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May 13, 2016
JAPAN POST INSURANCE Co., Ltd.

Announcement of Financial Results for the Fiscal Year Ended March 31, 2016

JAPAN POST INSURANCE Co., Ltd. (the "Company"; Masami Ishii, Director and President, CEO, Representative Executive Officer) hereby announces its financial results for the fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016).

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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				2016			
	Number of policies		Policy amount		Number of policies		Policy amount	
		% of March 31, 2014 total		% of March 31, 2014 total		% of March 31, 2015 total		% of March 31, 2015 total
Individual insurance	13,539	116.0	39,159.0	116.1	15,350	113.4	44,406.2	113.4
Individual annuities	1,318	110.4	3,615.9	105.0	1,367	103.7	3,476.4	96.1
Group insurance	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-

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

▪ New Policies

(Thousands of policies, billions of yen, %)

Fiscal years ended March 31	2015						2016					
	Number of policies		Policy amount				Number of policies		Policy amount			
		% of March 31, 2014 total		% of March 31, 2014 total	New policies	Net increase arising from the conversion		% of March 31, 2015 total		% of March 31, 2015 total	New policies	Net increase arising from the conversion
Individual insurance	2,381	106.6	7,002.5	106.8	7,002.5	-	2,397	100.6	7,168.4	102.4	7,168.4	-
Individual annuities	137	92.7	493.5	94.2	493.5	-	63	46.1	219.7	44.5	219.7	-
Group insurance	-	-	-	-	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-	-	-	-	-

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

(2) Annualized Premiums

▪ Policies in Force

(Billions of yen, %)

As of March 31	2015		2016	
		% of March 31, 2014 total		% of March 31, 2015 total
Individual insurance	2,526.8	115.3	2,863.5	113.3
Individual annuities	673.8	101.9	656.0	97.4
Total	3,200.6	112.2	3,519.6	110.0
Medical coverage, living benefits and other	257.4	113.2	293.4	114.0

▪ New Policies

(Billions of yen, %)

Fiscal years ended March 31	2015		2016	
		% of March 31, 2014 total		% of March 31, 2015 total
Individual insurance	457.8	104.3	485.3	106.0
Individual annuities	162.5	90.4	105.1	64.6
Total	620.4	100.2	590.4	95.2
Medical coverage, living benefits and other	41.1	83.6	49.5	120.6

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

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

(3) Key Income and Expenses

(Billions of yen, %)

Fiscal years ended March 31	2015		2016	
		% of March 31, 2014 total		% of March 31, 2015 total
Insurance premiums and others	5,956.7	100.8	5,413.8	90.9
Investment income	1,460.7	94.8	1,354.9	92.8
Insurance claims and others	9,059.5	89.2	8,550.4	94.4
Investment expenses	10.9	60.7	9.7	88.7
Ordinary profit	493.1	106.4	413.0	83.7

(4) Total Assets

(Billions of yen, %)

As of March 31	2015		2016	
		% of March 31, 2014 total		% of March 31, 2015 total
Total assets	84,911.9	97.5	81,543.6	96.0

2. Policy in Force by Benefit Type as of March 31, 2016

(Thousands of policies, billions of yen)

Items		Individual insurance		Individual annuities		Group insurance		Total	
		Number of policies	Policy amount	Number of policies	Policy amount	Number of policies	Policy amount	Number of policies	Policy amount
Death benefit	General death	14,225	41,993.9	-	-	-	-	14,225	41,993.9
	Accidental death	21,759	51,394.0	4	15.1	-	-	21,763	51,409.1
	Other conditional death	-	-	-	-	-	-	-	-
Survival benefit		1,125	2,412.3	1,367	3,476.4	-	-	2,492	5,888.8
Hospitalization benefit	Hospitalization due to accident	11,485	46.4	6	0.0	-	-	11,492	46.4
	Hospitalization due to illness	11,283	45.7	1	0.0	-	-	11,285	45.7
	Other conditional hospitalization	11,485	7.6	6	0.0	-	-	11,492	7.6
Injury benefit		10,199	-	4	-	-	-	10,203	-
Surgery benefit		11,485	-	6	-	-	-	11,492	-

Items	Group annuities		Asset-formation insurance / asset-formation annuities		Total	
	Number of policies	Policy amount	Number of policies	Policy amount	Number of policies	Policy amount
Survival benefit	-	-	0	0.1	0	0.1

Items	Medical benefit insurance	
	Number of policies	Policy amount
Hospitalization benefit	-	-

Items	Disability benefit insurance	
	Number of policies	Policy amount
Disability benefit	-	-

Notes: 1. The number of asset-formation insurance / asset-formation annuities indicates the number of the insured.

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

3. Amount for hospitalization benefit is the amount of daily hospitalization benefits.

4. As reinsurance, the Company holds 16,972 thousand policies or ¥46,114.5 billion for insurance, and 2,576 thousand policies or ¥932.1 billion for annuities.

3. Policyholder Dividends Based on the Financial Results for the Fiscal Year Ended March 31, 2016

(1) The overview of policyholder dividends based on the financial results for the fiscal year ended March 31, 2016 is as follows:

1. Japan Post Insurance Policies (individual insurance / individual annuities, etc. purchased on and after October 1, 2007)
   The Company set the payout ratio for dividends from mortality and morbidity rate margin based on actual mortality rates, etc. The ratio increased or decreased depending on the age and sex. The Company lowered the payout ratio for dividends from administrative expense margin and maintained the payout ratio for dividends from spread.
2. Former Postal Life Insurance Policies (Postal Life Insurance Policies concluded by September 30, 2007)
   The Company posted provision for reserve for policyholder dividends of ¥170,458 million under the reinsurance contract concluded with the Management Organization for Postal Savings and Postal Life Insurance based on the performance of the category of reinsurance.
   Policyholder dividends on former Postal Life Insurance Policies will be determined by the Management Organization for Postal Savings and Postal Life Insurance.

(2) Policyholder dividends on Japan Post Insurance policies based on the financial results for the fiscal year ended March 31, 2016 are as detailed below:

Ex. 1 Ordinary endowment insurance

[Concluded at age of 40 and matured at 50; monthly premium by direct debit; ¥1 million maturity benefit]

Fiscal year of purchase <number of years since purchase>	Sex	Insurance premium (on an annual basis)	Policies in force (dividend for the fiscal year)
Fiscal year ended March 31, 2012 <five years>	Male Female	¥103,320 ¥102,840	¥0 ¥0

Ex. 2 Special endowment insurance

[Concluded at age of 40 and matured at 60; monthly premium by direct debit; ¥2 million death benefit; ¥1 million maturity benefit]

Fiscal year of purchase <number of years since purchase>	Sex	Insurance premium (on an annual basis)	Policies in force (dividend for the fiscal year)
Fiscal year ended March 31, 2012 <five years>	Male Female	¥55,440 ¥52,800	¥306 ¥0

Ex. 3 Ordinary term insurance

[Concluded at age of 40 and matured at 50; monthly premium by direct debit; ¥2 million death benefit]

Fiscal year of purchase <number of years since purchase>	Sex	Insurance premium (on an annual basis)	Policies in force (dividend for the fiscal year)
Fiscal year ended March 31, 2012 <five years>	Male Female	¥10,080 ¥7,680	¥1,063 ¥629

Ex. 4 Educational endowment insurance

[Concluded at when the insured is at age of 0 and the policyholder is at age of 40, and matured at when the insured is at age of 18 (with living benefit); monthly premium by direct debit; ¥1 million insured amount on insurance policy]

Fiscal year of purchase <number of years since purchase>	Sex	Insurance premium (on an annual basis)	Policies in force (dividend for the fiscal year)
Fiscal year ended March 31, 2012 <five years>	Male Female	¥56,760 ¥56,280	¥0 ¥0

Notes: 1. The sexes of the policyholder and the insured are assumed to be the same.
2. The living benefit of ¥100,000 is paid when the insured turns 12 and 15, with a maturity benefit of ¥800,000.

Ex. 5 Ordinary whole life insurance

[Concluded at age of 40; premium paid until the age of 60; monthly premium by direct debit; ¥1 million death benefit (¥200,000 after completion of premium payment)]

Fiscal year of purchase <number of years since purchase>	Sex	Insurance premium (on an annual basis)	Policies in force (dividend for the fiscal year)
Fiscal year ended March 31, 2012 <five years>	Male Female	¥12,600 ¥10,200	¥378 ¥188

Ex. 6 Accidental rider

[Concluded at age of 40; monthly premium by direct debit; ¥1 million rider benefit; added to ordinary endowment insurance policy (concluded at the age of 40 and matured at the age of 50)]

Fiscal year of purchase <number of years since purchase>	Sex	Insurance premium (on an annual basis)	Policies in force (dividend for the fiscal year)
Fiscal year ended March 31, 2012 <five years>	Male Female	¥600 ¥360	¥120 ¥80

These dividends are the total of a., b., c., and d., by type of basic policy and rider:

a. Dividend from mortality rate margin [Increased or decreased depending on the age and sex]

Calculated by multiplying amount at risk by a payout ratio for dividend from mortality rate margin according to the insured's age, sex and category in an expected mortality table

(Ex.) Ordinary endowment insurance, age 40, male

Period of purchase	Payout ratio for dividend from mortality rate margin (per amount at risk of ¥1 million)
October 2007 to March 2013	¥270
April 2013 to March 2016	¥0

b. Dividend from morbidity rate margin [Increased or decreased depending on the age and sex]

Calculated by multiplying rider payments by a payout ratio for dividend from morbidity rate margin according to the insured's age, sex and category in an expected rider payment rate table

(Ex.) Accidental rider, age 40, male

Period of purchase	Payout ratio for dividend from morbidity rate margin (per rider benefit of ¥1 million)
October 2007 to March 2013	¥130
April 2013 to March 2016	¥0

c. Dividend from administrative expense margin [Decreased]

Calculated by multiplying insured amount on insurance policy and others by a payout ratio for dividend from administrative expense margin

(Ex.) Ordinary endowment insurance

Period of purchase	Payout ratio for dividend from administrative expense margin	
October 2007 to March 2013	Payout ratio for dividend from administrative expense margin in proportion to claim payment (per claim payment of ¥1 million)	¥130
	Payout ratio for dividend from administrative expense margin in proportion to premium (per monthly premium by direct debit of ¥10,000)	¥390
April 2013 to March 2016	Payout ratio for dividend from administrative expense margin in proportion to claim payment (per claim payment of ¥1 million)	¥0
	Payout ratio for dividend from administrative expense margin in proportion to premium (per monthly premium by direct debit of ¥10,000)	¥0

d. Dividend from spread [Maintained]

Calculated by multiplying policy reserves by a payout ratio for dividend from spread

Payout ratio for dividend from spread	1.1% (standard yields for policyholder dividends) – assumed rates of return

Please note that the dividend is ¥0 if the total of a., b., c., and d. is negative.
The dividend shall be ¥0 for single premium annuities and their additional riders.

4. Investment Overview for the Fiscal Year Ended March 31, 2016 (General Account)

(1) Investment Environment

1) Investment environment

During the fiscal year ended March 31, 2016, the world economy remained on a sluggish growth track as in the previous fiscal year. Although the U.S. and the European economy were firm, the growth in Japan remained slow, and the pace of growth slowed down slightly in the emerging countries including China.

The U.S. economy recovered at a firm pace under employment conditions that are gradually improving. Meanwhile, the recovery of Japanese economy remained slow due to factors such as the softness in personal consumption and weak overseas demand. In Europe, the economy gradually recovered owing to the brisk personal consumption resulting from the increase in real income and improvement in consumer sentiment, due to the decline in crude oil prices. The pace of growth of the Chinese economy is slowing moderately amid the promotion of structural reform including reduction of excess capacity.

The central banks of Japan and Europe carried out monetary easing by introducing additional measures such as an introduction of a negative interest rate policy by the Bank of Japan ("BOJ"). However, the Fed raised the interest rate in December which was for the first time since 2006, and is going to be tight further.

Under these economic circumstances, the investment environment was as follows.

Domestic Bond Market

The yield on 10-year Japanese government bonds ("JGBs") started at the 0.4% level and temporarily surged to the 0.5% level in June, but then trended downward and declined to -0.05% at the end of the fiscal year.

The domestic long-term yield declined to the 0.2% level in late April due to the tight supply-demand in the bond market owing to the BOJ's bond buying operations and the falling interest rates in Europe due to the implementation of quantitative easing policy by the European Central Bank ("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, due to the decline in crude oil prices, concerns about economic slowdowns in the emerging countries especially China and awareness of the possibility of additional monetary easing, the yield once again trended downward. In addition, triggered by the BOJ's decision on January 29 to introduce a negative interest rate policy, the yield on 10-year or less JGBs turned negative, and caused the sudden plunge in interest rate primarily in the super-long sector.

Domestic Stock Market

The Nikkei Stock Average started at the ¥19,000 level, and then rose to ¥20,800 level in the first half. From late August onward, however, it trended downward with some volatile swings, and closed at ¥16,700 level at the end of the fiscal year.

In the first half, the Nikkei Stock Average rose and stayed around the ¥20,000 level from mid-May to mid-August, because the U.S. stock prices rose due to strong corporate performances and the dollar surged against the yen owing to rising interest rates in the U.S. However, the Chinese stock's plunge in late August raised concerns about China's economic slowdown, and investors became more risk-averse. As a result, the Nikkei Stock Average fell significantly to the ¥17,000 level. Entering the second half, the Nikkei Stock Average recovered and briefly reached ¥20,000 in early December upon the high U.S. stock prices and the yen depreciation due to growing expectations of a rate hike in December in the U.S. However, triggered by the decline in crude oil prices, turmoil in the Chinese financial market from the beginning of the new year and the sharp appreciation of the yen, the Nikkei Stock Average once again headed downward, briefly reaching the ¥14,900 level in February. Subsequently, investors became less risk-averse due to factors such as the recovery in crude oil prices, and the Nikkei Stock Average reached the ¥16,700 level at the end of the fiscal year.

Foreign Exchange Markets

The USD/JPY exchange rate started at the ¥119 level, and then temporarily strengthened to the ¥125 level in the first half. However, USD/JPY came to the ¥112 level at the end of the fiscal year.

In the first half, the USD/JPY exchange rate was traded around the ¥123 - ¥125 range up to mid-August as the dollar surged, driven by the suggestion of an interest rate hike by Fed Chair Janet Yellen in May. However, triggered by the sudden plunge in Chinese stock prices in late August, investors became more risk-averse. Consequently, the yen rose and the USD/JPY temporarily came to the ¥116 level. Entering the second half, USD/JPY once recovered to the ¥123 level due mainly to rising expectations of an interest rate hike in the U.S. in December. However, investors became more risk-averse again due to factors such as the decline in crude oil prices, the turmoil in the Chinese financial market from the beginning of the new year, and the substantial drop in expectations of an additional interest rate hike in the U.S., and therefore the yen rose as high as the ¥110 level at times.

The EUR/JPY exchange rate started at the ¥128 level, and despite some volatile swings during the period, came to the ¥127 level at the end of the fiscal year.

In the first half, the euro appreciated due to the sudden rise in European interest rates in late April and the EUR/JPY reached the ¥141 level briefly in June. However, investors became more risk-averse mainly because of the euro's depreciation arising from concerns about the potential exit of Greece from the Eurozone and concerns about China's economic slowdown, and therefore the yen appreciated and the EUR/JPY came to the level of ¥133 at the end of September. Entering the second half, the EUR/JPY exchange rate rose at times due to disappointments with the additional easing by the ECB and the negative interest rate policy introduced by the BOJ, but investors became more risk-averse because of factors such as the decline in crude oil prices and credit uncertainties in the European banking sector, leading to the strong yen against the euro with EUR/JPY as high as the ¥122 level in February. The EUR/JPY subsequently turned to rise again, reflecting the easing risk-averse sentiment owing to the recovery in crude oil prices as well as the negative stance for additional rate cuts shown by ECB President Mario Draghi at an ECB Governing Council meeting in March, and at the end of the fiscal year the EUR/JPY was restored to the ¥127 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 March 31, 2016, total assets of the Company amounted to ¥81.5 trillion, a decrease of ¥3.3 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.

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 fiscal year ended March 31, 2016, investment income of the Company decreased by ¥105.7 billion from the previous corresponding period to ¥1,354.9 billion mainly due to a decrease in interest and dividend income.

Investment expenses decreased by ¥1.2 billion from the previous corresponding period to ¥9.7 billion mainly due to a decrease in losses on sales of securities.

As a result, investment income and expenses amounted to ¥1,345.2 billion, a decrease of ¥104.5 billion from the previous corresponding period.

(2) Asset Composition

(Billions of yen, %)

As of March 31	2015		2016	
	Amount	Ratio	Amount	Ratio
Cash, deposits, call loans	2,651.3	3.1	2,216.0	2.7
Receivables under resale agreements	-	-	-	-
Receivables under securities borrowing transactions	2,720.8	3.2	3,008.5	3.7
Monetary claims bought	449.0	0.5	430.1	0.5
Trading account securities	-	-	-	-
Money held in trust	1,434.9	1.7	1,644.5	2.0
Securities	66,277.2	78.1	63,610.8	78.0
Corporate and government bonds	64,294.7	75.7	59,821.0	73.4
Domestic stocks	0.9	0.0	0.9	0.0
Foreign securities	1,981.4	2.3	3,688.8	4.5
Foreign corporate and government bonds	1,961.4	2.3	3,688.8	4.5
Foreign stocks and other securities	20.0	0.0	-	-
Other securities	-	-	100.0	0.1
Loans	9,977.3	11.8	8,978.4	11.0
Real estate	112.2	0.1	123.7	0.2
Deferred tax assets	548.2	0.6	712.6	0.9
Other	741.5	0.9	819.3	1.0
Reserve for possible loan losses	(0.9)	(0.0)	(0.7)	(0.0)
Total	84,911.9	100.0	81,543.6	100.0
Foreign currency-denominated assets	2,196.3	2.6	3,949.4	4.8

Note: “Real estate” is booked as the sum total of land, buildings and construction in progress.

(3) Increase/Decrease in Assets

(Billions of yen)

Fiscal years ended March 31	2015	2016
Cash, deposits, call loans	757.7	(435.3)
Receivables under resale agreements	-	-
Receivables under securities borrowing transactions	(101.3)	287.7
Monetary claims bought	341.6	(18.9)
Trading account securities	-	-
Money held in trust	853.3	209.6
Securities	(3,101.7)	(2,666.3)
Corporate and government bonds	(3,843.7)	(4,473.7)
Domestic stocks	-	-
Foreign securities	742.0	1,707.3
Foreign corporate and government bonds	862.0	1,727.3
Foreign stocks and other securities	(120.0)	(20.0)
Other securities	-	100.0
Loans	(1,043.2)	(998.9)
Real estate	36.6	11.4
Deferred tax assets	(44.4)	164.4
Other	124.6	77.8
Reserve for possible loan losses	0.0	0.1
Total	(2,176.6)	(3,368.3)
Foreign currency-denominated assets	1,067.5	1,753.0

Note: “Real estate” is booked as the sum total of land, buildings and construction in progress.

(4) Investment Income

(Billions of yen)

Fiscal years ended March 31	2015	2016
Interest and dividend income	1,365.7	1,308.6
Interest on deposits	0.6	0.6
Interest and dividends on securities	1,119.3	1,090.5
Interest on loans	13.4	14.0
Interest on loans to the Management Organization	227.6	198.2
Rent revenue from real estate	-	-
Other interest and dividend income	4.5	5.2
Gains on trading account securities	-	-
Gains on money held in trust	32.7	44.9
Gains on trading securities	-	-
Gains on sales of securities	61.9	1.2
Gains on sales of Japanese government bonds and other bonds	56.8	0.0
Gains on sales of domestic stocks and other securities	-	-
Gains on sales of foreign securities	5.0	1.2
Other gains on sales of securities	-	-
Gains on redemption of securities	0.0	0.0
Gains on derivative financial instruments	-	-
Gains on foreign exchanges	0.0	-
Reversal of reserve for possible loan losses	0.0	0.0
Other investment income	0.2	0.0
Total	1,460.7	1,354.9

(5) Investment Expenses

(Billions of yen)

Fiscal years ended March 31	2015	2016
Interest expenses	4.2	4.3
Losses on trading account securities	-	-
Losses on money held in trust	-	-
Losses on trading securities	-	-
Losses on sales of securities	4.9	1.5
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	1.5
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	0.6
Losses on derivative financial instruments	0.7	1.5
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	0.9	1.2
Total	10.9	9.7

(6) Investment Related Efficiency

1) Yield by Asset Type

(%)

Fiscal years ended March 31	2015	2016
Cash, deposits and call loans	0.05	0.05
Receivables under resale agreements	-	-
Receivables under securities borrowing transactions	-	-
Monetary claims bought	0.32	0.26
Trading account securities	-	-
Money held in trust	3.54	3.37
Securities	1.73	1.66
Corporate and government bonds	1.70	1.63
Domestic stocks	-	-
Foreign securities	2.87	2.10
Loans	2.25	2.19
Real estate	-	-
General account total	1.70	1.62
Overseas loans and investments	2.88	2.22

Notes: 1. Yields are calculated by dividing investment income less investment expenses by the daily average balance based on book value.
2. General account total includes assets related securities trust.
3. "Overseas loans and investments" is the total of assets denominated in foreign-currencies and yen-denominated assets.

2) Net Valuation Gain/Loss of Trading Securities

The Company does not hold securities for trading.

3) Fair Value Information of Securities (with Fair Value, Other than Trading Securities)

(Billions of yen)

As of March 31	2015					2016				
	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	42,239.8	49,752.9	7,513.0	7,513.0	0.0
Policy-reserve matching bonds	15,493.2	16,668.4	1,175.2	1,175.4	0.2	13,563.4	15,062.1	1,498.7	1,498.7	-
Equities of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	9,411.4	10,193.2	781.7	784.4	2.7	9,918.1	10,479.6	561.5	658.1	96.6
Corporate and government bonds	5,105.3	5,203.9	98.6	99.1	0.5	4,012.9	4,115.7	102.8	103.5	0.7
Domestic stocks	713.2	996.9	283.7	285.5	1.8	1,065.4	1,202.5	137.0	195.3	58.2
Foreign securities	1,850.9	2,248.2	397.3	397.6	0.3	3,682.7	4,001.1	318.3	355.8	37.5
Foreign corporate and government bonds	1,537.7	1,863.4	325.7	326.1	0.3	3,299.3	3,590.8	291.4	319.3	27.9
Foreign stocks and other securities	313.1	384.7	71.5	71.5	-	383.4	410.3	26.9	36.5	9.6
Other securities	-	-	-	-	-	100.0	100.0	0.0	0.1	0.1
Monetary claims bought	446.9	449.0	2.0	2.0	-	426.9	430.1	3.1	3.1	-
Negotiable certificates of deposit	1,295.0	1,295.0	-	-	-	630.0	630.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	68,600.2	75,094.3	6,494.0	6,497.5	3.5	65,721.3	75,294.7	9,573.3	9,669.9	96.6
Corporate and government bonds	64,196.1	70,003.2	5,807.0	5,808.3	1.3	59,718.1	68,828.4	9,110.2	9,111.0	0.7
Domestic stocks	713.2	996.9	283.7	285.5	1.8	1,065.4	1,202.5	137.0	195.3	58.2
Foreign securities	1,948.9	2,350.1	401.2	401.5	0.3	3,780.7	4,103.5	322.7	360.2	37.5
Foreign corporate and government bonds	1,635.7	1,965.3	329.6	330.0	0.3	3,397.3	3,693.2	295.8	323.7	27.9
Foreign stocks and other securities	313.1	384.7	71.5	71.5	-	383.4	410.3	26.9	36.5	9.6
Other securities	-	-	-	-	-	100.0	100.0	0.0	0.1	0.1
Monetary claims bought	446.9	449.0	2.0	2.0	-	426.9	430.1	3.1	3.1	-
Negotiable certificates of deposit	1,295.0	1,295.0	-	-	-	630.0	630.0	-	-	-
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 ¥1,448.8 billion with net unrealized gains of ¥163.9 billion as of March 31, 2016 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	2016
Held-to-maturity bonds	-	-
Unlisted foreign bonds	-	-
Other	-	-
Policy-reserve-matching bonds	-	-
Equities 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	-	-
Other	-	-
Total	20.9	0.9

4) Data on Fair Value of Money Held in Trust

(Billions of yen)

As of March 31	2015					2016				
	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	-	-	-	1,644.5	1,644.5	-	-	-

- 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					2016				
	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	1,480.5	1,644.5	163.9	231.8	67.8

5. UNAUDITED NON-CONSOLIDATED BALANCE SHEETS

(Millions of yen)

Items	As of March 31, 2015 Amount	As of March 31, 2016 Amount	Items	As of March 31, 2015 Amount	As of March 31, 2016 Amount
ASSETS:			**LIABILITIES:**		
Cash and deposits	**2,205,969**	**1,856,037**	**Policy reserves and others**	**77,905,677**	**74,934,165**
Cash	3,118	2,129	Reserve for outstanding claims	718,156	635,167
Deposits	2,202,851	1,853,908	Policy reserves	75,112,601	72,362,503
Call loans	**445,428**	**360,000**	Reserve for policyholder dividends	2,074,919	1,936,494
Receivables under securities borrowing transactions	**2,720,856**	**3,008,591**	**Reinsurance payables**	**2,017**	**3,377**
Monetary claims bought	**449,068**	**430,150**	**Other liabilities**	**4,257,294**	**3,878,684**
Money held in trust	**1,434,943**	**1,644,547**	Payables under securities lending transactions	3,658,492	3,648,478
Securities	**66,277,244**	**63,610,890**	Income taxes payable	19,452	75,435
Japanese government bonds	48,086,445	44,178,631	Accounts payable	463,217	44,557
Japanese local government bonds	9,555,857	9,405,494	Accrued expenses	16,218	28,075
Japanese corporate bonds	6,652,464	6,236,913	Deposits received	11,184	2,786
Stocks	984	984	Deposits from the Management Organization	59,058	53,792
Foreign securities	1,981,492	3,688,822	Derivative financial instruments	12,866	17,289
Other securities	-	100,044	Lease obligations	2,105	1,852
Loans	**9,977,345**	**8,978,437**	Asset retirement obligation	15	15
Policy loans	74,097	95,629	Suspense receipt	13,963	5,866
Industrial and commercial loans	806,259	829,027	Other liabilities	719	533
Loans to the Management Organization	9,096,988	8,053,780	**Reserve for employees' retirement benefits**	**65,645**	**66,675**
Tangible fixed assets	**131,672**	**145,495**	**Reserve for price fluctuations**	**712,167**	**782,268**
Land	68,350	68,262			
Buildings	34,176	49,308			
Leased assets	1,970	1,730			
Construction in progress	9,759	6,175	**Total liabilities**	**82,942,802**	**79,665,171**
Other tangible fixed assets	17,415	20,017	**NET ASSETS:**		
Intangible fixed assets	**157,580**	**188,868**	**Capital stock**	**500,000**	**500,000**
Software	157,564	188,850	**Capital surplus**	**500,044**	**500,044**
Other intangible fixed assets	15	18	Legal capital surplus	405,044	405,044
Agency accounts receivable	**95,023**	**81,193**	Other capital surplus	95,000	95,000
Reinsurance receivables	**630**	**1,368**	**Retained earnings**	**411,043**	**472,855**
Other assets	**468,916**	**526,199**	Legal retained earnings	20,584	25,489
Accounts receivable	259,663	301,884	Other retained earnings	390,459	447,365
Prepaid expenses	924	1,592	Retained earnings brought forward	390,459	447,365
Accrued income	184,944	189,319	**Total shareholders' equity**	**1,411,088**	**1,472,899**
Money on deposit	7,243	6,826	**Net unrealized gains (losses) on available-for-sale securities**	**558,033**	**405,412**
Derivative financial instruments	13,393	22,131	**Net deferred gains (losses) on hedges**	**22**	**140**
Suspense payments	589	2,329	**Total valuation and translation adjustments**	**558,055**	**405,553**
Other assets	2,157	2,115			
Deferred tax assets	**548,210**	**712,615**			
Reserve for possible loan losses	**(943)**	**(772)**	**Total net assets**	**1,969,143**	**1,878,452**
Total assets	**84,911,946**	**81,543,623**	**Total liabilities and net assets**	**84,911,946**	**81,543,623**

6. UNAUDITED NON-CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

Items / Year	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
	Amount	Amount
ORDINARY INCOME	**10,169,236**	**9,605,818**
Insurance premiums and others	**5,956,716**	**5,413,862**
Insurance premiums	5,954,839	5,409,598
Reinsurance income	1,876	4,264
Investment income	**1,460,745**	**1,354,966**
Interest and dividend income	1,365,796	1,308,679
Interest on deposits	694	692
Interest and dividends on securities	1,119,333	1,090,551
Interest on loans	13,489	14,017
Interest on loans to the Management Organization	227,682	198,205
Other interest and dividend income	4,596	5,212
Gains on money held in trust	32,762	44,939
Gains on sales of securities	61,908	1,241
Gains on redemption of securities	36	36
Gains on foreign exchanges	12	-
Reversal of reserve for possible loan losses	14	6
Other investment income	215	63
Other ordinary income	**2,751,774**	**2,836,989**
Reversal of reserve for outstanding claims	113,534	82,988
Reversal of policy reserves	2,632,889	2,750,098
Reversal of reserve for possible claim payments	1,881	-
Other ordinary income	3,468	3,902
ORDINARY EXPENSES	**9,676,067**	**9,192,794**
Insurance claims and others	**9,059,549**	**8,550,474**
Insurance claims	8,253,973	7,577,151
Annuity payments	304,096	340,904
Benefits	41,538	49,192
Surrender benefits	291,290	378,862
Other refunds	162,462	193,610
Reinsurance premiums	6,188	10,754
Provision for policy reserves and others	**1,497**	**132**
Provision for interest on policyholder dividends	1,497	132
Investment expenses	**10,994**	**9,749**
Interest expenses	4,298	4,370
Losses on sales of securities	4,963	1,592
Losses on redemption of securities	44	664
Losses on derivative financial instruments	773	1,511
Losses on foreign exchanges	-	402
Other investment expenses	915	1,209
Operating expenses	**512,417**	**537,087**
Other ordinary expenses	**91,608**	**95,349**
Taxes	54,238	56,896
Depreciation and amortization	35,552	37,199
Provision for reserve for employees' retirement benefits	1,099	819
Other ordinary expenses	717	434
ORDINARY PROFIT	**493,169**	**413,023**
EXTRAORDINARY GAINS	**-**	**341**
Gains on sales of fixed assets	**-**	**341**
EXTRAORDINARY LOSSES	**99,366**	**71,748**
Losses on sales and disposal of fixed assets	**1,432**	**1,647**
Provision for reserve for price fluctuations	**97,934**	**70,100**
Provision for reserve for policyholder dividends	**200,722**	**178,004**
Income before income taxes	**193,080**	**163,612**
Income taxes - Current	**208,234**	**174,151**
Income taxes - Deferred	**(96,912)**	**(96,877)**
Total income taxes	**111,321**	**77,274**
Net income	**81,758**	**86,338**

7. UNAUDITED NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

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

(Millions of yen)

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

	Shareholders' equity		Valuation and translation adjustments			
	Retained earnings					
	Total retained earnings	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	Total net assets
Balance at the beginning of the fiscal year	**349,627**	**1,349,671**	**184,774**	**11**	**184,785**	**1,534,457**
Cumulative effects of changes in accounting policies	**(3,533)**	**(3,533)**				**(3,533)**
Restated balance	**346,094**	**1,346,138**	**184,774**	**11**	**184,785**	**1,530,924**
Changes in the fiscal year						
Cash dividends	(16,808)	(16,808)				(16,808)
Net income	81,758	81,758				81,758
Net changes in items other than shareholders' equity in the fiscal year			373,258	11	373,269	373,269
Net changes in the fiscal year	**64,949**	**64,949**	**373,258**	**11**	**373,269**	**438,219**
Balance at the end of the fiscal year	**411,043**	**1,411,088**	**558,033**	**22**	**558,055**	**1,969,143**

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity					
		Capital surplus			Retained earnings	
						Other retained earnings
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Retained earnings brought forward
Balance at the beginning of the fiscal year	**500,000**	**405,044**	**95,000**	**500,044**	**20,584**	**390,459**
Cumulative effects of changes in accounting policies						
Restated balance	**500,000**	**405,044**	**95,000**	**500,044**	**20,584**	**390,459**
Changes in the fiscal year						
Cash dividends					4,905	(29,433)
Net income						86,338
Net changes in items other than shareholders' equity in the fiscal year						
Net changes in the fiscal year	**-**	**-**	**-**	**-**	**4,905**	**56,905**
Balance at the end of the fiscal year	**500,000**	**405,044**	**95,000**	**500,044**	**25,489**	**447,365**

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Retained earnings					
	Total retained earnings	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	**411,043**	**1,411,088**	**558,033**	**22**	**558,055**	**1,969,143**
Cumulative effects of changes in accounting policies		**-**				**-**
Restated balance	**411,043**	**1,411,088**	**558,033**	**22**	**558,055**	**1,969,143**
Changes in the fiscal year						
Cash dividends	(24,527)	(24,527)				(24,527)
Net income	86,338	86,338				86,338
Net changes in items other than shareholders' equity in the fiscal year			(152,621)	118	(152,502)	(152,502)
Net changes in the fiscal year	**61,811**	**61,811**	**(152,621)**	**118**	**(152,502)**	**(90,691)**
Balance at the end of the fiscal year	**472,855**	**1,472,899**	**405,412**	**140**	**405,553**	**1,878,452**

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

(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) 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 Unaudited 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 Unaudited Non-Consolidated Statement of Changes in Net Assets)

Type and number of treasury stock

Not applicable.

8. Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

Fiscal years ended March 31			2015	2016
Core profit		A	515,417	464,285
Capital gains			94,683	46,180
	Gains on money held in trust		32,762	44,939
	Gains on trading securities		-	-
	Gains on sales of securities		61,908	1,241
	Gains on derivative financial instruments		-	-
	Gains on foreign exchanges		12	-
	Other capital gains		-	-
Capital losses			30,527	41,748
	Losses on money held in trust		-	-
	Losses on trading securities		-	-
	Losses on sales of securities		4,963	1,592
	Losses on valuation of securities		-	-
	Losses on derivative financial instruments		773	1,511
	Losses on foreign exchanges		-	402
	Other capital losses		24,790	38,242
Net capital gains (losses)		B	64,156	4,432
Core profit including net capital gains (losses)		A+B	579,573	468,717
Other one-time gains			90,087	123,864
	Reinsurance income		-	-
	Reversal of contingency reserve		90,087	123,864
	Reversal of individual reserve for possible loan losses		-	-
	Other		-	-
Other one-time losses			176,491	179,558
	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		176,491	179,558
Other one-time profits (losses)		C	(86,403)	(55,694)
Ordinary profit		A+B+C	493,169	413,023

Notes: 1. Amount equivalent to income gains associated with money held in trust (¥24,790 million for 2015 and ¥38,242 million for 2016) is recognized as "other capital losses" and included in core profit.
2. "Other" in "other one-time losses" includes the amount of additional policy reserves accumulated pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act (¥176,491 million for 2015 and ¥179,558 million for 2016).

9. Loans by Borrower Category

(Millions of yen, %)

As of March 31	2015	2016
Bankrupt or quasi-bankrupt loans	-	-
Doubtful loans	-	-
Substandard loans	-	-
Subtotal (Percentage in total)	- (-)	- (-)
Normal loans	10,291,347	9,197,548
Total	10,291,347	9,197,548

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.

10. Status of Risk-Monitored Loans

Not applicable.

11. Solvency Margin Ratio

(Millions of yen)

As of March 31		2015	2016
Total amount of solvency margin	(A)	5,697,257	5,541,363
Capital stock, etc.		1,386,560	1,439,299
Reserve for price fluctuations		712,167	782,268
Contingency reserve		2,498,711	2,374,846
General reserve for possible loan losses		77	71
(Net unrealized gains (losses) on available-for-sale securities (before taxes)・Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)		703,549	505,374
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		(10,077)	(3,474)
Excess of continued Zillmerised reserve		406,267	442,977
Capital raised through debt financing		-	-
Amounts within "excess of continued Zillmerised reserve" and "capital raised through debt financing" not calculated into the margin		-	-
Deductions		-	-
Other		-	-
Total amount of risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	(B)	694,176	706,716
Insurance risk	R_1	163,796	159,046
Underwriting risk of third-sector insurance	R_8	88,568	78,262
Anticipated yield risk	R_2	184,450	170,717
Minimum guarantee risk	R_7	-	-
Investment risk	R_3	443,294	476,159
Business management risk	R_4	17,602	17,683
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$		1,641.4%	1,568.1%

Note: These figures are calculated based on the provisions set forth in the public notification issued by the Ministry of Finance in 1996 and Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act.

For the above figures as of March 31, 2016, the total amount of solvency margin was partially amended in accordance with the Cabinet Office Ordinance No. 16 of 2016 (The figures as of March 31, 2015 provided above were determined based on existing standards.).

12. Separate Account for the Fiscal Year Ended March 31, 2016

Not applicable.

13. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(Millions of yen)

Fiscal years ended March 31	2015	2016
Ordinary income	10,169,241	9,605,743
Ordinary profit	492,625	411,504
Net income attributable to Japan Post Insurance	81,323	84,897
Comprehensive income	457,932	(68,218)

Note: "Net income" is presented as "Net income attributable to Japan Post Insurance" from the fiscal year ended March 31, 2016.

As of March 31	2015	2016
Total assets	84,915,012	81,545,182
Consolidated solvency margin ratio	1,644.2%	1,570.3%

(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 / Year	As of March 31, 2015 Amount	As of March 31, 2016 Amount	Items / Year	As of March 31, 2015 Amount	As of March 31, 2016 Amount
ASSETS:			**LIABILITIES:**		
Cash and deposits	**2,213,786**	**1,862,636**	**Policy reserves and others**	**77,905,677**	**74,934,165**
Call loans	**445,428**	**360,000**	Reserve for outstanding claims	718,156	635,167
Receivables under securities borrowing transactions	**2,720,856**	**3,008,591**	Policy reserves	75,112,601	72,362,503
Monetary claims bought	**449,068**	**430,150**	Reserve for policyholder dividends	2,074,919	1,936,494
Money held in trust	**1,434,943**	**1,644,547**	**Reinsurance payables**	**2,017**	**3,377**
Securities	**66,276,260**	**63,609,906**	**Payables under securities lending transactions**	**3,658,492**	**3, 648,478**
Loans	**9,977,345**	**8,978,437**	**Other liabilities**	**602,573**	**233,106**
Tangible fixed assets	**131,790**	**145,855**	**Liability for retirement benefits**	**58,356**	**60,803**
Land	68,350	68,262	**Reserve for price fluctuations**	**712,167**	**782,268**
Buildings	34,237	49,502	**Total liabilities**	**82,939,284**	**79,662,200**
Leased assets	2,009	1,780	**NET ASSETS:**		
Construction in progress	9,759	6,176	**Capital stock**	**500,000**	**500,000**
Other tangible fixed assets	17,433	20,133	**Capital surplus**	**500,044**	**500,044**
Intangible fixed assets	**155,067**	**185,300**	**Retained earnings**	**411,992**	**472,362**
Software	155,045	185,281	**Total shareholders' equity**	**1,412,036**	**1,472,406**
Leased assets	5	0	**Net unrealized gains (losses) on available-for-sale securities**	**558,033**	**405,412**
Other intangible fixed assets	16	18	**Net deferred gains (losses) on hedges**	**22**	**140**
Agency accounts receivable	**95,023**	**81,193**	**Accumulated adjustments for retirement benefits**	**5,635**	**5,022**
Reinsurance receivables	**630**	**1,368**	**Total accumulated other comprehensive income**	**563,691**	**410,575**
Other assets	**468,700**	**525,835**			
Deferred tax assets	**547,053**	**712,132**			
Reserve for possible loan losses	**(943)**	**(772)**	**Total net assets**	**1,975,727**	**1,882,982**
Total assets	**84,915,012**	**81,545,182**	**Total liabilities and net assets**	**84,915,012**	**81,545,182**

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

(Unaudited Consolidated Statements of Income) (Millions of yen)

Items / Year	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
	Amount	Amount
ORDINARY INCOME	**10,169,241**	**9,605,743**
Insurance premiums and others	**5,956,716**	**5,413,862**
Investment income	**1,460,745**	**1,354,966**
Interest and dividend income	1,365,796	1,308,679
Gains on money held in trust	32,762	44,939
Gains on sales of securities	61,908	1,241
Gains on redemption of securities	36	36
Gains on foreign exchanges	12	-
Reversal of reserve for possible loan losses	14	6
Other investment income	215	63
Other ordinary income	**2,751,779**	**2,836,914**
Reversal of reserve for outstanding claims	113,534	82,988
Reversal of policy reserves	2,632,889	2,750,098
Other ordinary income	5,354	3,827
ORDINARY EXPENSES	**9,676,616**	**9,194,239**
Insurance claims and others	**9,059,549**	**8,550,474**
Insurance claims	8,253,973	7,577,151
Annuity payments	304,096	340,904
Benefits	41,538	49,192
Surrender benefits	291,290	378,862
Other refunds	162,462	193,610
Reinsurance premiums	6,188	10,754
Provision for policy reserves and others	**1,497**	**132**
Provision for interest on policyholder dividends	1,497	132
Investment expenses	**10,994**	**9,749**
Interest expenses	4,298	4,370
Losses on sales of securities	4,963	1,592
Losses on redemption of securities	44	664
Losses on derivative financial instruments	773	1,511
Losses on foreign exchanges	-	402
Other investment expenses	915	1,209
Operating expenses	**513,159**	**538,510**
Other ordinary expenses	**91,415**	**95,371**
ORDINARY PROFIT	**492,625**	**411,504**
EXTRAORDINARY GAINS	**-**	**341**
Gains on sales of fixed assets	**-**	**341**
EXTRAORDINARY LOSSES	**99,366**	**71,847**
Losses on sales and disposal of fixed assets	**1,432**	**1,747**
Provision for reserve for price fluctuations	**97,934**	**70,100**
Provision for reserve for policyholder dividends	**200,722**	**178,004**
Income before income taxes	**192,536**	**161,994**
Income taxes - Current	**208,365**	**174,316**
Income taxes - Deferred	**(97,152)**	**(97,219)**
Total income taxes	**111,213**	**77,096**
Net income	**81,323**	**84,897**
Net income attributable to non-controlling interests	**-**	**-**
Net income attributable to Japan Post Insurance	**81,323**	**84,897**

(Unaudited Consolidated Statements of Comprehensive Income) (Millions of yen)

Items / Year	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
	Amount	Amount
Net income	**81,323**	**84,897**
Other comprehensive income	**376,609**	**(153,116)**
Net unrealized gains (losses) on available-for-sale securities	373,258	(152,621)
Net deferred gains (losses) on hedges	11	118
Adjustments for retirement benefits	3,339	(613)
Total comprehensive income	**457,932**	**(68,218)**
Comprehensive income attributable to Japan Post Insurance	457,932	(68,218)
Comprehensive income attributable to non-controlling interests	-	-

(5) Unaudited Consolidated Statements of Cash Flows

(Millions of yen)

Items / Year	Fiscal year ended March 31, 2015 Amount	Fiscal year ended March 31, 2016 Amount
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income taxes	192,536	161,994
Depreciation and amortization	35,224	36,700
Net change in reserve for outstanding claims	(113,534)	(82,988)
Net change in policy reserves	(2,632,889)	(2,750,098)
Provision for interest on policyholder dividends	1,497	132
Provision for reserve for policyholder dividends	200,722	178,004
Net change in reserve for possible loan losses	(92)	(170)
Net change in reserve for possible claim payments	(1,881)	-
Net change in liability for retirement benefits	(3,375)	2,446
Net change in reserve for price fluctuations	97,934	70,100
Interest and dividend income (accrual basis)	(1,365,796)	(1,308,679)
Net (gains) losses on securities	(56,937)	978
Interest expenses (accrual basis)	4,298	4,370
Net (gains) losses on foreign exchanges	(12)	402
Net (gains) losses on tangible fixed assets	1,310	999
Net change in agency accounts receivable	7,628	13,829
Net change in reinsurance receivables	(396)	(738)
Net change in other assets (excluding those related to investing activities and financing activities)	(86,519)	(42,294)
Net change in reinsurance payables	782	1,360
Net change in other liabilities (excluding those related to investing activities and financing activities)	(8,926)	(22,185)
Other, net	(28,995)	(44,128)
Subtotal	**(3,757,421)**	**(3,779,964)**
Interest and dividend received (cash basis)	1,438,805	1,376,599
Interest paid (cash basis)	(4,311)	(4,401)
Policyholder dividends paid	(349,687)	(316,246)
Other, net	-	32
Income taxes paid	(215,874)	(198,998)
Net cash used in operating activities	**(2,888,489)**	**(2,922,978)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of call loans	(33,053,228)	(36,244,900)
Proceeds from redemption of call loans	32,837,825	36,330,328
Net change in receivables under securities borrowing transactions	101,332	(287,734)
Purchases of monetary claims bought	(3,417,540)	(2,508,852)
Proceeds from sale and redemption of monetary claims bought	3,131,989	2,474,034
Purchases of money held in trust	(550,000)	(400,400)
Proceeds from decrease in money held in trust	-	40,000
Purchases of securities	(3,849,529)	(4,264,540)
Proceeds from sale and redemption of securities	7,196,095	6,728,431
Payments for loans	(1,354,547)	(1,172,737)
Proceeds from collection of loans	2,397,748	2,171,621
Net change in payables under securities lending transactions	(44,684)	(10,013)
Other, net	144,115	(163,575)
Total of net cash provided by investment transactions	**3,539,576**	**2,691,662**
Total of net cash provided by operating activities and investment transactions	**651,086**	**(231,316)**
Purchases of tangible fixed assets	(28,399)	(31,889)
Purchases of intangible fixed assets	(56,722)	(62,952)
Other, net	(5,692)	86
Net cash provided by investing activities	**3,448,761**	**2,596,907**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease obligations	(514)	(552)
Dividends paid	(16,808)	(24,527)
Net cash used in financing activities	**(17,322)**	**(25,080)**
Effect of exchange rate changes on cash and cash equivalents	**-**	**-**
Net change in cash and cash equivalents	**542,949**	**(351,150)**
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 fiscal year	**2,213,786**	**1,862,636**

(6) Unaudited Consolidated Statements of Changes in Net Assets

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

	Shareholders' equity			
	Capital stock	**Capital surplus**	**Retained earnings**	**Total shareholders' equity**
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 fiscal year				
Cash dividends			(16,808)	(16,808)
Net income attributable to Japan Post Insurance			81,323	81,323
Net changes in items other than shareholders' equity in the fiscal year				
Net changes in the fiscal year	**-**	**-**	**64,514**	**64,514**
Balance at the end of the fiscal year	**500,000**	**500,044**	**411,992**	**1,412,036**

	Accumulated other comprehensive income				
	Net unrealized gains (losses) on available-for-sale securities	**Net deferred gains (losses) on hedges**	**Accumulated adjustments for retirement benefits**	**Total accumulated other comprehensive income**	**Total net assets**
Balance at the beginning of the fiscal year	**184,774**	**11**	**2,296**	**187,082**	**1,538,136**
Cumulative effects of changes in accounting policies					**(3,533)**
Restated balance	**184,774**	**11**	**2,296**	**187,082**	**1,534,603**
Changes in the fiscal year					
Cash dividends					(16,808)
Net income attributable to Japan Post Insurance					81,323
Net changes in items other than shareholders' equity in the fiscal year	373,258	11	3,339	376,609	376,609
Net changes in the fiscal year	**373,258**	**11**	**3,339**	**376,609**	**441,123**
Balance at the end of the fiscal year	**558,033**	**22**	**5,635**	**563,691**	**1,975,727**

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016) (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 fiscal year				
Cash dividends			(24,527)	(24,527)
Net income attributable to Japan Post Insurance			84,897	84,897
Net changes in items other than shareholders' equity in the fiscal year				
Net changes in the fiscal year	**-**	**-**	**60,370**	**60,370**
Balance at the end of the fiscal year	**500,000**	**500,044**	**472,362**	**1,472,406**

	Accumulated other comprehensive income				Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance at the beginning of the fiscal year	**558,033**	**22**	**5,635**	**563,691**	**1,975,727**
Cumulative effects of changes in accounting policies					**-**
Restated balance	**558,033**	**22**	**5,635**	**563,691**	**1,975,727**
Changes in the fiscal year					
Cash dividends					(24,527)
Net income attributable to Japan Post Insurance					84,897
Net changes in items other than shareholders' equity in the fiscal year	(152,621)	118	(613)	(153,116)	(153,116)
Net changes in the fiscal year	**(152,621)**	**118**	**(613)**	**(153,116)**	**(92,745)**
Balance at the end of the fiscal year	**405,412**	**140**	**5,022**	**410,575**	**1,882,982**

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

(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. 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 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" (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. To reflect this change in presentation, the reclassification of accounts has been made to the consolidated financial statements for the previous fiscal year.

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 fiscal year ended March 31, 2016 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 million and "Other liabilities" of ¥602,573 million.

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 sheets, 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 are 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 Unaudited 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 Unaudited Consolidated Statement of Comprehensive Income)

	(Millions of yen)
Net unrealized gains (losses) on available-for-sale securities:	
Amount arising during the fiscal year	(214,061)
Reclassification adjustments	(6,132)
Before tax effect adjustments	(220,194)
Tax effect	67,573
Net unrealized gains (losses) on available-for-sale securities	(152,621)
Net deferred gains (losses) on hedges:	
Amount arising during the fiscal year	164
Reclassification adjustments	-
Before tax effect adjustments	164
Tax effect	(45)
Net deferred gains (losses) on hedges	118
Adjustments for retirement benefits:	
Amount arising during the fiscal year	(294)
Reclassification adjustments	(650)
Before tax effect adjustments	(944)
Tax effect	331
Adjustments for retirement benefits	(613)
Total other comprehensive income	(153,116)

(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 March 31, 2016 was as follows:

Cash and deposits	¥1,862,636 million
Cash and cash equivalents	¥1,862,636 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	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

(7) Status of Risk-Monitored Loans (Consolidated)

Not applicable.

(8) Status of Insurance Claims Paying Ability of the Company and its Subsidiaries

(Consolidated Solvency Margin Ratio) (Millions of yen)

As of March 31		2015	2016
Total amount of solvency margin	(A)	5,706,126	5,547,846
Capital stock, etc.		1,387,508	1,438,806
Reserve for price fluctuations		712,167	782,268
Contingency reserve		2,498,711	2,374,846
Catastrophe loss reserve		-	-
General reserve for possible loan losses		77	71
(Net unrealized gains (losses) on available-for-sale securities (before taxes) ・Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)		703,549	505,374
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		(10,077)	(3,474)
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)		7,920	6,975
Excess of continued Zillmerised reserve		406,267	442,977
Capital raised through debt financing		-	-
Amounts within “excess of continued Zillmerised reserve” and “capital raised through debt financing” not calculated into the margin		-	-
Deductions		-	-
Other		-	-
Total amount of risk $\sqrt{(\sqrt{R_1^2+R_5^2}+R_8+R_9)^2+(R_2+R_3+R_7)^2}+R_4+R_6$	(B)	694,064	706,591
Insurance risk	R_1	163,796	159,046
General Insurance risk	R_5	-	-
Catastrophe risk	R_6	-	-
Underwriting risk of third-sector insurance	R_8	88,568	78,262
Small amount and short-term insurance risk	R_9	-	-
Anticipated yield risk	R_2	184,450	170,717
Minimum guarantee risk	R_7	-	-
Investment risk	R_3	443,176	476,029
Business management risk	R_4	17,599	17,681
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$		1,644.2%	1,570.3%

(Note) These figures are calculated based on the provisions set forth in the public notification issued by the Financial Services Agency in 2011 and Articles 86-2 and 88 of the Ordinance for Enforcement of the Insurance Business Act.

For the above figures as of March 31, 2016, the total amount of solvency margin was partially amended in accordance with the Cabinet Office Ordinance No. 16 of 2016 (The figures as of March 31, 2015 provided above were determined based on existing standards.).

(9) Segment Information

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