
Other retained earnings		390,459	410,327
Retained earnings brought forward		390,459	410,327
Total shareholders' equity		1,411,088	1,435,861
Net unrealized gains (losses) on available-for-sale securities		558,033	467,194
Net deferred gains (losses) on hedges		22	56
Total valuation and translation adjustments		558,055	467,250
Total net assets		1,969,143	1,903,111
Total liabilities and net assets		84,911,946	84,688,745

5. UNAUDITED NON-CONSOLIDATED STATEMENTS of INCOME

(Millions of yen)

Items	Term	Six months ended September 30, 2014	Six months ended September 30, 2015
		Amount	Amount
ORDINARY INCOME		5,171,703	4,881,333
Insurance premiums and others		3,078,186	2,746,776
[Insurance premiums]		[3,077,454]	[2,744,988]
Investment income		745,714	688,854
[Interest and dividend income]		[692,450]	[661,954]
[Gains on money held in trust]		[9,767]	[26,074]
[Gains on sales of securities]		[43,284]	[236]
[Gains on derivative financial instruments]		[-]	[520]
Other ordinary income		1,347,802	1,445,702
[Reversal of reserve for outstanding claims]		[81,355]	[30,922]
[Reversal of policy reserves]		[1,263,863]	[1,412,887]
ORDINARY EXPENSES		4,908,000	4,661,554
Insurance claims and others		4,597,162	4,349,885
[Insurance claims]		[4,213,606]	[3,896,062]
[Annuity payments]		[146,319]	[166,261]
[Benefits]		[18,920]	[22,959]
[Surrender benefits]		[137,267]	[171,816]
[Other refunds]		[78,355]	[88,040]
Provision for policy reserves and others		675	182
Provision for interest on policyholder dividends		675	182
Investment expenses		7,783	4,263
[Interest expenses]		[2,097]	[2,272]
[Losses on sales of securities]		[4,963]	[934]
[Losses on derivative financial instruments]		[275]	[-]
Operating expenses		254,897	259,867
Other ordinary expenses		47,481	47,355
ORDINARY PROFIT		263,703	219,778
EXTRAORDINARY GAINS		-	341
Gains on sales of fixed assets		-	341
EXTRAORDINARY LOSSES		54,467	31,246
Losses on sales and disposal of fixed assets		97	857
Provision for reserve for price fluctuations		54,370	30,388
Provision for reserve for policyholder dividends		135,423	119,559
Income before income taxes		73,812	69,314
Income taxes - Current		103,458	82,155
Income taxes - Deferred		(80,618)	(62,142)
Total income taxes		22,839	20,013
Net income		50,972	49,300

6. UNAUDITED NON-CONSOLIDATED STATEMENTS of CHANGES in NET ASSETS
Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)

(Millions of yen)

	Shareholders' equity					Total shareholders' equity
	Capital stock	Capital surplus		Retained earnings		
		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 period						
Cash dividends				3,361	(20,170)	(16,808)
Net income					50,972	50,972
Net changes in items other than shareholders' equity in the period						
Net changes in the period	-	-	-	3,361	30,802	34,163
Balance at the end of the period	500,000	405,044	95,000	20,584	359,673	1,380,301

	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 period		
Cash dividends		
Net income		
Net changes in items other than shareholders' equity in the period	125,781	26
Net changes in the period	125,781	26
Balance at the end of the period	310,556	37

Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)

(Millions of yen)

	Shareholders' equity					Total shareholders' equity
	Capital stock	Capital surplus		Retained earnings		
		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	20,584	390,459	1,411,088
Cumulative effects of changes in accounting policies					-	-
Restated balance	500,000	405,044	95,000	20,584	390,459	1,411,088
Changes in the period						
Cash dividends				4,905	(29,433)	(24,527)
Net income					49,300	49,300
Net changes in items other than shareholders' equity in the period						
Net changes in the period	-	-	-	4,905	19,867	24,773
Balance at the end of the period	500,000	405,044	95,000	25,489	410,327	1,435,861

	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	558,033	22
Cumulative effects of changes in accounting policies		
Restated balance	558,033	22
Changes in the period		
Cash dividends		
Net income		
Net changes in items other than shareholders' equity in the period	(90,838)	33
Net changes in the period	(90,838)	33
Balance at the end of the period	467,194	56

NOTES TO THE UNAUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015

(Notes to the Unaudited 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) Stocks 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 first half of the fiscal year, of which average market prices during the final month of the first half of the fiscal year is used to value stocks and stock mutual funds. 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: 2-55 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 six months ended September 30, 2015 was ¥126 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 in the amount considered to have incurred at the end of the six months ended September 30, 2015 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 at the annually required amount allocated to the accounting period on a pro-rata basis, based on Article 115 of the Insurance Business Act.

(6) 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 Standard 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.

(7) Policy Reserves

Policy reserves are reserves provided in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are recorded based on the following methodology:

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

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

Pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, effective from the 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 six months ended September 30, 2015 was ¥89,631 million.

(8) Employee’s Retirement Benefits Accounting

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

(9) Consumption Taxes

All figures are net of consumption taxes.

(10) Consolidated Tax Payment System

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

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

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 ¥14,997,979 million and ¥16,132,256 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 ¥4,781,066 million were included in “Securities” in the balance sheets as of September 30, 2015.

4. There were no bankrupt loans, non-interest accrual loans, past due loans for three months or more, and restructured loans as of September 30, 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.

5. Accumulated depreciation for tangible fixed assets as of September 30, 2015 was ¥62,048 million.

- | | |
|---|--------------------|
| 6. Changes in reserve for policyholder dividends for the six months ended September 30, 2015 were as follows: | |
| a. Balance at the beginning of the fiscal year | ¥2,074,919 million |
| b. Policyholder dividends paid during the six months ended September 30, 2015 | ¥161,250 million |
| c. Interest accrual | ¥182 million |
| d. Reduction due to the acquisition of additional annuity | ¥161 million |
| e. Provision for reserve for policyholder dividends | ¥119,559 million |
| f. Balance at the end of the six months ended September 30, 2015 | ¥2,033,249 million |
7. Stocks of subsidiaries and affiliates amounted to ¥984 million.
8. Assets pledged as collateral consisted of the following:
 Securities ¥4,781,066 million
Liabilities corresponding to assets pledged as collateral consisted of the following:
 Payables under securities lending transactions ¥5,320,670 million
All of securities above were pledged as collateral for securities lending transactions with cash collateral.
9. 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 September 30, 2015 was ¥255 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 September 30, 2015 was ¥431 million.
10. The Company has the right to sell or pledge securities borrowed under borrowing agreements. The fair value of such securities held in hand was ¥3,047,776 million as of September 30, 2015.
11. The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥26,866 million as of September 30, 2015 pursuant to Article 259 of the Insurance Business Act. This obligation is recognized as operating expenses when it is made.
12. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Organization, amounted to ¥49,356,021 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 ¥2,097,684 million and ¥633,358 million, respectively, for the category of reinsurance.
13. “Other liabilities” in the balance sheet includes ¥56,362 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 Unaudited Non-consolidated Statement of Income)

1. Gains on sales of securities comprise domestic bonds of ¥0 million and foreign securities of ¥236 million.
2. Losses on sales of securities comprise foreign securities of ¥934 million.
3. Gains on money held in trust include losses on valuation of ¥1,667 million.
4. The amount of reversal of reserve for outstanding claims-ceded that is deducted to the calculation of reversal of reserve for outstanding claims for the six months ended September 30, 2015 was ¥30 million. The amount of provision for policy reserves-ceded that is added to the calculation of reversal of policy reserves for the six months ended September 30, 2015 was ¥116 million.
5. Net income per share for the six months ended September 30, 2015 was ¥82.17.
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.
6. Insurance premiums assumed based on reinsurance contracts with the Management Organization included in insurance premiums and others for the six months ended September 30, 2015 were ¥700,116 million.
7. Insurance claims based on reinsurance contracts with the Management Organization included in insurance claims for the six months ended September 30, 2015 were ¥3,869,988 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 ¥105,534 million for the six months ended September 30, 2015.

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

Type and number of treasury stock

Not applicable.

7. Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

Six months ended September 30		2014	2015
Core profit	A	268,024	239,927
Capital gains		53,212	26,832
Gains on money held in trust		9,767	26,074
Gains on trading securities		-	-
Gains on sales of securities		43,284	236
Gains on derivative financial instruments		-	520
Gains on foreign exchanges		160	-
Other capital gains		-	-
Capital losses		14,973	18,585
Losses on money held in trust		-	-
Losses on trading securities		-	-
Losses on sales of securities		4,963	934
Losses on valuation of securities		-	-
Losses on derivative financial instruments		275	-
Losses on foreign exchanges		-	485
Other capital losses		9,734	17,165
Net capital gains	B	38,239	8,246
Core profit including net capital gains (losses)	A+B	306,263	248,174
One-time income		45,424	61,235
Reinsurance income		-	-
Reversal of contingency reserve		45,424	61,235
Reversal of individual reserve for possible loan losses		-	-
Other one-time income		-	-
One-time expenses		87,985	89,631
Reinsurance premiums		-	-
Provision for contingency reserve		-	-
Provision for individual reserve for possible loan losses		-	-
Provision for reserve for specific foreign loans		-	-
Write-off of loans		-	-
Other one-time expenses		87,985	89,631
Net one-time income (expenses)	C	(42,560)	(28,395)
Ordinary profit	A+B+C	263,703	219,778

- Notes: 1. Amount equivalent to income gains associated with money held in trust (¥9,734 million for the six months ended September 30, 2014 and ¥17,165 million for the six months ended September 30, 2015) is recognized as “other capital losses” and included in core profit.
2. “Other one-time expenses” includes the amount of additional policy reserves accumulated pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act (¥87,985 million for the six months ended September 30, 2014 and ¥89,631 million for the six months ended September 30, 2015).

8. Loans by Borrower Category

(Millions of yen, %)

As of	March 31, 2015	September 30, 2015
Bankrupt or quasi-bankrupt loans	-	-
Doubtful loans	-	-
Substandard loans	-	-
Subtotal	-	-
(Percentage in total)	(-)	(-)
Normal loans	10,291,347	11,024,533
Total	10,291,347	11,024,533

- Notes:
1. Bankrupt or quasi-bankrupt loans are loans to borrowers who have fallen into bankruptcy for reasons such as the commencement of bankruptcy proceedings or reorganization proceedings, or the petition for commencement of rehabilitation proceedings, and loans similar to these.
 2. Doubtful loans refer to loans which principal and interest are unlikely to be collected or received as stipulated in an agreement due to the borrower's deteriorating financial conditions and results even though the borrower is not fallen into bankruptcy.
 3. Substandard loans are past due loans for three months or more and restructured loans.
 "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 the loans noted in 1 and 2).
 "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 (excluding the loans noted in 1 and 2, and past due loans for three months or more).
 4. Normal loans are loans which do not fall under the loans noted in 1 to 3 above as there are no particular problems found with the borrower's financial conditions and results.

9. Status of Risk-Monitored Loans

Not applicable.

10. Solvency Margin Ratio

(Millions of yen)

As of	March 31, 2015	September 30, 2015
Total amount of solvency margin (A)	5,697,257	5,629,718
Capital stock, etc.	1,386,560	1,435,861
Reserve for price fluctuations	712,167	742,556
Contingency reserve	2,498,711	2,437,475
General reserve for possible loan losses	77	73
Net unrealized gains (losses) on available-for-sale securities × 90% (if negative, × 100%)	703,549	588,550
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	(10,077)	(3,905)
Excess of continued Zillmerised reserve	406,267	428,903
Capital raised through debt financing	-	-
Amounts within “excess of continued Zillmerised reserve” and “capital raised through debt financing” not calculated into the margin	-	-
Deductions	-	-
Other	-	202
Total amount of risk (B)	694,176	713,981
$\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$		
Insurance risk R ₁	163,796	161,589
Underwriting risk of third-sector insurance R ₈	88,568	83,323
Anticipated yield risk R ₂	184,450	178,001
Minimum guarantee risk R ₇	-	-
Investment risk R ₃	443,294	473,539
Business management risk R ₄	17,602	17,929
Solvency margin ratio $\frac{(A)}{(1/2 \times (B))} \times 100$	1,641.4%	1,576.9%

Note: These figures are calculated based on Article 86 and Article 87 of the Ordinance for Enforcement of the Insurance Business Act and the provisions of Ordinance No. 50 issued by the Ministry of Finance in 1996.

11. Separate Account for the Six Months Ended September 30, 2015 and as of March 31, 2015

Not applicable.

12. Consolidated Financial Summary**(1) Selected Financial Data and Other Information**

(Millions of yen)

Six months ended September 30	2014	2015
Ordinary income	5,171,707	4,881,336
Ordinary profit	263,501	218,787
Net income attributable to Japan Post Insurance	50,819	48,515
Comprehensive income	176,524	(42,520)

Note: "Net income" is presented as "Net income attributable to Japan Post Insurance" from the six months ended September 30, 2015.

As of	March 31, 2015	September 30, 2015
Total assets	84,915,012	84,691,801
Consolidated solvency margin ratio	1,644.2%	1,579.4%

(2) Scope of Consolidation and Application of the Equity Method

- Number of consolidated subsidiaries: 1
- Number of non-consolidated subsidiaries accounted for under the equity method: 0
- Number of affiliates accounted for under the equity method: 0

(3) Unaudited Consolidated Balance Sheets

(Millions of yen)

Items	Term	As of March 31, 2015	As of September 30, 2015
		Amount	Amount
ASSETS:			
Cash and deposits		2,213,786	1,748,967
Call loans		445,428	676,886
Receivables under securities borrowing transactions		2,720,856	3,055,954
Monetary claims bought		449,068	407,455
Money held in trust		1,434,943	1,709,067
Securities		66,276,260	66,145,478
Loans		9,977,345	9,439,801
Tangible fixed assets		131,790	140,996
Intangible fixed assets		155,067	173,968
Agency accounts receivable		95,023	88,802
Reinsurance receivables		630	968
Other assets		468,700	457,629
Deferred tax assets		547,053	646,627
Reserve for possible loan losses		(943)	(802)
Total assets		84,915,012	84,691,801
LIABILITIES:			
Policy reserves and others		77,905,677	76,420,197
Reserve for outstanding claims		718,156	687,233
Policy reserves		75,112,601	73,699,714
Reserve for policyholder dividends		2,074,919	2,033,249
Reinsurance payables		2,017	2,672
Payables under securities lending transactions		3,658,492	5,320,670
Other liabilities		602,573	236,673
Liability for retirement benefits		58,356	60,351
Reserve for price fluctuations		712,167	742,556
Total liabilities		82,939,284	82,783,121
NET ASSETS:			
Capital stock		500,000	500,000
Capital surplus		500,044	500,044
Retained earnings		411,992	435,980
Total shareholders' equity		1,412,036	1,436,024
Net unrealized gains (losses) on available-for-sale securities		558,033	467,194
Net deferred gains (losses) on hedges		22	56
Accumulated adjustments for retirement benefits		5,635	5,404
Total accumulated other comprehensive income		563,691	472,655
Total net assets		1,975,727	1,908,679
Total liabilities and net assets		84,915,012	84,691,801

(4) Unaudited Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Unaudited Consolidated Statements of Income)

(Millions of yen)

Items	Term	Six months ended September 30, 2014	Six months ended September 30, 2015
		Amount	Amount
ORDINARY INCOME		5,171,707	4,881,336
Insurance premiums and others		3,078,186	2,746,776
Investment income		745,714	688,854
[Interest and dividend income]		[692,450]	[661,954]
[Gains on money held in trust]		[9,767]	[26,074]
[Gains on sales of securities]		[43,284]	[236]
[Gains on derivative financial instruments]		[-]	[520]
Other ordinary income		1,347,806	1,445,705
[Reversal of reserve for outstanding claims]		[81,355]	[30,922]
[Reversal of policy reserves]		[1,263,863]	[1,412,887]
ORDINARY EXPENSES		4,908,206	4,662,549
Insurance claims and others		4,597,162	4,349,885
[Insurance claims]		[4,213,606]	[3,896,062]
[Annuity payments]		[146,319]	[166,261]
[Benefits]		[18,920]	[22,959]
[Surrender benefits]		[137,267]	[171,816]
Provision for policy reserves and others		675	182
Provision for interest on policyholder dividends		675	182
Investment expenses		7,783	4,263
[Interest expenses]		[2,097]	[2,272]
[Losses on sales of securities]		[4,963]	[934]
[Losses on derivative financial instruments]		[275]	[-]
Operating expenses		255,179	260,988
Other ordinary expenses		47,405	47,229
ORDINARY PROFIT		263,501	218,787
EXTRAORDINARY GAINS		-	341
Gains on sales of fixed assets		-	341
EXTRAORDINARY LOSSES		54,467	31,311
Losses on sales and disposal of fixed assets		97	923
Provision for reserve for price fluctuations		54,370	30,388
Provision for reserve for policyholder dividends		135,423	119,559
Income before income taxes		73,610	68,257
Income taxes - Current		103,555	82,298
Income taxes - Deferred		(80,764)	(62,556)
Total income taxes		22,791	19,741
Net income		50,819	48,515
Net income attributable to non-controlling interests		-	-
Net income attributable to Japan Post Insurance		50,819	48,515

(Unaudited Consolidated Statements of Comprehensive Income)

(Millions of yen)

Items	Term	Six months ended September 30, 2014	Six months ended September 30, 2015
		Amount	Amount
Net income		50,819	48,515
Other comprehensive income		125,705	(91,036)
Net unrealized gains (losses) on available-for-sale securities		125,781	(90,838)
Net deferred gains (losses) on hedges		26	33
Adjustments for retirement benefit		(103)	(231)
Total comprehensive income		176,524	(42,520)
Comprehensive income attributable to Japan Post Insurance		176,524	(42,520)
Comprehensive income attributable to non-controlling interests		-	-

(5) Unaudited Consolidated Statements of Cash Flows

(Millions of yen)

Items	Term	Six months ended September 30, 2014	Six months ended September 30, 2015
		Amount	Amount
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income taxes		73,610	68,257
Depreciation and amortization		17,429	17,745
Net change in reserve for outstanding claims		(81,355)	(30,922)
Net change in policy reserves		(1,263,863)	(1,412,887)
Provision for interest on policyholder dividends		675	182
Provision for reserve for policyholder dividends		135,423	119,559
Net change in reserve for possible loan losses		19	(140)
Net change in reserve for possible claim payments		(1,316)	-
Net change in liability for retirement benefits		1,880	1,994
Net change in reserve for price fluctuations		54,370	30,388
Interest and dividend income (accrual basis)		(692,450)	(661,954)
Net (gains) losses on securities		(38,317)	774
Interest expenses (accrual basis)		2,097	2,272
Net (gains) losses on foreign exchanges		(160)	485
Net (gains) losses on tangible fixed assets		97	383
Net change in agency accounts receivable		12,377	6,221
Net change in reinsurance receivables		(165)	(337)
Net change in other assets (excluding those related to investing activities and financing activities)		(71,270)	33,893
Net change in reinsurance payables		302	654
Net change in other liabilities (excluding those related to investing activities and financing activities)		(748)	(4,405)
Other, net		(9,330)	(27,748)
Subtotal		(1,860,694)	(1,855,583)
Interest and dividend received (cash basis)		729,073	684,901
Interest paid (cash basis)		(2,127)	(2,207)
Policyholder dividends paid		(188,461)	(161,250)
Income taxes paid		(116,315)	(104,305)
Net cash used in operating activities		(1,438,524)	(1,438,446)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of call loans		(17,346,509)	(18,783,586)
Proceeds from redemption of call loans		17,216,625	18,552,128
Net change in receivables under securities borrowing transactions		269,946	(335,098)
Purchases of monetary claims bought		(1,603,641)	(1,895,872)
Proceeds from sale and redemption of monetary claims bought		1,481,409	1,882,617
Purchases of money held in trust		(350,000)	(360,400)
Purchases of securities		(2,789,563)	(2,668,876)
Proceeds from sale and redemption of securities		4,375,976	2,735,861
Payments for loans		(672,089)	(565,797)
Proceeds from collection of loans		1,209,807	1,103,327
Net change in payables under securities lending transactions		(185,782)	1,662,178
Other, net		38,628	(273,929)
Total of net cash provided by investment transactions		1,644,806	1,052,553
Total of net cash provided by operating activities and investment transactions		206,281	(385,892)
Purchases of tangible fixed assets		(15,172)	(22,607)
Purchases of intangible fixed assets		(27,355)	(31,541)
Other, net		(111)	30
Net cash provided by investing activities		1,602,166	998,435
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease obligations		(228)	(281)
Dividends paid		(16,808)	(24,527)
Net cash used in financing activities		(17,037)	(24,808)
Effect of exchange rate changes on cash and cash equivalents		-	-
Net change in cash and cash equivalents		146,604	(464,819)
Cash and cash equivalents at the beginning of the fiscal year		1,670,837	2,213,786
Cash and cash equivalents at the end of the period		1,817,441	1,748,967

(6) Unaudited Consolidated Statements of Changes in Net Assets

Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)

(Millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of the fiscal year	500,000	500,044	351,010	1,351,054
Cumulative effects of changes in accounting policies			(3,533)	(3,533)
Restated balance	500,000	500,044	347,477	1,347,521
Changes in the period				
Cash dividends			(16,808)	(16,808)
Net income attributable to Japan Post Insurance			50,819	50,819
Net changes in items other than shareholders' equity in the period				
Net changes in the period	-	-	34,010	34,010
Balance at the end of the period	500,000	500,044	381,488	1,381,532

	Accumulated other comprehensive income		
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits
Balance at the beginning of the fiscal year	184,774	11	2,296
Cumulative effects of changes in accounting policies			
Restated balance	184,774	11	2,296
Changes in the period			
Cash dividends			
Net income attributable to Japan Post Insurance			
Net changes in items other than shareholders' equity in the period	125,781	26	(103)
Net changes in the period	125,781	26	(103)
Balance at the end of the period	310,556	37	2,193

Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)

(Millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of the fiscal year	500,000	500,044	411,992	1,412,036
Cumulative effects of changes in accounting policies			-	-
Restated balance	500,000	500,044	411,992	1,412,036
Changes in the period				
Cash dividends			(24,527)	(24,527)
Net income attributable to Japan Post Insurance			48,515	48,515
Net changes in items other than shareholders' equity in the period				
Net changes in the period	-	-	23,988	23,988
Balance at the end of the period	500,000	500,044	435,980	1,436,024

	Accumulated other comprehensive income		
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits
Balance at the beginning of the fiscal year	558,033	22	5,635
Cumulative effects of changes in accounting policies			
Restated balance	558,033	22	5,635
Changes in the period			
Cash dividends			
Net income attributable to Japan Post Insurance			
Net changes in items other than shareholders' equity in the period	(90,838)	33	(231)
Net changes in the period	(90,838)	33	(231)
Balance at the end of the period	467,194	56	5,404

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015

(Basis for Preparation of the Unaudited 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. End Date of the First Half of the Fiscal Year of Consolidated Subsidiary
The consolidated subsidiary has the same end date of the first half of the fiscal year as that of consolidated financial statements.

(Notes to the Unaudited 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) 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 first half of the fiscal year, of which average market prices during the final month of the first half of the fiscal year is used to value stocks and stock mutual funds. 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.
 - (2) Valuation Criteria and Methods for Derivative Transactions
All derivative transactions are valued at fair value.
 - (3) Depreciation Methods for 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: 2-55 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

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 six months ended September 30, 2015 was ¥126 million.

(5) Accounting Treatment for Retirement Benefits

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.

3) Application of the Simplified Method by Small Companies

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

(6) Reserve for Price Fluctuations

Reserve for price fluctuations in security investments is computed at the annually required amount allocated to the accounting period on a pro-rata basis, based on Article 115 of the Insurance Business Act.

(7) 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.

(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 six months ended September 30, 2015 was ¥89,631 million.

(9) Consumption Taxes

All figures are net of consumption taxes.

(10) Consolidated Tax Payment System

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

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

2. Changes in Accounting Policies

Effective from the six months ended September 30, 2015, 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. To reflect this change in presentation, the reclassification of accounts has been made to the consolidated financial statements for the six months ended September 30, 2014.

3. Changes in Presentation

(The Unaudited Consolidated Balance Sheet)

“Payables under securities lending transactions,” which was included in “Other liabilities” in the previous fiscal year, is separately presented from the current period due to an increase in materiality. To reflect the change in method of presentation, the consolidated financial statements as of March 31, 2015 have been reclassified.

As a result, ¥4,261,065 million presented as “Other liabilities” in the consolidated balance sheet as of March 31, 2015 has been reclassified into “Payables under securities lending transactions” of ¥3,658,492 and “Other liabilities” of ¥602,573 million.

4. Financial Instruments

(1) Fair Values of Financial Instruments

Amounts carried on the consolidated balance sheets, fair values and the difference between them as of September 30, 2015 were as follows.

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and deposits	1,748,967	1,748,967	-
Available-for-sale securities (negotiable certificates of deposit)	910,900	910,900	-
2) Receivables under securities borrowing transactions	3,055,954	3,055,954	-
3) Monetary claims bought	407,455	407,455	-
Available-for-sale securities	407,455	407,455	-
4) Money held in trust (*1)	1,709,067	1,709,067	-
5) Securities	66,145,478	71,766,590	5,621,112
Held-to-maturity bonds	43,217,719	47,704,554	4,486,834
Policy-reserve-matching bonds	14,997,979	16,132,256	1,134,277
Available-for-sale securities	7,929,779	7,929,779	-
6) Loans (*2)	9,439,728	10,215,595	775,867
Policy loans	83,643	83,643	-
Industrial and commercial loans	779,382	833,080	53,698
Loans to the Management Organization	8,576,702	9,298,871	722,168
Total assets	82,506,651	88,903,631	6,396,979
Payables under securities lending transactions	5,320,670	5,320,670	-
Total liabilities	5,320,670	5,320,670	-
Derivative transactions (*3)			
Hedge accounting not applied	-	-	-
Hedge accounting applied	19,287	19,287	-
Total derivative transactions	19,287	19,287	-

(*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 : 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 “(3) 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, while the fair value of mutual funds is based on net asset value.
Securities are described in “(2) 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

Derivative transactions to which the hedge accounting is applied are as follows:

- (i) Currency-related derivatives (foreign currency exchange contracts)
Fair value is calculated using forward exchange rate as of the end of the first half of the consolidated fiscal year.
- (ii) Interest rate-related derivatives (interest rate swap)
Fair value is calculated using discounted present value.
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.

(2) Securities

1) Held-to-maturity Bonds

(Millions of yen)

	Type	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds the consolidated balance sheet amount	Bonds	43,050,519	47,533,790	4,483,271
	Japanese government bonds	32,123,736	36,032,227	3,908,491
	Japanese local government bonds	8,029,004	8,453,292	424,287
	Japanese corporate bonds	2,897,777	3,048,270	150,492
	Foreign securities	98,000	101,925	3,925
	Other	-	-	-
	Subtotal	43,148,519	47,635,715	4,487,196
Those for which fair value does not exceed the consolidated balance sheet amount	Bonds	69,200	68,838	(361)
	Japanese government bonds	-	-	-
	Japanese local government bonds	65,000	64,640	(359)
	Japanese corporate bonds	4,200	4,197	(2)
	Foreign securities	-	-	-
	Other	-	-	-
	Subtotal	69,200	68,838	(361)
Total		43,217,719	47,704,554	4,486,834

2) Policy-reserve-matching Bonds

(Millions of yen)

	Type	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds the consolidated balance sheet amount	Bonds	14,973,058	16,107,442	1,134,383
	Japanese government bonds	14,181,699	15,285,422	1,103,722
	Japanese local government bonds	658,445	681,898	23,453
	Japanese corporate bonds	132,913	140,121	7,208
	Foreign securities	-	-	-
	Other	-	-	-
	Subtotal	14,973,058	16,107,442	1,134,383
Those for which fair value does not exceed the consolidated balance sheet amount	Bonds	24,921	24,814	(106)
	Japanese government bonds	-	-	-
	Japanese local government bonds	24,921	24,814	(106)
	Japanese corporate bonds	-	-	-
	Foreign securities	-	-	-
	Other	-	-	-
	Subtotal	24,921	24,814	(106)
Total		14,997,979	16,132,256	1,134,277

3) Available-for-sale Securities

(Millions of yen)

	Type	Consolidated balance sheet amount	Cost	Difference
Those for which the consolidated balance sheet amount exceeds cost	Stocks	-	-	-
	Bonds	4,247,484	4,155,933	91,551
	Japanese government bonds	431,313	430,537	776
	Japanese local government bonds	657,097	655,105	1,991
	Japanese corporate bonds	3,159,073	3,070,289	88,783
	Foreign securities	3,255,861	2,931,460	324,401
	Foreign bonds	3,255,861	2,931,460	324,401
	Other (*)	29,477	27,372	2,105
	Subtotal	7,532,824	7,114,765	418,058
Those for which the consolidated balance sheet amount does not exceed cost	Stocks	-	-	-
	Bonds	134,608	134,926	(318)
	Japanese government bonds	-	-	-
	Japanese local government bonds	51,318	51,339	(21)
	Japanese corporate bonds	83,289	83,586	(296)
	Foreign securities	242,330	250,550	(8,220)
	Foreign bonds	242,330	250,550	(8,220)
	Other (*)	1,338,372	1,338,877	(505)
	Subtotal	1,715,310	1,724,354	(9,043)
Total	9,248,134	8,839,119	409,015	

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

(3) 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
1,709,067	1,464,137	244,930	274,640	29,710

(*) The Group recognized losses on valuation of ¥1,667 million for the six months ended September 30, 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 first half of fiscal year decline by 30% or more of the cost.

5. 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 ¥14,997,979 million and ¥16,132,256 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)
6. Securities lent under lending agreements in the amount of ¥4,781,066 million were included in “Securities” in the consolidated balance sheets as of September 30, 2015.
7. There were no bankrupt loans, non-interest accrual loans, past due loans for three months or more, and restructured loans as of September 30, 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.
8. Accumulated depreciation for tangible fixed assets as of September 30, 2015 was ¥62,161 million.
9. Changes in reserve for policyholder dividends for the six months ended September 30, 2015 were as follows:
- | | |
|--|--------------------|
| a. Balance at the beginning of the fiscal year | ¥2,074,919 million |
| b. Policyholder dividends paid during the six months ended
September 30, 2015 | ¥161,250 million |
| c. Interest accrual | ¥182 million |
| d. Reduction due to the acquisition of additional annuity | ¥161 million |
| e. Provision for reserve for policyholder dividends | ¥119,559 million |
| f. Balance at the end of the six months ended September 30, 2015 | ¥2,033,249 million |
10. Assets pledged as collateral consisted of the following:
Securities ¥4,781,066 million
Liabilities corresponding to assets pledged as collateral consisted of the following:
Payables under securities lending transactions ¥5,320,670 million
All of securities above were pledged as collateral for securities lending transactions with cash collateral.
11. 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 September 30, 2015 was ¥255 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 September 30, 2015 was ¥431 million.

12. Net assets per share were ¥3,181.13.
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.
13. The Group has the right to sell or pledge securities borrowed under borrowing agreements. The fair value of such securities held in hand was ¥3,047,776 million as of September 30, 2015.
14. The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥26,866 million as of September 30, 2015 pursuant to Article 259 of the Insurance Business Act.
This obligation is recognized as operating expenses when it is made.
15. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Organization, amounted to ¥49,356,021 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 ¥2,097,684 million and ¥633,358 million, respectively, for the category of reinsurance.
16. “Other liabilities” in the consolidated balance sheet includes ¥56,362 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 Unaudited Consolidated Statement of Income)

1. The amount of reversal of reserve for outstanding claims-ceded that is deducted to the calculation of reversal of reserve for outstanding claims for the six months ended September 30, 2015 was ¥30 million. The amount of provision for policy reserves-ceded that is added to the calculation of reversal of policy reserves for the six months ended September 30, 2015 was ¥116 million.
2. Net income per share was ¥80.86.
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 assumed based on reinsurance contracts with the Management Organization included in insurance premiums and others for the six months ended September 30, 2015 were ¥700,116 million.
4. Insurance claims based on reinsurance contracts with the Management Organization included in insurance claims for the six months ended September 30, 2015 were ¥3,869,988 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, were ¥105,534 million for the six months ended September 30, 2015.

(Notes to the Unaudited Consolidated Statement of Cash Flows)

1. Scope of Cash and Cash Equivalents

Cash and cash equivalents consists of “Cash and deposits” in the consolidated balance sheet.

2. The reconciliation of cash and cash equivalents in the consolidated statement of cash flows to cash and deposits in the consolidated balance sheet as of September 30, 2015 was as follows:

Cash and deposits	¥1,748,967 million
Cash and cash equivalents	¥1,748,967 million

(Notes to the Unaudited 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	September 30, 2015
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

Dividends Paid

The following resolution was adopted at the Board of Directors' meeting held on May 13, 2015:

Dividends on common stock

a. Total amount	¥24,527 million
b. Per share amount	¥1,226.38
c. Effective date	May 14, 2015

The record date for the dividends was March 31, 2015 with retained earnings as the source of dividends.

(7) Consolidated Solvency Margin Ratio

(Millions of yen)

As of	March 31, 2015	September 30, 2015
Total amount of solvency margin (A)	5,706,126	5,637,476
Capital stock, etc.	1,387,508	1,436,024
Reserve for price fluctuations	712,167	742,556
Contingency reserve	2,498,711	2,437,475
Catastrophe loss reserve	-	-
General reserve for possible loan losses	77	73
Net unrealized gains (losses) on available-for-sale securities × 90% (if negative, × 100%)	703,549	588,550
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	(10,077)	(3,905)
Sum of unrecognized actuarial differences and unrecognized prior service cost	7,920	7,595
Excess of continued Zillmerised reserve	406,267	428,903
Capital raised through debt financing	-	-
Amounts within “excess of continued Zillmerised reserve” and “capital raised through debt financing” not calculated into the margin	-	-
Deductions	-	-
Other	-	202
Total amount of risk (B)	694,064	713,871
$\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$		
Insurance risk R ₁	163,796	161,589
General insurance risk R ₅	-	-
Catastrophe risk R ₆	-	-
Underwriting risk of third-sector insurance R ₈	88,568	83,323
Small amount, short-term insurance risk R ₉	-	-
Anticipated yield risk R ₂	184,450	178,001
Minimum guarantee risk R ₇	-	-
Investment risk R ₃	443,176	473,424
Business management risk R ₄	17,599	17,926
Solvency margin ratio $\frac{(A)}{(1/2 \times (B))} \times 100$	1,644.2%	1,579.4%

Note: These figures are calculated based on Article 86-2 and Article 88 of the Ordinance for Enforcement of the Insurance Business Act and the Ordinance No. 23 issued by the Financial Services Agency in 2011.

(8) Segment Information

Segment information is omitted as the Company has only one segment.