

2015

JAPAN POST GROUP Annual Report

Year ended March 31, 2015

Japan Post Group Management Philosophy

Stressing the security and confidence of the Japan Post Group network, the Group, as a private corporation, is demonstrating creativity and efficiency to the greatest extent possible and will provide customer-oriented services, support the lives of customers

in local communities and aim for the happiness of customers and employees. The Group will also pursue managerial transparency on its own, observe rules and contribute to the development of society and the region.

Group Management Policy

1. We will duly consider our customers' lives, exercise our creativity and provide through our nationwide network a selection of products and services needed by customers in every stage of their lives.
2. We will establish effective corporate governance and compliance programs, including internal audits and internal controls.
3. We will maintain the transparency of the Group's operations through the timely and proper disclosure of information, the appropriate use of intra-group transactions and other activities.
4. Japan Post Holdings Co., Ltd., a holding company, is raising its corporate value and making preparations for the quick disposal of its shares. Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. are also aiming for the quick disposal of their shares.
5. We will create opportunities for all employees, business partners and the community to mutually cooperate and for each and every employee to grow.

Japan Post Group Charter of Corporate Conduct

- (1) Earn the trust of customers
 - We earn the trust of customers by adopting their perspective and meeting their expectations.
 - We protect and manage information strictly so that customers can use our services with peace of mind.
 - We fulfill our responsibility to explain our operations by conducting highly transparent business operations and disclosing information in a fair manner.
- (2) Observe ethical standards
 - We continue to conduct business activities with sincerity by complying with laws, regulations, social standards and internal rules.
 - We stand firmly against antisocial forces and organizations that threaten the order and safety of civil society.
 - We maintain workplace discipline by clearly defining responsibilities and authority and fairly evaluating performance and results.
- (3) Place priority on coexistence
 - We actively promote environmental conservation and make a significant contribution to society through business activities.
 - We aim for sustainable coexistence by placing importance on maintaining dialogues with diverse stakeholders.
 - We respect human rights and provide safe and pleasant workplaces.
- (4) Create value
 - We will create new convenience for customers and provide them with high-quality services.
 - We will create stable value by providing universal services in our three core businesses through the Japan Post Group network.
 - We will utilize teamwork and create corporate value for the Japan Post Group by promoting mutual understanding and cooperation among employees and encouraging each and every employee to fulfill their roles and responsibilities.
- (5) Be a source of change
 - We will apply technological innovation and continually make innovative changes internally to provide stable services to our customers.
 - We exercise our creativity from a broad viewpoint and lofty perspective to promote the Group's development.
 - We aggressively take on the challenge of conducting global business activities.

1. Message from the President



I am pleased to present the *Japan Post Group's Annual Report* for the year ended March 31, 2015.

The Japan Post Group provides a variety of products and services, mainly our postal, banking and insurance products and services, which represent our three core businesses that we operate through our nationwide post office network. In undertaking these businesses, we are implementing initiatives for being closely involved in the overall daily lives of our customers while continuously serving customers, local communities and society as a whole.

In preparation for its public listing, the Japan Post Group is currently working to raise the corporate value of the Group. On the occasion of the public listing, the Japan Post Group will work in unison to accelerate efforts to improve its services to further support the lives of customers and ensure that an even greater number of customers can use post offices with confidence. We truly appreciate your continued patronage as we proceed with these initiatives.

This Annual Report for the year ended March 31, 2015 summarizes the Japan Post Group's business conditions and results, which I sincerely hope will give you a deeper understanding of the Japan Post Group.

Review of the Year Ended March 31, 2015

During fiscal 2015, the Japan Post Group worked to smoothly provide universal postal and financial services in accordance with three policies, namely 1) bolster the earning power of our three core businesses and strengthen the Group's business foundations; 2) fulfill our obligation of providing universal services; and 3) enhance our corporate value in anticipation of the Group's public listing. At the same time, we implemented a variety of measures for securing stable income, diversifying and strengthening sources of earnings and fortifying our business foundations mainly in our three core businesses. We also enhanced our internal environment for business operations with the aim of attaining further growth of the Japan Post Group in the future. Specifically, we implemented management reforms

that included the introduction of new personnel and salary systems, strengthened our compliance structure, reconfigured capital within the Group (implemented a capital increase at Japan Post Co., Ltd. and made the "share of public service pension" an off-balance-sheet item at Japan Post Holdings Co., Ltd.) and carried out construction work at aging post offices.

By business sector, in our postal and logistics business, amid the ongoing trend toward decreasing mail volumes, our Yu-Pack and EMS products were used by an even larger number of customers thanks to the expansion of mail order sales markets and efforts to bolster sales activities. Additionally, we strengthened our logistics solutions business targeting mail order sales business operators, bolstered our international logistics business through capital and business alliances with overseas logistics companies

and restructured our postal and logistics networks. Japan Post Co., Ltd. also moved forward with procedures for the purchase of Toll Holdings Limited of Australia and in May 2015 completed this acquisition. With Toll serving as the core, Japan Post Co., Ltd. will develop its international business and aims to become a leading player in the international logistics industry.

In our post office business, we promoted efforts to support the lifestyles of customers by expanding the number of post offices handling collaborative financial products such as cancer insurance and life insurance for companies. Additionally, we are striving to become even closer to the community and society and contribute to regional revitalization by maintaining the level of the post office network, collaborating with local public bodies involved with regional administrative work such as issuing certificates, and implementing the Watch Over Service for the elderly. In real estate development, the Sapporo Mitsui JP Building and the Omiya JP Building were completed. We are now pushing ahead with development plans for our other building leasing business and housing sales business.

In our banking business, Japan Post Bank Co., Ltd. (Yucho) worked to provide products and services that further raise the level of customer satisfaction. These efforts included implementing various types of campaigns, enhancing our lineup of investment trust products that respond to the diverse asset management needs of customers and installing ATMs in FamilyMart convenience stores in the Tokyo metropolitan area and Kansai region. In investment operations, while appropriately controlling interest rate risk, Japan Post Bank promotes diversified asset management from the perspectives of diversifying earnings sources and dispersing risk.

In our life insurance business, Japan Post Insurance Co., Ltd. (Kampo) commenced sales of the newly revised educational endowment insurance product *Hajime no Kampo* and secured the enrollment of numerous customers. Japan Post Insurance also introduced a Claim Payment Processing System (SATI) to make benefit and other payments in a simple, quick and accurate manner with the aim of improving customer service. By further raising the quality of payments with this system, we strengthened our payment management structure for benefits and other payments.

Through the promotion of the preceding initiatives, in fiscal 2015 the Japan Post Group recorded net ordinary income of ¥1,115.8 billion and net income of ¥482.6 billion on a consolidated basis, as the overall Group's earnings grew steadily.

Priority Issues for the Year Ending March 31, 2016

The scope of universal services was expanded through the 2012 enactment of the Act for Partial Revision of the Postal Service Privatization Act and Others and this has assured a framework for the unified use of basic banking and insurance services in addition to postal services at post offices. We recognize that this revision clearly expressed the direction of the Postal Service Privatization Act and Others, which is to continue providing universal postal, banking and insurance services through the post office network that is deeply rooted in local communities. Japan Post Bank and Japan Post Insurance each plan to make

a public listing simultaneously with Japan Post Holdings. Nevertheless, these two financial companies will remain organically linked with the post office network into the future even after the stock market listing and will attain further development as members of the Japan Post Group.


On this basis, the Japan Post Group will maximize its strength, which is its post office network, and will provide various services to support every aspect of customers' lives with the aim of being total lifestyle support corporate group. The Japan Post Group is presently undertaking preparations for its public listing. This public listing is especially meaningful for the Group because it will significantly open a new path for growth and development into an integrated lifestyle-support corporate group. As we promote various measures for raising the Japan Post Group's corporate value in anticipation of our public listing, the Group will intensively promote the following three measures taking into account the previously mentioned measures implemented in fiscal 2015 and the recent business environment.

The first is to pursue greater profitability. We think it is necessary to strengthen the earning power of our three core businesses based on the long-term and stable provision of financial services at counters in post offices; develop new products and services that respond to the diverse lifestyle needs and life stages of each customer; and upgrade integrated lifestyle support services that leverage the potential of the post office network. The second is to raise efficiency. We will reinforce corporate vitality with the aim of realizing continuous growth by enhancing the efficiency of operations via the introduction of information and communications technology (ICT) and reviewing the flow of business operations. The third is to implement corporate governance and return profits as a listed company as we head toward our public listing. We will strengthen corporate governance such as by establishing investor relations (IR) functions and emphasizing accountability, and promote diversity management. We will also strive to pay stable dividends and provide reliable universal services as well as offer community-based services such as the Watch Over Service, with our public and regional characteristics.

In this manner, during fiscal 2016 we will continue to take on the challenge of achieving growth and development into an integrated lifestyle-support corporate group. To do so, we will work for the growth and advancement of each business, beginning with the main three core businesses, and expand the post office network and promote an evolution of its functions.

In closing, I ask for your continued patronage and support for the Japan Post Group as we move ahead with our endeavors.

July 2015



Taizo Nishimuro

President and CEO

Japan Post Holdings Co., Ltd.

2015 JAPAN POST GROUP Annual Report

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This Annual Report is a translation of the Disclosure Document (the written explanation in Japanese of the Company's business and financial conditions) that was prepared pursuant to Article 52-29 of the Banking Act and Article 271-25 of the Insurance Business Act. This Annual Report is not prepared for the purpose of soliciting any shares of the Company and its subsidiaries or any other marketable securities. This Annual Report contains forward-looking statements regarding future performance and other matters.

These forward-looking statements do not constitute guarantees of future performance and are subject to risks and uncertainties. Therefore, these statements are subject to the impact of a wide range of future risk factors that include changes in preconditions concerning the business environment, economic circumstances and economic trends, changes in laws and regulations, the occurrence of large-scale disasters, changes in the value of assets held, reputation and rumor risk and other risks. Accordingly, it should be noted that actual business results and other matters could differ from the details contained in this Annual Report.

Figures and percentages shown in this Annual Report have been rounded off, except for financial numbers in the accounting statements, etc., that have been truncated without rounding. As a consequence, sums of figures may not match the totals presented.

Figures and percentages, with exceptions as specifically indicated, are as of March 31, 2015.

Japan Post Group Overview

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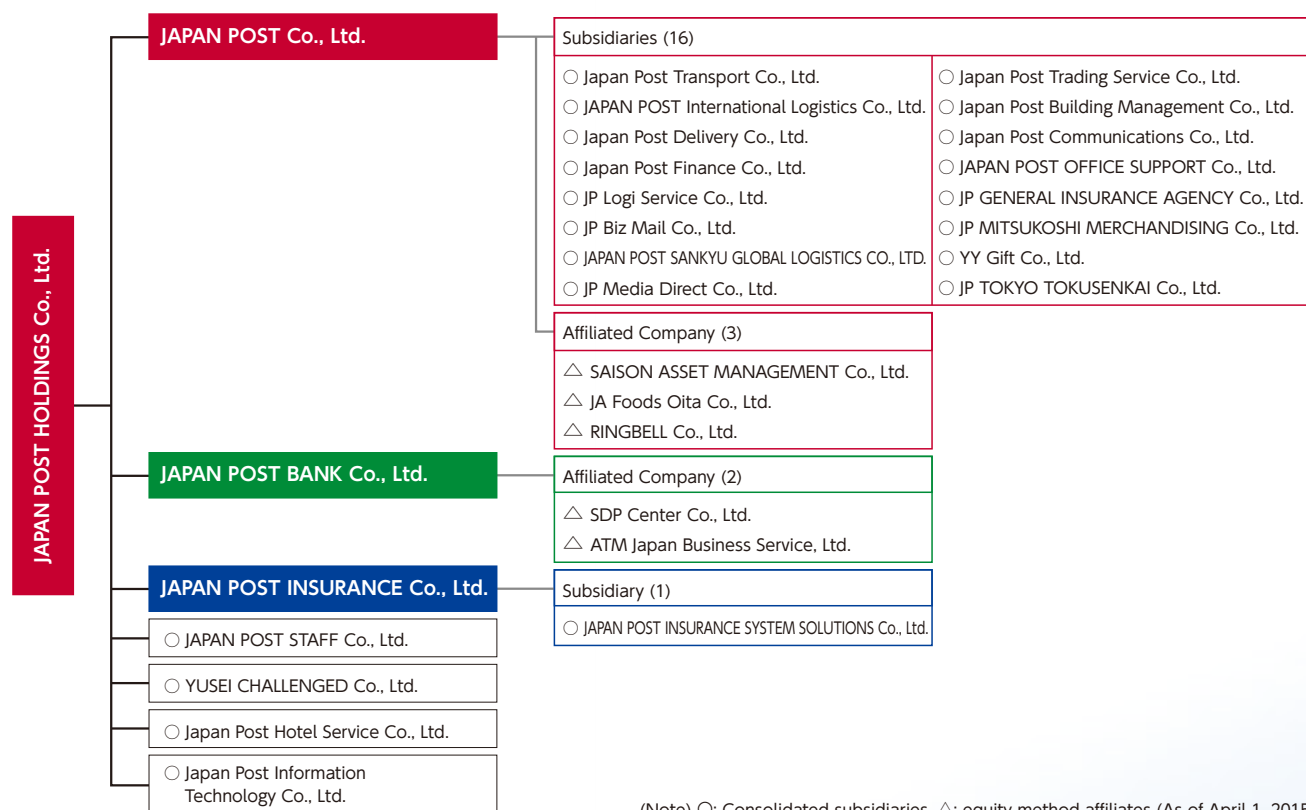
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1. The Operations of the Japan Post Group

1. Japan Post Group Structure



(Note) ○: Consolidated subsidiaries, △: equity-method affiliates (As of April 1, 2015)

2. Nationwide Post Office Network

With 24,470 locations, our network of post offices covers all of Japan's 1,741 cities, towns, and villages*. These post offices, which serve as bases for various postal, banking, and insurance services that are offered by the Japan Post Group, have been an integral part of local communities for many years, and the Japanese public has come to greatly appreciate this extensive network.

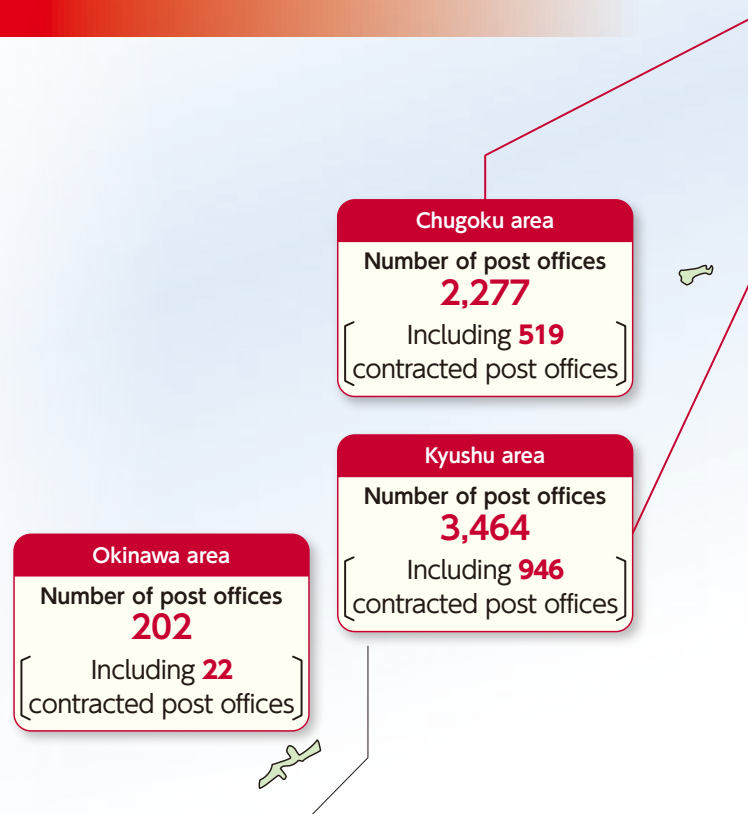
The Group looks forward to taking advantage of these post offices to provide convenient new services to residents of the communities we serve while ensuring their ability to access postal, banking, and insurance services in a unified manner throughout Japan.

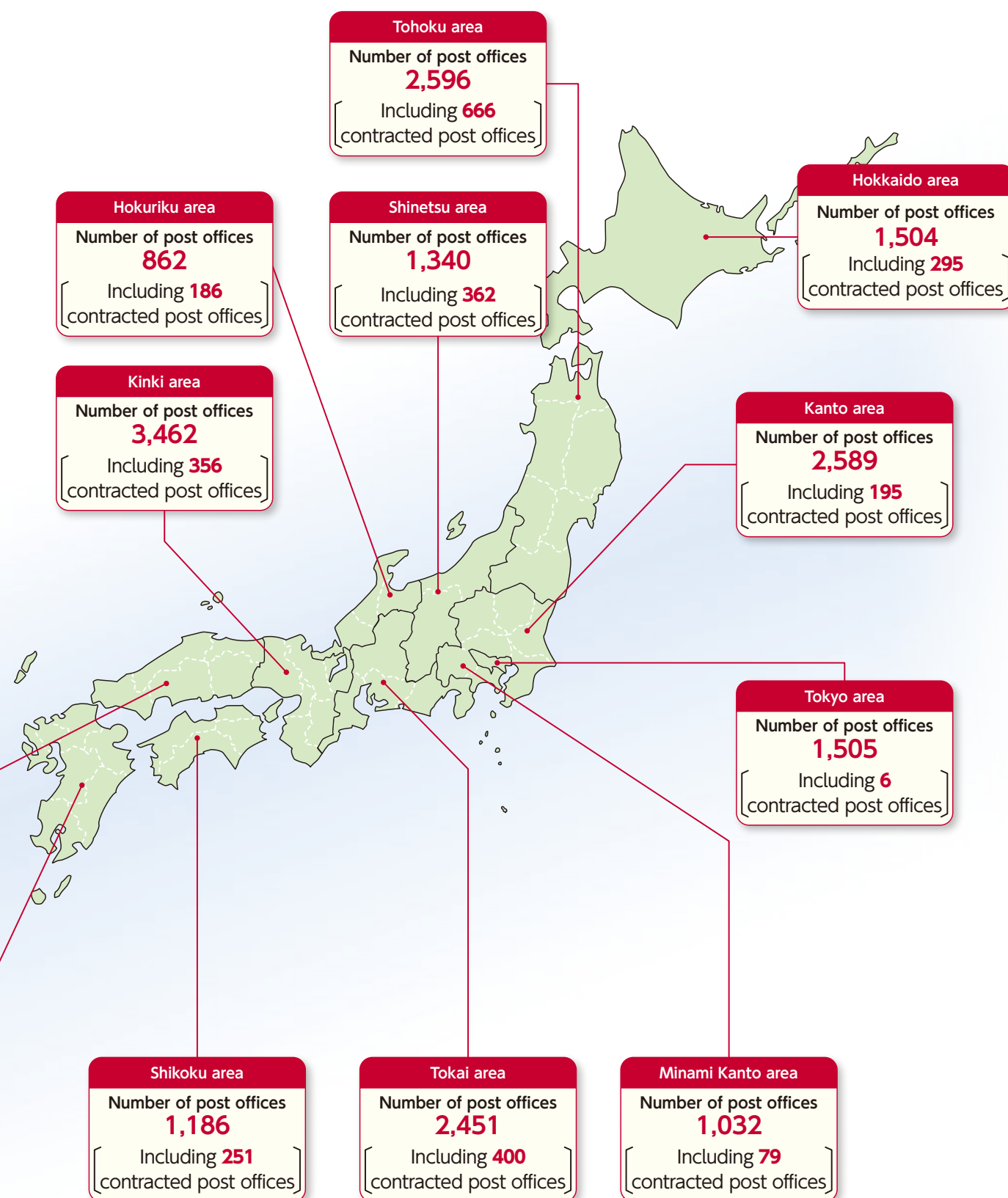
*Includes Tokyo's 23 special wards (as of April 5, 2014).

■ Post Offices in Japan (As of March 31, 2015)

Directly operated post offices (including branch offices)	20,187
Contracted post offices	4,283
Total	24,470

Note: Includes 70 directly operated post offices and 218 contracted post offices that are temporarily closed.





2. Japan Post Group Highlights in Fiscal 2015

2014

Apr. May Jun. Jul. Aug. Sep. Oct. Nov. Dec. 2015 Jan. Feb. Mar.

April 1, 2014

Establishment of the Japan Post Group Women's Athletics Team

Established the Japan Post Group Women's Athletics Team, its first company sports team since its founding.



Team comprising 10 members (as of April 1, 2015)



Yuchokey & His Friends

April to July 2014

Promotional campaign based on sponsorship rights for a football championship

Utilizing the sponsorship rights for a football championship, we created original characters ("Yuchokey & His Friends") and conducted a promotional campaign via Facebook and LINE, which are widely used by younger generations. During the championship, we displayed a replica of the official match soccer ball at Japan Post Bank branches and post offices and donated soccer balls to elementary schools and children's nursing homes.

April 2 to May 30, 2014

Held "Hajime no Kanpo Campaign"

To increase customer recognition for our *Hajime no Kanpo* educational endowment insurance released nationwide on April 2, 2014, we held a promotional campaign, which included handing out original "baby chick" goods to customers who asked for a case design (policy summary) during the campaign period.



Baby chick seal case



Baby chick mug



May 29 to August 22, 2014

Sales of Kamo-Mail

We sold Kamo-Mail summer 2014 greeting postcards available in three types: one plain and two illustrated. One illustrated version features Mount Fuji and fireworks and the other a wind bell and goldfish in cool, watery tones.

2014

2015

Apr.

May

Jun.

Jul.

Aug.

Sep.

Oct.

Nov.

Dec.

Jan.

Feb.

Mar.

June 23, 2014 –

Started providing one-time password tokens for free

Started providing one-time password tokens free of charge to customers who use JAPAN POST BANK Direct (our online banking services) to protect their bank accounts against unauthorized access and resulting cybercrimes.



July 3, 2014 –

Launched “Full of Dreams Caravan” corporate advertising campaign

Rolled out a new corporate advertising campaign featuring Japan Post Group employees and their families, who glow with happiness of working toward their dreams.

July 4 to August 31, 2014

Sales of *Funassyi* Frame Stamps – Birthday Set

Sold a new series of original frame stamps to celebrate the birthday (July 4) of *Funassyi*, a regional mascot character, exclusively on the Post Office Internet Shop.



© Funassyi



©KIYOHICO AZUMA/YOTUBA SUTAZIO

July 18, 2014 –

Sales of YU-PACK DANBOARD mini

As Japan Post's first license business, commenced sales of “YU-PACK DANBOARD mini” dolls featuring the Yu-Pack logo and package design at some post offices and via the Post Office Internet Shop.

2014

Apr.

May

Jun.

Jul.

Aug.

Sep.

Oct.

Nov.

Dec.

2015

Jan.

Feb.

Mar.

August 3, 2014

Festival of 10 Million People's Radio Exercise and Minna no Taiso

Held the 53rd Festival of 10 Million People's Radio Exercise and *Minna no Taiso* ("Exercise for Everyone") in Kobe City, Hyogo Prefecture.



August 3 to 9, 2014

Support for the 38th JAPAN U-12 FOOTBALL CHAMPIONSHIP

To foster children's sound physical and mental growth and development through football, we provided support to the 38th JAPAN Under-12 FOOTBALL CHAMPIONSHIP. The national tournament was held at Gotemba Kogen Toki no Sumika in Shizuoka Prefecture from August 3 to 9.



August 25 to September 8, 2014

Held COOKPAD Healthy Café recipe contest

Held the second Healthy Café recipe contest jointly with COOKPAD, a Japanese recipe website, based on the theme of promoting sound health through food. The award-winning recipes were on the food menu at the *Kanpo Healthy Café*, which opened for a limited period in November.



September 26, 2014

Forming a capital and business alliance among Japan Post, GeoPost and Lenton Group

Japan Post has reached an agreement with GeoPost S.A. of France and Lenton Group Limited of Hong Kong to form a three-company capital and business alliance. It is the Japan Post Group's first alliance formed with non-Japanese companies in its history.



2014

2015

Apr.

May

Jun.

Jul.

Aug.

Sep.

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Nov.

Dec.

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Feb.

Mar.

October 1, 2014 –

Started sales of a new cancer insurance product ("JP Only Product")

We started sales of a new cancer insurance product of American Family Life Assurance Company of Columbus (Aflac), our business partner. The product has been developed by Aflac specifically for the Japan Post Group.



Ceremony to announce the release of Aflac's new cancer insurance product (July 22, 2014)



October 29, 2014

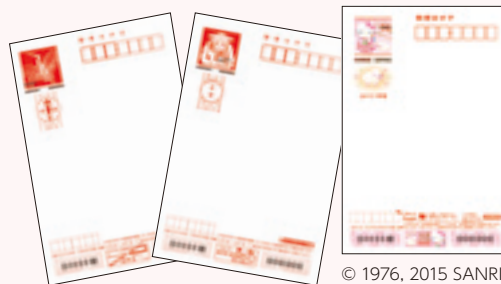
Award-winning teams selected for the first National Elementary School Radio Exercise Competition

This competition was launched in fiscal 2015 with the aim of increasing opportunities for many elementary school children to enjoy the Radio Exercise program and to contribute to the enhancement of their health.

October 30, 2014 to January 9, 2015

Sales of New Year's postcards

In addition to a plain type, the lineup of 2015 New Year's postcards included a series that offers a digital content using augmented reality (AR) technology, such as "Hello Kitty New Year's postcards." The series represented the first such postcards ever issued by Japan Post.



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Ceremony to announce the installation of a Japan Post Bank ATM in a FamilyMart convenience store (November 26, 2014)

November 4, 2014 –

Installing Japan Post Bank ATMs in FamilyMart convenience stores

We have installed Japan Post Bank ATMs in about 500 FamilyMart convenience stores in the Tokyo metropolitan area and Kansai region.

November 4, 2014 –

Launched the second "Life is Full of Dreams" series of corporate advertising campaign for broadcast nationwide

Launched new versions of corporate TV commercials, "Happy Things" and "Things Going Wrong," featuring young Japanese actress Rena Nonen. These were also disseminated as advertising graphics and via the website.



Corporate advertising campaign "Happy Things" version

2014

Apr.

May

Jun.

Jul.

Aug.

Sep.

Oct.

Nov.

Dec.

2015

Jan.

Feb.

Mar.

December 3, 2014

Announced prizewinners for the JAPAN POST BANK Piggy Bank Design Contest

Conducted the final judging and announced the prizewinners for the 39th JAPAN POST BANK Piggy Bank Design Contest. Despite a decrease in the number of children due to a declining birthrate, we received 823,919 entries from elementary school children, which was an increase of more than 10,000 over the previous contest.



"Earth Family," which won the Minister of Education, Culture, Sports, Science and Technology Incentive Award



"Kanbei Kuroda Piggy Bank," which won the Japan Post Bank Award



©L5/YWP・TX

December 18, 2014

Sales of Youkai Watch Frame Stamps Premium Set

Sold a set of frame stamps, stickers and postcards featuring characters from *Youkai Watch*, a popular TV animation series, all placed in a holder with pockets to keep stickers.

January 1, 2015

Delivery of New Year's postcards

Delivered 1,810 million New Year's postcards nationwide on January 1, 2015.



January 13 to March 20, 2015

Held "Dream Kanpo Campaign 2015"

This campaign encouraged customers who asked for a case design (policy summary) during the campaign period to participate in a drawing to win a variety of prizes.

2014

Apr.

May

Jun.

Jul.

Aug.

Sep.

Oct.

Nov.

Dec.

2015

Jan.

Feb.

Mar.

February 2, 2015 -

Issuance of newly designed ordinary stamps

In order to maintain the unity of design of ordinary stamps, issued 12 newly designed ordinary stamps under the theme of Japan's nature, with the exception of a 1 yen stamp, which continues to feature a portrait of Hisoka Maejima, the father of Japan's modern postal service.



Snapshot of "Kanpo Kids Smile World" 2014"

February 7 and 8, 2015

Held "Kanpo Kids Smile World" 2014"

Held "Kanpo Kids Smile World" 2014," a childcare support event including various fun programs enjoyed by both parents and children, at AEON MALL Kahoku in Kahoku City, Ishikawa Prefecture.

March 2, 2015 -

Launched nationwide corporate advertising campaign of the Japan Post Group

Launched a new nationwide corporate advertising campaign of the Japan Post Group, featuring Japanese actor Masataka Kubota, through TV commercials, newspapers and our website, as well as public transportation advertisements and by putting up posters at post offices and branches.



Special corporate advertising page on Japan Post Group's website
<http://www.jp-message.japanpost.jp/>



March 21, 2015 -

Launched the "People on Yucho Street No. 1" series of corporate TV commercials

Rolled out the "People on Yucho Street No. 1" series of Japan Post Bank's first corporate TV commercials.

3. Japan Post Group Financial Review

1

Consolidated Summary (April 1, 2014 to March 31, 2015)

The Japan Post Group's consolidated net ordinary income was ¥1,115.8 billion and net income was ¥482.6 billion. At the end of the fiscal year, total assets amounted to ¥295,849.7 billion and net assets totaled ¥15,301.5 billion.

1. Results of Operations (Year ended March 31, 2015)

	Japan Post Group	Japan Post Holdings	Japan Post	Japan Post Bank	Japan Post Insurance
Ordinary income	¥14,258.8 billion	¥255.3 billion	¥2,840.3 billion	¥2,078.1 billion	¥10,169.2 billion
Net ordinary income	¥1,115.8 billion	¥149.2 billion	¥22.0 billion	¥569.4 billion	¥493.1 billion
Net income	¥482.6 billion	¥131.1 billion	¥15.4 billion	¥369.4 billion	¥81.7 billion

(Reference: Year ended March 31, 2014)

Ordinary income	¥15,240.1 billion	¥276.3 billion	¥2,792.4 billion	¥2,076.3 billion	¥11,233.9 billion
Net ordinary income	¥1,103.6 billion	¥147.8 billion	¥52.5 billion	¥565.0 billion	¥463.5 billion
Net income	¥479.0 billion	¥155.0 billion	¥32.9 billion	¥354.6 billion	¥63.4 billion

Note: Amounts less than ¥100 million are rounded down. The aggregate consolidated amounts and aggregate non-consolidated amounts do not correspond because of other consolidated accounting procedures.

The results of operations for the fiscal year ended March 31, 2015 for four principal companies are shown above. After adding the

results of operations of other subsidiaries and affiliated companies to consolidated operations, net income amounted to ¥482.6 billion.

2. Financial Condition (Year ended March 31, 2015)

	Japan Post Group	Japan Post Holdings	Japan Post	Japan Post Bank	Japan Post Insurance
Total assets	¥295,849.7 billion	¥9,107.1 billion	¥5,441.9 billion	¥208,179.3 billion	¥84,911.9 billion
Total liabilities	¥280,548.2 billion	¥362.7 billion	¥4,463.2 billion	¥196,549.0 billion	¥82,942.8 billion
Net assets	¥15,301.5 billion	¥8,744.4 billion	¥978.7 billion	¥11,630.2 billion	¥1,969.1 billion

(Reference: Year ended March 31, 2014)

Total assets	¥292,246.4 billion	¥9,740.1 billion	¥4,801.7 billion	¥202,512.8 billion	¥87,088.6 billion
Total liabilities	¥278,857.7 billion	¥1,020.7 billion	¥4,240.7 billion	¥191,048.3 billion	¥85,554.1 billion
Net assets	¥13,388.6 billion	¥8,719.3 billion	¥560.9 billion	¥11,464.5 billion	¥1,534.4 billion

Note: Amounts less than ¥100 million are rounded down. The aggregate consolidated amounts and aggregate non-consolidated amounts do not correspond because of other consolidated accounting procedures.

Consolidated total assets at the end of the fiscal year were ¥295,849.7 billion, a year-on-year increase of ¥3,603.3 billion. Assets included securities of ¥222,593.9 billion and loans of ¥12,761.3 billion.

Consolidated total liabilities at the end of the fiscal year were ¥280,548.2 billion, a year-on-year increase of ¥1,690.4 billion. Liabilities included deposits of ¥175,697.1 billion and policy reserves of ¥77,905.6 billion.

After excluding ¥43.5 billion in dividends within retained earnings and adding consolidated net income of ¥482.6 billion, net assets rose from ¥13,388.6 billion at the end of the previous fiscal year-end to ¥15,301.5 billion. Net assets included net unrealized gains on available-for-sale securities of ¥4,389.2 billion.

As of March 31, 2015, the consolidated capital adequacy ratio (domestic standard) was 40.40%.

3. Consolidated Financial Highlights (April 1, 2014 to March 31, 2015)

■ Consolidated Results of Operations

Ordinary income (Year ended March 31, 2015) ¥14,258,842 million (Year ended March 31, 2014) ¥15,240,126 million	Net ordinary income (Year ended March 31, 2015) ¥1,115,823 million (Year ended March 31, 2014) ¥1,103,603 million	Net income (Year ended March 31, 2015) ¥482,682 million (Year ended March 31, 2014) ¥479,071 million
Net income per share (Year ended March 31, 2015) ¥107.26 (Year ended March 31, 2014) ¥106.46	Diluted net income per share (Note) (Year ended March 31, 2015) — (Year ended March 31, 2014) —	
Return on equity (Year ended March 31, 2015) 3.4% (Year ended March 31, 2014) 3.7%	Net ordinary income/Total assets (Year ended March 31, 2015) 0.4% (Year ended March 31, 2014) 0.4%	Net ordinary income/Ordinary income (Year ended March 31, 2015) 7.8% (Year ended March 31, 2014) 7.2%

(Reference) Equity in earnings of affiliates
 Year ended March 31, 2015: ¥(561) million
 Year ended March 31, 2014: ¥12 million

Note: Because there was no dilution, the amount for net income per share after dilution is omitted.

■ Consolidated Financial Condition

Total assets		Net assets	
(Year ended March 31, 2015) ¥295,849,794 million (Year ended March 31, 2014) ¥292,246,440 million		(Year ended March 31, 2015) ¥15,301,561 million (Year ended March 31, 2014) ¥13,388,650 million	
Capital adequacy ratio (Note 1)	(Year ended March 31, 2015) 5.2% (Year ended March 31, 2014) 4.6%	Net assets per share	Consolidated capital adequacy ratio (domestic standard) (Note 2)
		(Year ended March 31, 2015) ¥3,399.74 (Year ended March 31, 2014) ¥2,974.91	(Year ended March 31, 2015) 40.40% (Year ended March 31, 2014) 49.23%

Notes: 1. The capital adequacy ratio is calculated by dividing net assets less minority interests at the end of the fiscal year by total assets at the end of the fiscal year.

2. The consolidated capital adequacy ratio (domestic standard) is calculated in line with provisions of Article 52-25 of the Banking Act and on the basis of criteria for judging whether a bank holding company's capital adequacy ratio and that of its subsidiaries are appropriate in light of assets held (Financial Services Agency Notice No. 20, 2006).

(Reference) Equity capital
 Year ended March 31, 2015: ¥15,298,833 million
 Year ended March 31, 2014: ¥13,387,076 million

■ Japan Post Holdings implemented a 30:1 stock split effective August 1, 2015, and net assets per share and net income per share for the years ended March 31, 2015 and 2014 have been calculated assuming the stock split was implemented on April 1, 2013.

2 Japan Post Holdings Financial Highlights (April 1, 2014 to March 31, 2015)

In addition to serving as a holding company, Japan Post Holdings operates hospitals and hotels and also contracts to provide shared services to Group companies. Ordinary income was ¥255.3 billion, net ordinary income was ¥149.2 billion and net income was ¥131.1 billion.

■ Results of Operations

Operating income (Year ended March 31, 2015) ¥251,919 million (Year ended March 31, 2014) ¥272,988 million	Net operating income (Year ended March 31, 2015) ¥147,187 million (Year ended March 31, 2014) ¥146,002 million	Net ordinary income (Year ended March 31, 2015) ¥149,298 million (Year ended March 31, 2014) ¥147,837 million	Net income (Year ended March 31, 2015) ¥131,181 million (Year ended March 31, 2014) ¥155,090 million
Net income per share (Year ended March 31, 2015) ¥29.15 (Year ended March 31, 2014) ¥34.46	Diluted net income per share (Note) (Year ended March 31, 2015) — (Year ended March 31, 2014) —		
Return on equity (Year ended March 31, 2015) 1.5% (Year ended March 31, 2014) 1.8%	Net ordinary income/Total assets (Year ended March 31, 2015) 1.6% (Year ended March 31, 2014) 1.5%	Net operating income/Operating income (Year ended March 31, 2015) 58.4% (Year ended March 31, 2014) 53.5%	

Note: Because there was no dilution, the amount for net income per share after dilution is omitted.

■ Financial Condition

Total assets		(Year ended March 31, 2015) ¥9,107,178 million (Year ended March 31, 2014) ¥9,740,129 million		Net assets		(Year ended March 31, 2015) ¥8,744,456 million (Year ended March 31, 2014) ¥8,719,384 million	
Capital adequacy ratio	(Year ended March 31, 2015) 96.0% (Year ended March 31, 2014) 89.5%	Net assets per share	(Year ended March 31, 2015) ¥1,943.21 (Year ended March 31, 2014) ¥1,937.64	(Reference) Equity capital Year ended March 31, 2015: ¥8,744,456 million Year ended March 31, 2014: ¥8,719,384 million			

■ Japan Post Holdings implemented a 30:1 stock split effective August 1, 2015, and net assets per share and net income per share for the years ended March 31, 2015 and 2014 have been calculated assuming the stock split was implemented on April 1, 2013.

In the postal and logistics business, we handled a total of 22,035.62 million items including 18,188.63 million items of mail, 485.04 million Yu-Pack parcels and 3,361.94 million Yu-Mail booklet parcels. Although operating income posted a turnaround and increased thanks to rises in Yu-Pack and EMS services, higher personnel expenses and expenses led to a decline in net operating income from the previous fiscal year, resulting in operating income of ¥1,823.9 billion and net operating loss of ¥10.3 billion.

In the post office business, an expansion of revenue in new businesses and a decrease in personnel expenses resulted in operating income of ¥1,184.0 billion and net operating income of ¥20.9 billion.

■ Results of Operations

Operating income (Year ended March 31, 2015) ¥2,819,144 million (Year ended March 31, 2014) ¥2,773,958 million	→	Net operating income (Year ended March 31, 2015) ¥10,650 million (Year ended March 31, 2014) ¥46,999 million	→	Net ordinary income (Year ended March 31, 2015) ¥22,010 million (Year ended March 31, 2014) ¥52,532 million	→	Net income (Year ended March 31, 2015) ¥15,423 million (Year ended March 31, 2014) ¥32,911 million
Net income per share (Year ended March 31, 2015) ¥2,200.79 (Year ended March 31, 2014) ¥8,227.87				Diluted net income per share (Note) (Year ended March 31, 2015) — (Year ended March 31, 2014) —		
Return on equity (Year ended March 31, 2015) 2.3% (Year ended March 31, 2014) 6.0%		Net ordinary income/Total assets (Year ended March 31, 2015) 0.4% (Year ended March 31, 2014) 1.1%		Net operating income/Operating income (Year ended March 31, 2015) 0.4% (Year ended March 31, 2014) 1.7%		

Note: Because there was no dilution, the amount for net income per share after dilution is omitted.

■ Financial Condition

Total assets (Year ended March 31, 2015) ¥5,441,962 million (Year ended March 31, 2014) ¥4,801,764 million		Net assets (Year ended March 31, 2015) ¥978,711 million (Year ended March 31, 2014) ¥560,972 million
Capital adequacy ratio (Year ended March 31, 2015) 18.0% (Year ended March 31, 2014) 11.7%	Net assets per share (Year ended March 31, 2015) ¥ 97,871.11 (Year ended March 31, 2014) ¥140,243.06	(Reference) Equity capital Year ended March 31, 2015: ¥978,711 million Year ended March 31, 2014: ¥560,972 million

■ Results of Operations by segment

Postal and logistics business segment

Operating income (Year ended March 31, 2015) ¥1,823,902 million (Year ended March 31, 2014) ¥1,777,635 million	→	Net operating income (Year ended March 31, 2015) ¥(10,319) million (Year ended March 31, 2014) ¥ 9,454 million
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Post office business segment

Operating income (Year ended March 31, 2015) ¥1,184,044 million (Year ended March 31, 2014) ¥1,183,528 million	→	Net operating income (Year ended March 31, 2015) ¥20,969 million (Year ended March 31, 2014) ¥37,545 million
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4 Japan Post Bank Financial Highlights (April 1, 2014 to March 31, 2015)

Deposits at Japan Post Bank totaled ¥177,710.7 billion (¥179,009.5 billion including accrued interest). Ordinary income was ¥2,078.1 billion, net ordinary income was ¥569.4 billion and net income was ¥369.4 billion. Capital adequacy ratio (non-consolidated, domestic standard) was 38.42%.

Results of Operations

Ordinary income (Year ended March 31, 2015) ¥2,078,179 million (Year ended March 31, 2014) ¥2,076,397 million		Net ordinary income (Year ended March 31, 2015) ¥569,489 million (Year ended March 31, 2014) ¥565,095 million		Net income (Year ended March 31, 2015) ¥369,434 million (Year ended March 31, 2014) ¥354,664 million	
Net income per share (Year ended March 31, 2015) ¥89.58 (Year ended March 31, 2014) ¥78.81		Diluted net income per share (Note) (Year ended March 31, 2015) — (Year ended March 31, 2014) —			
Return on equity (Year ended March 31, 2015) 3.2% (Year ended March 31, 2014) 3.1%		Net ordinary income/Total assets (Year ended March 31, 2015) 0.2% (Year ended March 31, 2014) 0.2%		Net ordinary income/Ordinary income (Year ended March 31, 2015) 27.4% (Year ended March 31, 2014) 27.2%	

Note: Because there was no dilution, the amount for net income per share after dilution is omitted.

Financial Condition

Total assets (Year ended March 31, 2015) ¥208,179,309 million (Year ended March 31, 2014) ¥202,512,882 million		Net assets (Year ended March 31, 2015) ¥11,630,212 million (Year ended March 31, 2014) ¥11,464,524 million	
Capital adequacy ratio (Year ended March 31, 2015) 5.5% (Year ended March 31, 2014) 5.6%		Net assets per share (Year ended March 31, 2015) ¥3,101.82 (Year ended March 31, 2014) ¥2,547.67	
		Capital adequacy ratio (non-consolidated, domestic standard) (Note) (Year ended March 31, 2015) 38.42% (Year ended March 31, 2014) 56.81%	

Note: Capital adequacy ratio (non-consolidated, domestic standard) is calculated based on standards stipulated by Article 14-2 of the Banking Act for the purpose of determining whether banks have sufficient equity capital given their holdings of assets and other instruments (Notification No. 19, the Financial Services Agency of Japan, 2006).

(Reference) Equity capital

Year ended March 31, 2015: ¥11,630,212 million

Year ended March 31, 2014: ¥11,464,524 million

■ Japan Post Bank implemented a 30:1 stock split effective August 1, 2015, and net assets per share and net income per share for the years ended March 31, 2015 and 2014 have been calculated assuming the stock split was implemented on April 1, 2013.

5 Japan Post Insurance Financial Highlights (April 1, 2014 to March 31, 2015)

As a result of efforts to strengthen its sales promotion capabilities in collaboration with Japan Post Co., Ltd., Japan Post Insurance established 2.38 million new insurance policies for individuals, posting ordinary income of ¥10,169.2 billion, net ordinary income of ¥493.1 billion and net income of ¥81.7 billion. Insurance premiums amounted to ¥5,956.7 billion, and core profit was ¥515.4 billion, while retained earnings (reserve for price fluctuations and contingency reserve) totaled ¥3,210.8 billion, for a solvency margin ratio of 1,641.4%.

Results of Operations

Ordinary income (Year ended March 31, 2015) ¥10,169,236 million (Year ended March 31, 2014) ¥11,233,925 million		Net ordinary income (Year ended March 31, 2015) ¥493,169 million (Year ended March 31, 2014) ¥463,506 million		Net income (Year ended March 31, 2015) ¥81,758 million (Year ended March 31, 2014) ¥63,428 million	
Net income per share (Year ended March 31, 2015) ¥136.26 (Year ended March 31, 2014) ¥105.71		Diluted net income per share (Note) (Year ended March 31, 2015) — (Year ended March 31, 2014) —			
Return on equity (Year ended March 31, 2015) 4.7% (Year ended March 31, 2014) 4.2%		Net ordinary income/Total assets (Year ended March 31, 2015) 0.6% (Year ended March 31, 2014) 0.5%		Net ordinary income/Ordinary income (Year ended March 31, 2015) 4.8% (Year ended March 31, 2014) 4.1%	

Note: Because there was no dilution, the amount for net income per share after dilution is omitted.

Financial Condition

Total assets (Year ended March 31, 2015) ¥84,911,946 million (Year ended March 31, 2014) ¥87,088,626 million		Net assets (Year ended March 31, 2015) ¥1,969,143 million (Year ended March 31, 2014) ¥1,534,457 million	
Capital adequacy ratio (Year ended March 31, 2015) 2.3% (Year ended March 31, 2014) 1.8%		Net assets per share (Year ended March 31, 2015) ¥3,281.91 (Year ended March 31, 2014) ¥2,557.43	
		(Reference) Equity capital Year ended March 31, 2015: ¥1,969,143 million Year ended March 31, 2014: ¥1,534,457 million	

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

Dedicated to Providing the Public with the Best Possible Services

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1. Operations of Japan Post



Toru Takahashi
President & CEO
Japan Post Co., Ltd.

Message from the Company



I would like to express my appreciation to our customers for your ongoing use of our post offices.

For over 140 years since the founding of our postal operations in 1871, post offices have provided postal, banking, and insurance services based on the concept of offering customers security while earning their trust.

Japan Post Co., Ltd. aims to be “an integrated lifestyle-support corporate group” that helps customers realize safe, secure, comfortable and enriched lives and lifestyles by providing each of them with a variety of products and services tailored to their diverse lifestyles and life stages.

Review of Fiscal 2015

During fiscal 2015, Japan Post worked to establish foundations for the future and reform our business style aimed at expanding earnings and driving sustainable growth in light of the shift to a period of economic recovery.

In response to expansion in the e-commerce market, we developed new services such as Yu-Packet and created

a sales system enabling us to meet diverse customer needs in the logistics field. In terms of financial services, we strengthened the customer responsiveness of our employees through training and revised our sales style. At the same time, we started handling the newly revised educational endowment insurance product *Hajime no Kanpo* and increased the number of post offices handling affiliated financial services such as cancer insurance.

In addition, we worked to further enhance productivity and the value of our network. Besides emphasizing thoroughgoing compliance based on our compliance program with the objective of maintaining and building upon trust from customers, we promoted restructuring the mail and logistics network and continued working to optimize our post office network by opening new outlets and making changes to post office locations in order to centralize sites handling sorting procedures for postal and other items.

As a result of these measures, Japan Post recorded operating income of ¥2,819.1 billion, net ordinary income

of ¥22.0 billion and net income of ¥15.4 billion.

Issues for the Future

The environment surrounding the company is changing every moment, characterized in particular by an increase in online selling, the proliferation of smartphones and tablet devices, and the diversification of customer needs related to service quality. On top of this, personnel expenses per employee are continuing to rise due mainly to tight conditions in the supply and demand of labor. To ensure that we can smoothly and reliably provide customers with services in the future, we recognize the importance of responding properly to such a business environment and establishing stable management as an urgent management issue.

In fiscal 2016, we will continue establishing foundations for the future. At the same time, it is necessary to proceed with preparations required to enable the early listing of shares for Japan Post Holdings Co., Ltd. and the disposal of shares by the government.

In light of these factors, in fiscal 2016 we will strive hard to further expand earnings in this period of economic recovery and thoroughly enhance our cost management with the aim of realizing higher sales and profits. We will also work to establish the internal controls required of a listed corporate group.

We will actively deploy business activities centered on the fast-growing e-commerce market and strive to increase

convenience for customers by establishing operational foundations and other means. We will also expand Yu-Pack, Yu-Mail and other services and seek to drive growth in our international logistics business after making Toll Holdings Limited a subsidiary. In addition, we aim to boost profitability by strengthening the customer responsiveness of our employees through ties with Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. and advancing our real estate development business. Elsewhere, we will look to increase productivity by reviewing our operations, which will include reorganizing postal and logistic networks. We will work to secure a stable labor force in response to environmental changes in the labor market and to enhance corporate value by establishing a service environment through upgrading structures and equipment including aging post office buildings.

On a different front, we will continue to implement thorough compliance based on our compliance program as we work to secure even greater trust from customers. We will also maintain our efforts to support reconstruction following the Great East Japan Earthquake and help support the daily lives of people affected by the disaster by deepening ties between Japan Post Group companies as before and working to reopen post offices in disaster-stricken areas.

Looking to the future, all employees of Japan Post are united in their efforts to provide even higher quality services. We appreciate your continuous patronage and use of our post offices.

1. Overview of Operations

Japan Post Co., Ltd. is the company in the Japan Post Group that deals with postal and logistics business as well as post office business.

In addition to impartially providing universal postal services at the lowest possible rates, we offer customers nationwide banking counter operations under consignment from Japan Post Bank and insurance counter operations under consignment from Japan Post Insurance through post offices.

Going forward, efforts will be made to maintain the level of the post office network, which is a shared asset of the Japanese people, and fully ensure major public benefits and contribute to local communities while making post office services even more convenient and promoting initiatives to comprehensively support the daily lives of local customers.

1. Overview of Operations and Services

■ Postal and Domestic Distribution Business

Japan Post impartially provides universal postal services at the lowest possible rates as well as Yu-Pack, Yu-Mail and other logistics services. In addition to domestic postal services, Japan Post also provides international postal services (letter, parcel and EMS*) in accordance with the Universal Postal Convention and other international postal agreements. Japan Post is also commissioned by the Japanese government to sell documentary stamps.

In response to the one-stop outsourcing needs of business customers, subsidiaries such as JP Biz Mail Co., Ltd. provide contracted one-stop total services that range from mail planning and preparation (printing) to mail insertions, sealing and sending.

*EMS: Express Mail Service

■ Banking Counter Operations and Others

Under consignment from Japan Post Bank, we handle ordinary deposits, *TEIGAKU* deposits and time deposits, provide remittance and settlement services in addition to handling public pension payments and carrying out counter sales of Japanese Government Bonds and investment trusts.

■ Insurance Counter Operations and Others

Under consignment from Japan Post Insurance, we solicit life insurance and handle premium payments. In addition, we sell individual variable annuities, life insurance for companies (for management-level personnel), cancer insurance, medical insurance with eased underwriting conditions and automobile insurance under consignment from life insurance companies and non-life insurance companies other than Japan Post Insurance.

■ International Logistics Business

In response to expanding needs for international logistics, we are promoting international logistics business with a strong focus on air cargo sector and international logistics sector.

We are also providing a wide range of international cargo services from small-lot to large-lot cargo mainly in the Asia region including Japan and China, to serve corporate customers in Japan and overseas primarily through Japan Post Sankyu Global Logistics Co., Ltd.

In addition, we have established Japan Post International Logistics Co., Ltd. as our overseas subsidiary in Shanghai, China, in September 2013 with full ownership of capital. It aims at further strengthening and expanding the international logistics business we have been engaged in over the years. This company provides comprehensive logistics solutions to customers who seek for business opportunity overseas and supports their international expansion as well as sale of Japanese products and goods overseas.

In October 2014, we started an international express service following a capital and business alliance with France-based GeoPost S.A. and Hong Kong-based Lenton Group Limited.

We intend to cultivate new markets by providing a high-grade express service that meets customer needs and complements our international postal service.

■ Logistics Business

We are deploying our logistics business in an integrated manner from the design, creation and operation of an optimal logistics strategy to the provision of a logistics system for customers in response to growing logistics outsourcing needs. We are also providing consulting services and settlement services aimed at improving logistics together with our subsidiaries JP Logi Service Co., Ltd. and Japan Post Finance Co., Ltd.

■ Real Estate Business

We are making effective use of the real estate held by Japan Post and are working on new profit-making businesses such as the leasing building business, which includes JP Tower constructed in front of Tokyo Station, housing business and parking space business.

2. Initiatives in Fiscal 2015

Amid continuous changes in the environment surrounding our operations, including the expansion of Internet shopping and proliferation of smartphones and tablets, we have been working to respond accurately to the environment changes and secure profits along with enhancing productivity in order to establish stable management.

In particular, we endeavored to strengthen product development and marketing capabilities and organizational effectiveness for Yu-Pack and Yu-Mail in response to growing fields such as the mail-order market. Also, we achieved a total of 485 million Yu-Pack items handled, which exceeded our target.

In addition, we took a variety of steps that included restructuring the mail and logistics network by way of centralized processing and automation of internal operations at collection and delivery branch; optimizing the post office network through such means as opening new post offices and relocating existing post offices; and developing human resources by way of different types of training in conjunction with Japan Post Bank and Japan Post Insurance.

On top of this, we made progress in such areas as establishing subsidiaries, concluding capital and business alliances and developing real estate.

Going forward, we will continue working to enhance profits while maintaining sound management by meeting the needs of a greater number of customers.

■ Establishment of Subsidiaries, etc.

● **JP MITSUKOSHI MERCHANDISING Co., Ltd. (established April 1, 2014)**
Through this company, the Japan Post Group and the Isetan Mitsukoshi Group are deploying a catalog mail-order business that makes the most of respective strengths to meet diverse customer needs.

● **Japan Post Delivery Co., Ltd. (established April 1, 2014)**

This company is under consignment for the pickup and delivery operations for Yu-pack and other items and will provide detailed services that include delivery during the early hours of the morning, pickup at times that were previously difficult and pickup and delivery in spots that use a certain area of a building as a base. In addition, pickup and delivery services are handled using carts and power-assisted bicycles, which will contribute to a reduction in CO₂.

● **Japan Post Finance Co., Ltd. (established on April 1, 2014)**

Based on a business alliance with Sumitomo Mitsui Trust Bank, Limited, this company will provide high-quality settlement services that are highly trustworthy and convenient for customers which include mail-order business operators.

● **Japan Post Communications Co., Ltd. (established August 8, 2014)**

This company sells post office advertising and plans, develops and proposes advertising materials and events that make use of space inside post offices and a nationwide network, which will help disseminate a variety of information from clients by using the post office as the base.

● **Japan Post Office Support Co., Ltd. (became a subsidiary on September 11, 2014)**

This company provides total support to office operations and environment improvement in response to customer needs, including from the sale of office supplies to general office management, through customer-first services.

● **Japan Post Maintenance Co., Ltd. (became a subsidiary on October 1, 2014)**

In order to ensure stable postal and logistics operations at Japan Post, this company supports the maintenance of vehicles for mail pickup and delivery and vehicles for transportation, both of which are increasing in line with growing demand for Yu-pack, Yu-mail and other items.

● **YY Gift Co., Ltd. (became a subsidiary on November 28, 2014) and JP Tokyo Tokusenkaï Co., Ltd. (became a subsidiary on March 2, 2015)**

YY Gift Co., Ltd., which has strengths in products for department stores, and JP Tokyo Tokusenkaï Co., Ltd., which has strengths in select items for long-established stores in Tokyo, have joined forces to enhance and expand the product lineup in the catalog mail-order business for post offices.

■ Acquired Shares in Australian Logistics Firm Toll Holdings Limited

An agreement was reached on February 18, 2015 setting forth Japan Post's acquisition of all Toll Holdings Limited shares in order to establish a solid position in the fast-growing Asian market and further expand global business of Japan Post.

The acquisition of all Toll shares was completed on May 28, 2015 after fulfilling certain conditions such as approval at an Extraordinary General Meeting of Toll regarding the proposal for the acquisition, approval from the Australian courts and approval from all required regulatory authorities.

■ Capital and Business Alliances

● **Credit Saison Co., Ltd. and Saison Asset Management Co., Ltd. (September 2014)**

We will enhance the awareness of products under Saison Asset Management by leveraging the post office network held by Japan Post and the customer base and know-how held by Credit Saison and promote the proliferation of investment trusts, contributing to broad expansion of the investment trust market.

● **GeoPost, a logistics subsidiary of France-based La Poste Group, and Hong Kong-based logistics firm Lenton Group (October 2014)**

We are committed to providing U-Global Express (UGX), a high-quality international express service for the growing international e-commerce market, by combining the global network of the two foreign companies above with the domestic network of Japan Post.

■ Real Estate Development

We are making the most effective use of real estate held by Japan Post as a new profit-making business.

The commercial facility KITTE located in JP Tower, which opened on March 21, 2013 and recently celebrated two years in business, has seen a large number of customers continue to visit the site, recording over 46 million visitors since opening as of the end of March 2015.

KITTE Garden, the rooftop garden on the top of KITTE, was certified as an Urban Oasis by the Organization for Landscape and Urban Green Infrastructure under its Social and Environmental Green Evaluation System (SEGES) due to its reproduction of a comfortable, attractive streetscape. KITTE Garden is being used by a large number of people due to its excellent location right in front of the high-rise buildings of Marunouchi and the brick building of Tokyo Station.

Also, the Sapporo Mitsui JP Building and the Omiya JP Building were completed on August 1, 2014 and August 29, 2014, respectively. In addition to the upgrade of the Sapporo Kita 3-jo Plaza, the Sapporo Mitsui JP Building contributes to the creation of a bustling new town developed to integrate with its surroundings due in particular to the incorporation of the expansive Atrium Terrace and the Observation Deck Gallery, which provides commanding views of the Red Brick Office and Sapporo Kita 3-jo Plaza.



Sapporo Mitsui JP Building

The Omiya JP Building is within walking distance from JR Omiya Station and boasts an exceptional location and functions as a business hub for the North Kanto, Shinetsu and Tohoku areas,

including a parking facility with capacity for approximately 440 vehicles.

We will strive to create spaces that connect people with people, people with goods and services, and towns with people and that can contribute to higher value for the region and community through our real estate development business.

Aside from these efforts, JP Tower Nagoya (scheduled for completion in November 2015), the Hakata Project (scheduled for completion in spring 2016) and other projects are currently under construction.

In the housing business, we continue to develop our condominium building operations in the Tokyo metropolitan area and the Kansai region following a project in Yakuin, Fukuoka, and have started rental housing operations mainly in the Tokyo metropolitan area.



Omiya JP Building

■ Activities for 2015 New Year's Postcards

We connected with the wireless telephony and mail application LINE so that New Year's postcards could be sent and received in a more fun manner and established the official account "Posukuma mori-no-nengajo-yasan," which creates designs for New Year's postcards immediately after a user sends in an image.

Approximately six million people have been added as friends on this official account, enabling people of all age groups to enjoy making New Year's postcards.

In terms of postcards issued by Japan Post, we introduced a Hello Kitty New Year's postcard with an augmented reality (AR) function for the first time. When a New Year's postcard that has been sent is read on a smartphone or other device, the recipient can enjoy the unreleased track of a well-known musical group and a 360° AR photo thanks to the AR function, which is just one of the new technologies that have been employed.



Posukuma mori-no-nengajo-yasan
©JAPAN POST Co., Ltd.



Hello Kitty New Year's postcard
©1976, 2015 SANRIO CO., LTD.
APPROVAL No. G560209

3. Extensive Products and Services

■ Expanded the Number of Post Offices Handling Affiliated Financial Service Products

We have gradually expanded the number of post offices that handle various affiliated financial service products to make them accessible to more customers. We will continue to strive to better meet the needs of more customers at post offices that are close to home.

■ Started Handling Return Packs

From May 1, 2014, we started handling Return Packs, which are special boxes that change in size once assembled and are made for corporate customers whose business involves retrieving items.

The Return Packs are sent out as Yu-Mail and assembled once they arrive. The item being retrieved is then placed in the box, which is returned as a cash-on-delivery Yu-Pack.

[Service Scheme]



Outward (Yu-Mail)

Inward (cash-on-delivery Yu-Pack)



■ Started Handling Yu-Packet

On June 1, 2014, we started handling Yu-Packet as a new service mainly for the delivery of small items for corporate customers engaged in Internet mail-order business.

Items are delivered to the mailbox of the recipient with delivery also possible on Sundays and public holidays. The delivery status of the items can be confirmed via a tracking service.

■ Started Handling Click Post

We started handling Click Post as a new service mainly for the delivery of small items for individual customers who use online auction services.

Users can complete delivery and payment procedures on a dedicated website and attach a shipment label on the package that has been issued online before putting the package in the post.

Items are delivered to the mailbox of the recipient with delivery also possible on Sundays and public holidays. The delivery status of the items can be confirmed via a tracking service.

■ Expanded Post Offices that Send Cool EMS and Shipping Regions

In addition to providing the Cool EMS service for small, temperature-sensitive parcels by way of Express Mail Service (EMS) to Taiwan and Singapore, we started handling parcels destined for Hong Kong, Malaysia, Vietnam and France as well on April 1, 2015. We also expanded the number of post offices that send the boxes to 78 in 37 prefectures as of April 1, 2015.

■ Started Providing U-Global Express (UGX)

On October 30, 2014, in conjunction with excellent logistics service operators overseas, we started providing the UGX high-quality express service in line with customer needs that complements our conventional international postal service. With the UGX service, packages can be sent to 49 countries worldwide and the delivery status of the items can be confirmed via a tracking service.

■ Diversification in Sales of Catalog Products and Sales at Post Offices

In terms of sales of catalog products, we have been rolling out the JP Select catalog featuring non-food items such as clothing and fashion accessories nationwide. Also, in February 2015, we opened a dedicated drugstore page on our Post Office Internet Shop mail-order site and started handling such items as medicines and daily necessities.

In terms of sales at post offices, we started selling envelopes used to give pocket money gifts to children and grandchildren when they return to their hometown during the *Obon* holiday in summer as well as products featuring popular characters.

We also scored hits with such products as much-talked-about frame stamps featuring figure skaters Yuzuru Hanyu and Mao Asada, characters from the movie *Frozen* and the mascot character *Funassyi*, as well as "Osenko tayori suirei," an item that helps people convey their heartfelt feelings of condolence.



Money envelope for *Obon* monetary gift



"Osenko tayori suirei"

TOPICS

■ Initiatives to Encourage Letter Writing

Supported a Letter Writing Workshop Program

We sent tools such as textbooks, tutorial manuals and postcards to elementary schools, junior high and high schools nationwide that expressed interest in using the tools as part of experiential lessons in letter writing with the aim of encouraging exchange between children by way of letter correspondence.

The lessons have been conducted on a continuous basis since fiscal 2011, and in fiscal 2015, approximately 2,320,000 elementary school students from around 11,400 schools, approximately 740,000 junior high school students from around 3,200 schools and approximately 250,000 high school students from around 1,000 schools nationwide participated in the project.

Held an Event on Letter Writing Day

Japan Post held a Letter Writing Day event at 23 AEON MALL locations nationwide in cooperation with AEON MALL Co., Ltd. with the aims of having Letter Writing Day (*Fumi no Hi*) recognized by more people and building familiarity with writing letters. The first day of the event was July 23, 2014 (Letter Writing Day of July) and lasted around a month. Approximately 25,000 customers visited the event space during that time.



■ Held Japanese Products Business Convention in Shanghai

A business convention for Japanese products was held in Shanghai, China, on September 3-4, 2014. The meeting was staged overseas with the aim of further expanding international logistics business. It served as a bridge for individual business negotiations between Japanese companies with excellent products bearing the "Made in Japan" name with selected buyers on the Chinese side. Japan Post provided integrated support from follow-up talks between companies that had booths at the event and Chinese buyers after the business convention through to various logistics-related preparations after agreements have been reached, which is set to lead to the creation of new logistics and commercial distribution business.

■ Participated in 2nd Direct Commerce Solutions Expo

We ran booths at the Direct Commerce Solutions Expo held at Tokyo Big Sight in May and Makuhari Messe in October, where we introduced our systems and services to mail-order business operators as public relations for the mail-order solutions of Japan Post. This included showcasing the different services we can offer through our Group companies to customers engaged in the fast-growing mail-order business field.

On both occasions, a large number of visitors came to our booth, where lively business talks ensued. Many people said that they had high expectations in our operations.



■ Establishment of Female Empowerment Office

An office aimed at empowering females in the workplace was established on September 1, 2014 and is working on the dual pillars of "creating a pleasant, motivating work environment for women" and "realizing a product, service and sales framework that makes full use of the opinions and attributes of women."

In October 2014, the office introduced a support scheme in which former employees with business skills who have already retired are employed as temporary personnel to fill spaces left by employees on childcare leave. The scheme has been effective in ensuring smooth business operations.

In addition, the Kanazawa-omicho post office was reopened following renewal in November 2014 with the aim of creating a space more welcoming to tourists and females.

We also provided a service at post offices in different regions, which involved holding presentations on financial products in line with events such as nail art lessons and flower arrangement for female customers.

2. Products and Services

I Postal Services

1. Stamps and Postcards

(As of April 1, 2015)

Products	Description/Features
Ordinary stamps	Standard lineup of postage stamps.
Special stamps	Stamps issued for a special purpose, such as to commemorate an important national event in Japan or a significant campaign in Japan or other countries. We also provide greeting postage stamps with designs suitable for use with greeting cards for celebrations and various other occasions.
Furusato stamps	Stamps issued to stimulate interest in specific regions of Japan using regional themes.
Donation-added New Year's postage stamps	These lottery stamps allow individuals who use their own New Year's postcards and letters to participate in the New Year's postcard lottery. There are two types: one for postcards and one for letters.
Frame stamps	An original postage stamp that is designed to look like a photo frame, with its inner blank space available for printing photographs, etc. Frame stamps can be ordered via the Internet or at a post office.
Standard postcards	In addition to the postage mark featuring a house sparrow, other postcards are available featuring a moth orchid, suitable for use for winter greetings or announcing a period of mourning.
New Year's postcards (New Year's lottery postcards)	These postcards are available in a standard format and with a donation added. A service called <i>Nenga Town-Mail</i> is also available to deliver no name specified New Year's postcards to all households and offices within a particular town neighborhood, where there is a delivery of New Year's postcards on January 1.
Summer greeting postcards (Kamo-Mail)	Kamo-Mail is lottery postcards for summer greetings. A service called <i>Kamome Town</i> is also available to deliver no name specified Kamo-Mail postcards, which are accepted during a specified period, to all households and offices within a particular town neighborhood.
Echo-postcards	Part of the postcard is used for advertising and the advertising income is used to reduce the price by ¥5 to ¥47.
Inkjet printing standard postcards	Postcards with a special coating permitting the postcards to be used for printing photographs, pictures and other colorful images. The postage mark is in the design of mountain cherry blossoms. Other postcards are available featuring a moth orchid, suitable for use for winter greetings or announcing a period of mourning.
Reply-paid postcards	This is two attached postcards, one to be used by the sender and the other by the recipient to send a reply back to the sender. The absence of a fold in the middle allows these postcards to be easily used with a printer or copier. These postcards are useful for printing large numbers of invitations to parties, sales events, exhibitions and other events.
Four-surface printing postcards	With four postcards in a single sheet, these postcards are useful for situations where a large number of postcards need to be printed.
Postcards with indentations	These postcards have a semicircular indentation on the lower left corner of the front so that visually impaired individuals can tell the front and back and top and bottom of a postcard.
Picture postcards	Picture postcards featuring famous scenery and other sights from all over Japan.
International postcards	These postcards are used for international air mail and have the same rate (¥70) for every foreign country.
Mini-letters (Postal envelopes)	These sheets, in which writing space is three times the size of a postcard, are a combined letter and an envelope. Postage is printed on the front just as with a postcard. Items can be enclosed up to the limit of 25 g.
Letter Pack Plus (Specified postage-paid envelope, with recorded delivery service)	This is a special purpose A4 file size, pre-paid envelope, with which correspondence and items can be sent nationwide for a flat rate (¥510). As the package is hand delivered to the recipient in exchange of his or her signature or seal, it offers a secure way to send items by post. A tracking service is available to check delivery status.
Letter Pack Light (Specified postage-paid envelope)	This is a special purpose A4 file size, pre-paid envelope, with which correspondence and items that do not exceed 3 cm in depth can be sent nationwide for a flat rate (¥360). This item is placed in the recipient's mail box and is therefore useful for persons who are not often at home to receive mail items. A tracking service is available to check delivery status.
Aerogrammes	The international mail version of the "mini-letter." Items can be enclosed up to a limit of 25 g. Space is three times the size of a postcard and postage is printed on the front. Air-mail postage is cheaper (¥90 for anywhere in the world).
Stamp booklets	Stamp booklets have a cover and contain several stamps or several dozen stamps, with an accompanying explanation of each stamp.



Special stamps



Furusato stamps



Stamp booklets



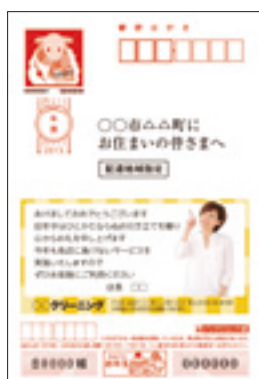
Frame stamps

2. Standard Mail Services

Category	Description/Features
First-class mail (<i>Dailishu yubin</i>)	This category includes letters and is divided into standard-size items of a certain size and weight and nonstandard-size items. This category also includes "mini-letters."
Second-class mail (<i>Dainishu yubin</i>)	This is the category for postcards. There are two categories: standard postcards and reply-paid postcards.
Third-class mail (<i>Daisanshu yubin</i>)	Newspapers, magazines and other periodicals issued at least four times each year and that have been approved by Japan Post. This includes third-class mail, which has discounted rates, and covers a portion of newspapers published three or more times monthly or publications containing one-day's content that are mailed by a publisher, seller or organization. Third-class mail at a discounted rate is also available for organizations for persons with disabilities that have the aim of promoting the welfare of persons with disabilities.
Fourth-class mail (<i>Daiyonshu yubin</i>)	A reduced-rate or free postage category for materials associated with public service or welfare. Examples include correspondence education materials, Braille materials, sound recordings intended solely for the use of the visually impaired, plants and seeds, and academic publications.

3. Yu-Pack, Yu-Mail and Other Services

Products	Description/Features
Yu-Pack	Yu-Pack is a domestic delivery service for sending parcels having the sum total of length, width and thickness of less than 170 cm and weighing less than 30 kg, with the receiver's address listed on an attached invoice. The Yu-Pack service offers a host of benefits and conveniences. These include discounts for parcels brought to post offices, discounts for the same destination, discounts for multiple parcels to the same destination simultaneously, volume discounts for 10 or more parcels, service that allows the user to specify the nearest post office to home or work for receipt of the package, forwarding to a second address when no one is at the primary address, notice of completed delivery service, same-day redelivery, specified time delivery service and same-day delivery (certain post offices and regions).
Airport Yu-Pack	An easy and inexpensive way for travelers to ship their luggage to and from an airport. Luggage can be picked up at a designated counter at the airport. There is a reduction available for using the service on both outbound and inbound journeys.
Golf and Ski Yu-Pack	Golf and ski equipment is delivered to a hotel or other location by the day prior to the customer's arrival or back to the customer's home. There is a reduction available for using the service on both outbound and inbound journeys.
Pos Packet	A convenient service for sending small and light items anywhere in Japan at a flat rate of ¥360. Delivery confirmation is available online. No prior procedure is needed. Simply drop Pos Packet in a post box.
Yu-Mail (booklet parcels)	A service for sending books and other publications. No prior procedure is needed. Simply drop Yu-Mail in a post box.
Town Plus	A service to deliver Yu-Mail to all deliverable addresses within a particular town neighborhood without the name of receivers.
Yu-Mail for persons with disabilities	Yu-Mail for materials sent between libraries and persons with severe physical or mental disabilities.
Braille Yu-Pack	Used to send Braille materials.
Yu-Pack for the hearing impaired	Used to send videotapes for hearing-impaired individuals. Available for tapes sent between facilities approved by Japan Post and eligible recipients.



New Year's postcard
(Nenga Town-Mail)



Kamo-Mail (Kamome Town)



Letter Pack Plus



Letter Pack Light



Yu-Pack package (large box)



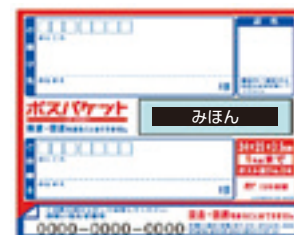
Yu-Pack package (large pouch)



Yu-Pack package (small pouch)






Yu-Pack package (small box)



Pos Packet

4. Major Supplementary Services

(As of April 1, 2015)




Services	Description/Features
Express mail (<i>Sokutatsu</i>)	The fastest form of delivery, in which mail receives priority over other letters and parcels in the same class.
New special express mail (<i>Shin tokkyu yubin</i>)	Delivers mail received around morning time by approximately 17:00 the same day.
Delivery time-specified mail (<i>Haitatsu-jikantai shitei yubin</i>)	This service enables delivery time to be delivered within the three specified timeframes of morning (8:00 to 12:00), afternoon (12:00 to 17:00) and evening (17:00 to 21:00) starting from the earliest possible delivery slot.
Registered mail (<i>Kakitome</i>)	Letters and parcels are tracked from acceptance to delivery. If the item is damaged or lost, the sender will be reimbursed for the actual loss based on the amount submitted when the item was sent. There are three types: cash registered mail, ordinary registered mail and simplified registered mail (discounted postage).
Security service	This service provides compensation for loss up to ¥500,000 in the event that a Yu-Pack is damaged or lost.
Acceptance-recorded mail (<i>Tokutei kiroku</i>)	A service for registering the acceptance and delivery of letters and parcels.
Recorded delivery mail (<i>Kofu kiroku yubin</i>)	This is a service provided for a flat rate of ¥510, using a specified postage-paid envelope, which records the delivery of the items in the specified envelope.
ID confirmation delivery service (<i>Honnin gentei uketori</i>)	This service provides delivery of letters and parcels only to a person whose name is listed on the letter or parcel. There are three types of service: basic, special-case and conveying specific details.
Cash on Delivery (<i>Daikin hikikae</i>)	The recipient pays the designated amount upon receipt of the letter or parcel. The amount due is remitted to the sender's Japan Post Bank account. For cash on delivery Yu-Pack parcels, we also offer Cash on Delivery and Remittance Service (<i>Daikin hikikae matome sokin</i>), a service to collect payments and make a lump-sum transfer of money in five-day increments to the sender, and Yu-Pack Collection Service.
Refrigerated delivery service	A safe and reliable refrigerated delivery service for fresh produce and other goods to keep their freshness while in transport.
Delivery date-specified mail (<i>Haitatsu-bi shitei</i>)	The letter or parcel is delivered on the day specified by the sender.
Letax 	A service to deliver messages to recipients, such as congratulatory messages for weddings and condolence messages for funerals, using mat boards and designs specified by senders. It is possible to apply online via the Internet (Web Letax, Web <i>Sokutatsu</i>), or by telephone (Telephone Letax).
Computer mail 	The sender submits the recipient's name, address, electronic message and other data. Japan Post performs everything from printing to placing the messages in envelopes so they can be delivered using standard mail. It is possible to apply online via the Internet (Web Letter).
e-content certificate 	A service for using the Internet to conveniently send mail that requires certification of the contents; available on a 24-hour basis.
Certification service	Receipt time certification is for certifying the time a letter or parcel sent as registered mail was received. Delivery certification certifies the delivery of a letter or parcel sent as registered mail. Certification forms (which are verified by postal certification officers) state the date, sender and recipient, and contents of the letter or parcel, with certification by Japan Post.

* These services may not be available depending on the type of letter or parcel.

5. Other Services

Services	Description/Features
Forwarding service	When an individual relocates, mail is forwarded to the new address for one year from the date of submission at no charge. In addition to submitting an application using relocation forms, which are available at post offices, a service is available for submitting applications via the Internet. For online service, access http://welcometown.post.japanpost.jp and fill in required items according to the instructions. Additionally, the status of applications can be checked online after submittal.
Requests for alteration of address and withdrawal of mail	When a sender realizes there was a mistaken entry for the sender or address after sending a letter or parcel, a request for change of recipient or return of the item can be submitted (a fee may be required).
Stamp and postcard exchanges	Postage stamps, non-usable postcards due to mistaken entries and other unneeded stamps and postcards can be exchanged for new ordinary stamps and postcards by paying the prescribed fee. Exchanges are not possible for postcards and postal envelopes, etc. where the printed postage stamp rate is soiled or damaged, and for soiled or damaged stamps.
Free exchange of lottery number postcards, etc.	New Year's postcards and stamps with lottery numbers that cannot be used due to the death of a close relative can be exchanged for ordinary postcards at no cost. Lottery postcards purchased by mistake and that can be resold can be exchanged at no cost for another type of lottery postcard for the same year. (This service may not be available for certain postcards or stamps.)
Sales of documentary stamps	Revenue stamps, automobile weight tax documentary stamps, unemployment insurance documentary stamps, health insurance documentary stamps and patent documentary stamps are sold at sales outlets designated by the Ministry of Internal Affairs and Communications on behalf of the Japanese national government.

6. International Mail

Services	Description/Features
EMS (Express Mail Service)	Letters and parcels are given the highest priority from the time of receipt through delivery. Status of delivery can be confirmed. (Note)
EMS delivery time guaranteed service (time certain service)	Provides a guarantee for delivery time for EMS mail sent from Tokyo or Osaka to five countries/regions (China, Hong Kong, Singapore, South Korea, Taiwan)
Cool EMS	A speed post service for small, temperature-sensitive parcels by way of Express Mail Service (EMS) being provided as a trial for addresses in Taiwan, Hong Kong, Singapore, Malaysia, Vietnam and France.
International parcels	Available in three types: air parcels where speed is the priority, surface (sea) parcels where low cost is the priority and economy air mail (SAL) small parcels that combine speed and low cost. (Note)
International letter-post mail	
International registered mail 	A service to record acceptance and delivery of a mail item and to compensate for actual damage incurred when it gets damaged or lost, to the extent insured by the sender.
International e-Packet 	A service to apply a special rate, which is lower than normal fees, to a small packet when customers use special labels issued online to send these parcels by air as registered mail.
International insured mail 	A service to record acceptance and delivery. If the item is damaged or does not reach its destination, the sender or the addressee will be reimbursed for the actual loss based on the amount submitted when the item was sent.
Letters	A frequently-used service to deliver letters to overseas addresses. Letters are divided into two categories: standard-size mail having specific weights and sizes and other nonstandard-size mail. This service is available to send letters or documents weighing up to 2 kg by air mail or surface mail. "Letters" include aerogrammes and greeting cards.
Postcards	A service to deliver postcards worldwide at a flat rate of ¥60 for surface mail and ¥70 for air mail.
Printed matter	A low-cost international mail service for periodicals, catalogs, direct marketing materials, business documents and other printed materials. Can be sent as air mail, surface mail or economy air mail (SAL).
Small packet	A service for sending parcels up to 2 kg to overseas destinations. Less expensive than EMS or international small parcels. Can be sent as air mail, surface mail or economy air mail (SAL).
D-mail, P-mail	A service to apply a special rate, when a single sender mails a large quantity of pre-sorted items at once at the specified post office (300 or more for printed matters and 50 or more for small packets).

Note: Tracking availability, maximum size and weights depend on each country.

7. International Parcel Delivery

Services	Description/Features
U-Global Express (UGX)	An international small-lot delivery service provided in affiliation with excellent logistics service operators overseas. The service makes it possible to easily and securely send goods overseas at a trusted level of quality and an affordable price.



Shipping labels for EMS (Merchandise)



International registered mail label



International e-Packet label

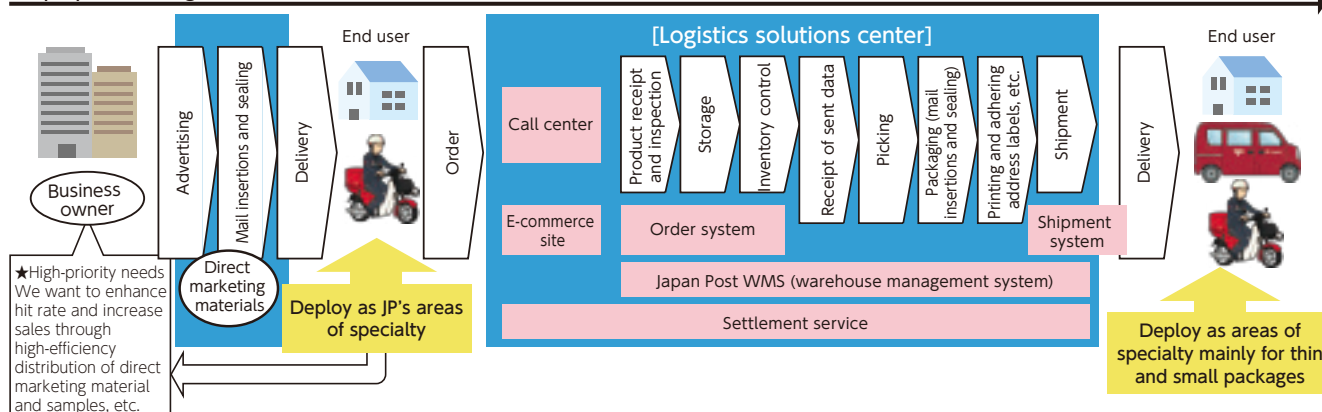


UGX label

8. Logistics Solutions

We provide from the delivery of direct marketing materials and samples to the ordering, shipment management, delivery and payment settlement of products in a one-stop package.

(Deployment of logistics solutions)



II Banking

We handle ordinary deposits, *TEIGAKU* deposits and time deposits, provide remittance and settlement services in addition to handling public pension payments and carrying out counter sales of Japanese Government Bonds and investment trusts. (For details, please refer to pages 48-52.)

III Insurance

We solicit life insurance and handle premium payments of Japan Post Insurance. (For details, please refer to pages 62-64.)

Other Insurance Products

(As of April 1, 2015)

Products	Description/Features
Cancer insurance	<p>Cancer insurance is provided at 10,013 post offices in order to meet the need to prepare fully for cancer as an illness that surrounds us. [Products handled]</p> <ul style="list-style-type: none"> • New Days - Cancer insurance for daily living [underwriter: Aflac (American Family Life Assurance Company of Columbus)] <p>A cancer insurance product that provides a lump-sum payment when a policyholder is diagnosed with cancer and benefits for hospitalization and treatment (surgery, radiation therapy and anticancer drugs). It also offers benefits for outpatient cancer treatment, which has been growing recently, and coverage for advanced medical treatments, which are not usually covered under the public health insurance plan, and guarantee of treatment for female-specific cancer. * Guarantee of treatment for female-specific cancer (female cancer rider) can be added as an optional extra.</p>
Medical insurance with eased underwriting conditions	<p>In order to respond to needs for healthcare coverage, which have been rising in years, we sell medical insurance with eased underwriting conditions at 1,000 post offices. [Products handled]</p> <ul style="list-style-type: none"> • <i>Tayoreru YOU Plus</i> [underwriter: Sumitomo Life Insurance Company] <p>This whole life medical insurance (medical insurance with eased underwriting conditions) allows for the enrollment of persons with pre-existing conditions (diabetes, hypertension, etc.) who are not accepted under traditional health insurance*. * Insurance products providing benefits for hospitalization or injury or when undergoing prescribed surgery</p>
Variable annuity	<p>In order to further enhance our life planning and asset accumulation consulting-related products, we sell variable annuities at 1,079 post offices. [Products handled]</p> <ul style="list-style-type: none"> • <i>Yu Yu Tsumitate Nenkin</i> [underwriter: MetLife Life Insurance K.K.] • <i>Shiawase Teikibin</i> [underwriter: Mitsui Sumitomo Primary Life Insurance Co., Ltd.]
Life insurance for companies (for management-level personnel)	<p>In order to respond to a variety of needs of executives, such as needs for retirement benefit-related measures, business insurance, business succession and inheritance countermeasures, we sell life insurance for companies (for management-level personnel) at 200 post offices. [Products handled]</p> <ul style="list-style-type: none"> • Level term life insurance • Increasing term life insurance <p>[underwriters: NN Life Insurance Company, Ltd., Sumitomo Life Insurance Company, Tokio Marine & Nichido Life Insurance Co., Ltd., Nippon Life Insurance Company, Mitsui Sumitomo Aioi Life Insurance Co., Ltd., Meiji Yasuda Life Insurance Company, MetLife Life Insurance K.K.] * Sumitomo Life Insurance Company only underwrites level term life insurance.</p>
Automobile insurance	<p>As a non-life insurance agency, we have been handling post office automobile insurance in cooperation with five non-life insurance companies at 1,495 post offices. [Products handled]</p> <ul style="list-style-type: none"> • Post Office Automobile Insurance <p>[five underwriters: Aioi Nissay Dowa Insurance Co., Ltd., Sompo Japan Nipponkoa Insurance Inc., Tokio Marine & Nichido Fire Insurance Co., Ltd., The Fuji Fire and Marine Insurance Co., Ltd. and Mitsui Sumitomo Insurance Co., Ltd.]</p> <p>This insurance provides three types of basic coverage, namely, compensation and liability coverage, personal coverage of the insured and vehicle coverage in addition to combining seven types of support services ranging from accident-prevention support to support after an accident. Premium rates are set depending on the purpose of the vehicle usage and the category (color) of the driver's license held.</p>



IV Merchandise

Products	Description/Features
Sales of catalog products	<p>We offer a number of catalog services, including the <i>furusato</i> parcel service, which allows customers to order desired products from catalogs listing specialty products from all regions of Japan or leaflets that feature products specific to a certain area, and to have these products delivered by Yu-Pack service. There is also a regular order service that lets customers enjoy the flavors and tastes of the regions of Japan once a month.</p> 
Sales at post offices	<p>We have been selling mail-related items such as letter paper, envelopes and pens and pencils at post offices nationwide (excluding certain outlets).</p> <p>In addition, we are also selling <i>Gotochi</i> Form Cards, which enable non-standard sized mail items to be sent, and limited-time original frame stamps.</p>  <p>Original frame stamp</p>  <p>Posukuma stuffed bears</p>
Post Office Internet Shop	<p>The Post Office Internet Shop is an online shopping site opened on Japan Post's website.</p> <p>The shop offers a variety of products ranging from frame stamps to local specialty products provided under our <i>furusato</i> parcel service.</p> <p>We offer a Total Printing Service via our Post Office Internet Shop. In addition to conventional printing service for New Year's postcards, we now offer printing services for other greeting cards and business cards.</p> <p>A web page dedicated to drugstore operations was opened in February 2015 and we started handling such items as medicines and daily necessities.</p> 

V Post Office Advertising

We implement an advertising business by deploying extra space at post offices and using our nationwide network of post offices to place advertisements by companies and local governments at around 20,000 sites.

Services	Description/Features
Posters	Posters can be displayed on poster boards designed exclusively for post office advertising or on clear wall space inside post office lobbies.
Flyers, pamphlets	Pamphlets and flyers can be placed in pamphlet racks designed exclusively for post office advertising or in clear space inside post office lobbies.
Advertising rack	A single company can have exclusive use of an advertising rack with space for a poster and four slots for pamphlets and flyers.
Film-coated posters	Posters coated with special film can be displayed on the glass area of the post office. The color of the poster does not fade even after prolonged display, making it a highly cost-effective form of advertising.
Event space	Space inside post office lobbies and outside post offices can be used for product PR and sales and to introduce services.
Sampling	Flyers and samples, etc. are handed to customers at post office counters.
Monitor showing fees at post office counters	Still-image advertisements are displayed on monitors showing postal fees at post offices nationwide. It is possible to present an advertisement on approximately 20,000 post office monitor screens at the same time by making use of the post office network.
Advertising outside post offices and vertical banners, etc.	Advertisements can be displayed on the walls, glass areas and vertical banners at post offices. It is possible to designate post offices in line with target area.
Post code book	It is possible to advertise in the post code book provided nationwide.



Flyers and pamphlets



Advertising rack



Event space



Sampling

3. Japan Post Business Performance

I Postal and Logistics Business Performance

1 Consigned Volume of Mail in Fiscal 2015

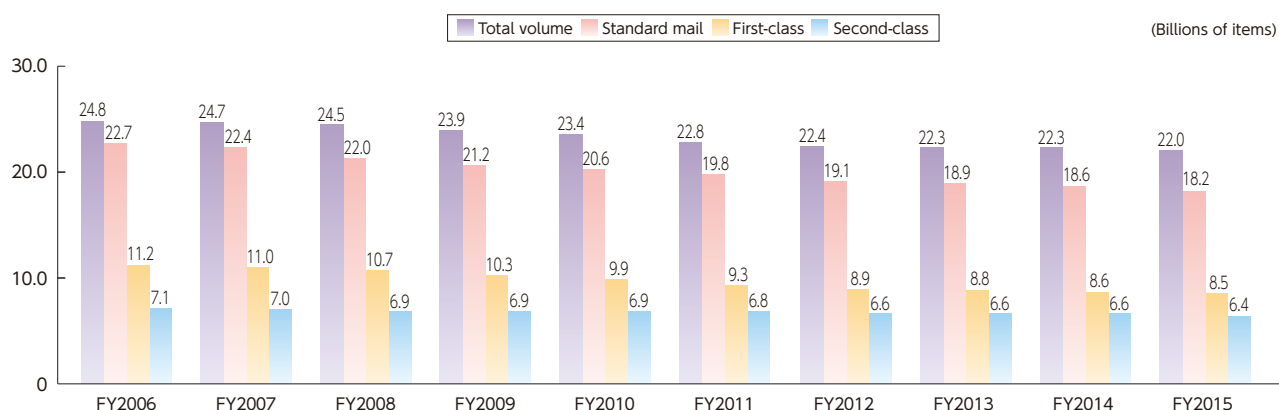
(Unit: 1,000 items, %)

Category	Fiscal 2013		Fiscal 2014		Fiscal 2015	
	Volume	Year-on-year change	Volume	Year-on-year change	Volume	Year-on-year change
Total	22,345,745	(0.1)	22,324,419	(0.1)	22,035,617	(1.3)
Mail	18,862,295	(1.3)	18,571,775	(1.5)	18,188,628	(2.1)
Domestic	18,814,393	(1.3)	18,524,615	(1.5)	18,142,041	(2.1)
Standard mail	18,351,697	(1.3)	18,054,960	(1.6)	17,661,265	(2.2)
First-class	8,797,746	(1.3)	8,569,925	(2.6)	8,531,556	(0.4)
Second-class	6,608,692	(0.6)	6,640,507	0.5	6,398,122	(3.7)
Third-class	252,744	(8.0)	241,483	(4.5)	230,229	(4.7)
Fourth-class	21,685	(8.0)	21,484	(0.9)	19,931	(7.2)
New Year's postcards	2,612,749	(2.4)	2,532,433	(3.1)	2,431,779	(4.0)
Election mail	58,081	(5.6)	49,128	(15.4)	49,648	1.1
Special mail	462,696	0.5	469,655	1.5	480,777	2.4
International (dispatched)	47,901	(3.2)	47,160	(1.5)	46,587	(1.2)
Standard mail	37,840	(4.5)	34,548	(8.7)	29,503	(14.6)
Parcels	1,293	(0.3)	1,797	39.0	3,038	69.0
EMS	8,768	2.3	10,815	23.3	14,047	29.9
Parcels	3,483,450	7.0	3,752,644	7.7	3,846,989	2.5
Yu-Pack	382,206	(0.3)	428,437	12.1	485,044	13.2
Yu-Mail	3,101,244	8.0	3,324,206	7.2	3,361,944	1.1

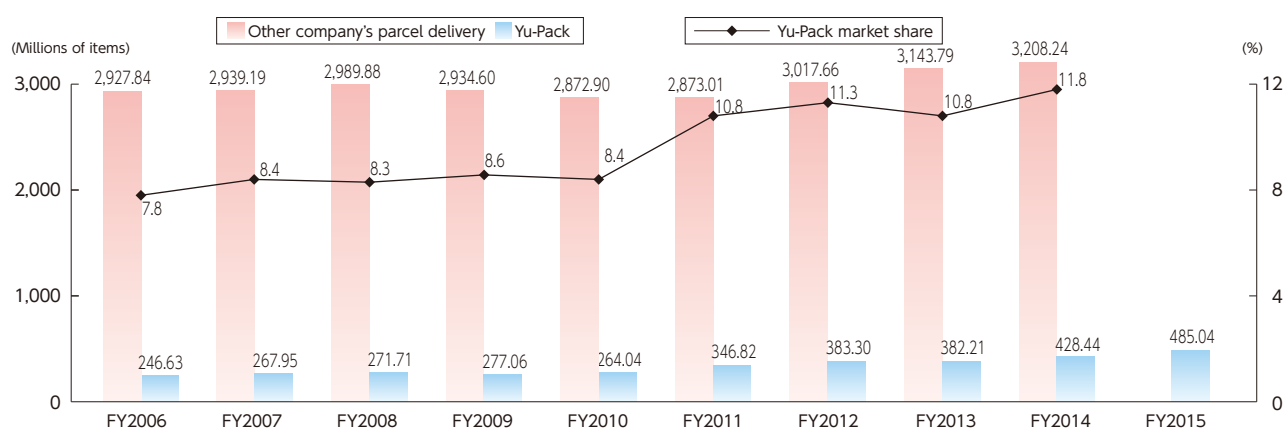
Notes: 1. Sums of individual items may not match totals due to rounding.

2. The number of Yu-Pack parcels includes EXPACK parcels. EXPACK service was discontinued at the end of March 2010.

2 Total Consigned Volume of Mail

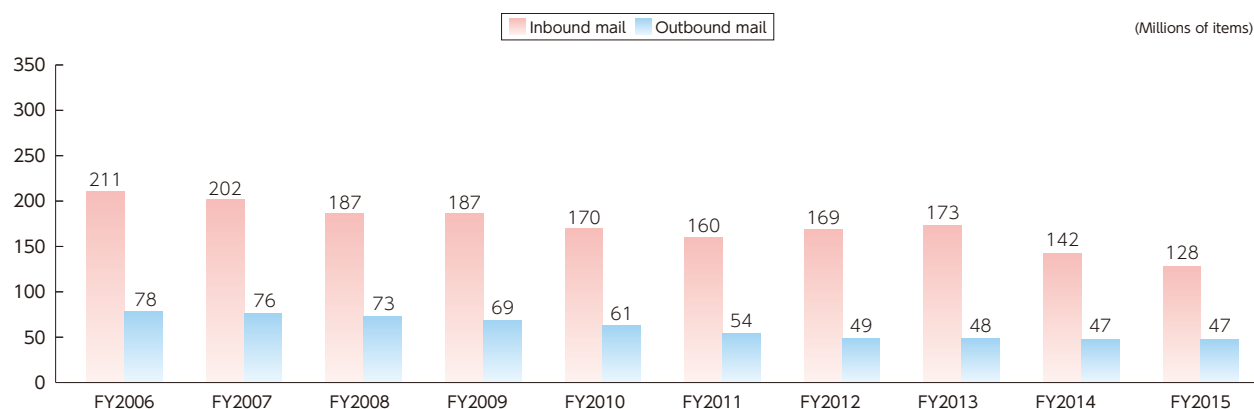


3 Yu-Pack and Other Companies' Parcel Delivery Volume and Market Share



Notes: 1. Fiscal 2015 other companies' parcel delivery volume has not yet been announced (as of June 30, 2015).
2. The number of Yu-Pack parcels includes EXPACK parcels.

4 Volume of International Mail



5 Daily Mail Delivery Volume and Points

	Fiscal 2011	Fiscal 2014	Fiscal 2015
Daily mail delivery volume	About 64 million items	About 62 million items	About 61 million items
Daily delivery points	About 31 million points	About 31 million points	About 31 million points

Note: No surveys for fiscal 2012 and 2013 have been implemented.

6 Postal Service Quality Survey (Days to Arrival)

Beginning in fiscal 1999, an annual survey has been conducted to determine the percentage of mail delivered within the targeted number of days, with the results made public. The purposes of the survey are to supply accurate information concerning the quality of postal services and further improve the quality of services.

All post offices display a Postal Delivery Time Table (Service Level

Table) that provides information to the public regarding the times needed for mail to reach its destination. Survey results are shown as the percentage of total items sent that were delivered within the number of days prescribed in the Postal Delivery Time Table.

■ Nationwide Achievement Rate of Average Days to Delivery

	Fiscal 2013	Year-on-year change	Fiscal 2014	Year-on-year change	Fiscal 2015	Year-on-year change
Nationwide average	98.5%	(0.1%)	98.6%	0.1%	98.6%	0.0%
For mail within the same prefecture	98.9%	(0.1%)	99.0%	0.1%	99.1%	0.1%
For mail to a neighboring prefecture	98.0%	0.2%	98.0%	0.0%	97.8%	(0.2%)
For mail to other prefectures	97.8%	(0.3%)	98.0%	0.2%	98.0%	0.0%

Note: The percentage of New Year's postcards accepted by December 25, 2014 and delivered on January 1, 2015 reached 99.8% as compared to the target figure of 99.5%.

In addition to postal operations, Japan Post has documentary stamp sales business activities.

■ Documentary Stamp Sales

Sales of documentary stamps for the Japanese national government were as follows.

(Millions of yen)

Category	Fiscal 2013	Fiscal 2014	Fiscal 2015
Revenue stamps	800,178	829,309	757,658
Automobile weight tax documentary stamps	693,228	666,614	655,200
Unemployment insurance documentary stamps	478	480	473
Health insurance documentary stamps	3,496	3,255	3,600
Patent documentary stamps	91,359	91,711	90,807
Total	1,588,739	1,591,369	1,507,738

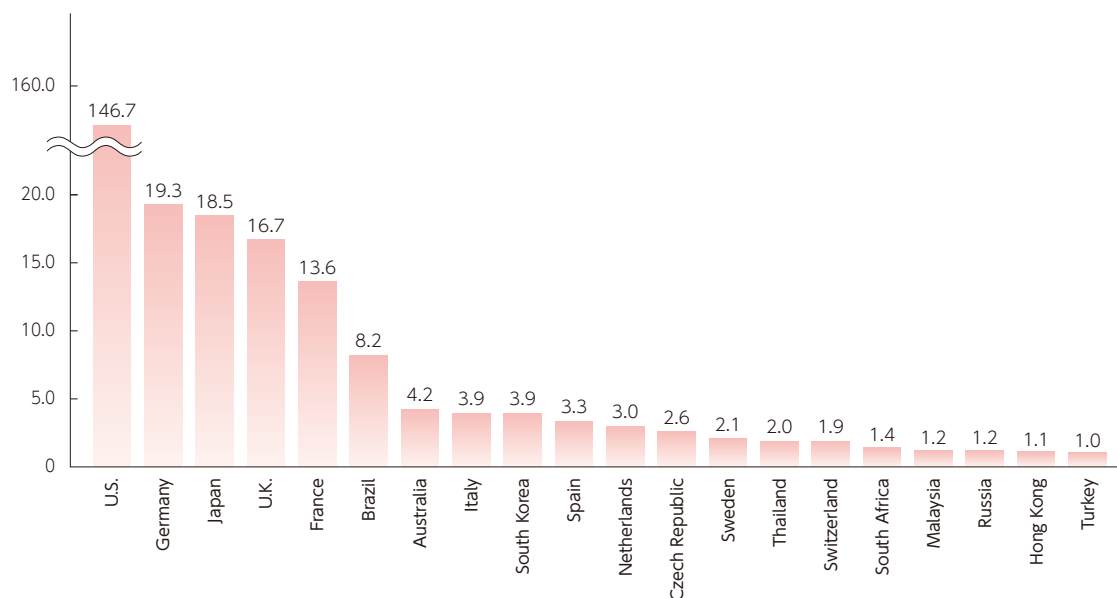
Note 1: Figures shown are gross sales for each category of documentary stamp. These proceeds are submitted to the Japanese national government after deduction of handling fees (including consumption and other taxes).

Note 2: Documentary stamp sales were consigned to the former Japan Post Service until September 2012.

Reference: Postal Services in Other Countries

1. Volume of Mail Received (Top 20 Countries in 2013)

(Billions of items)

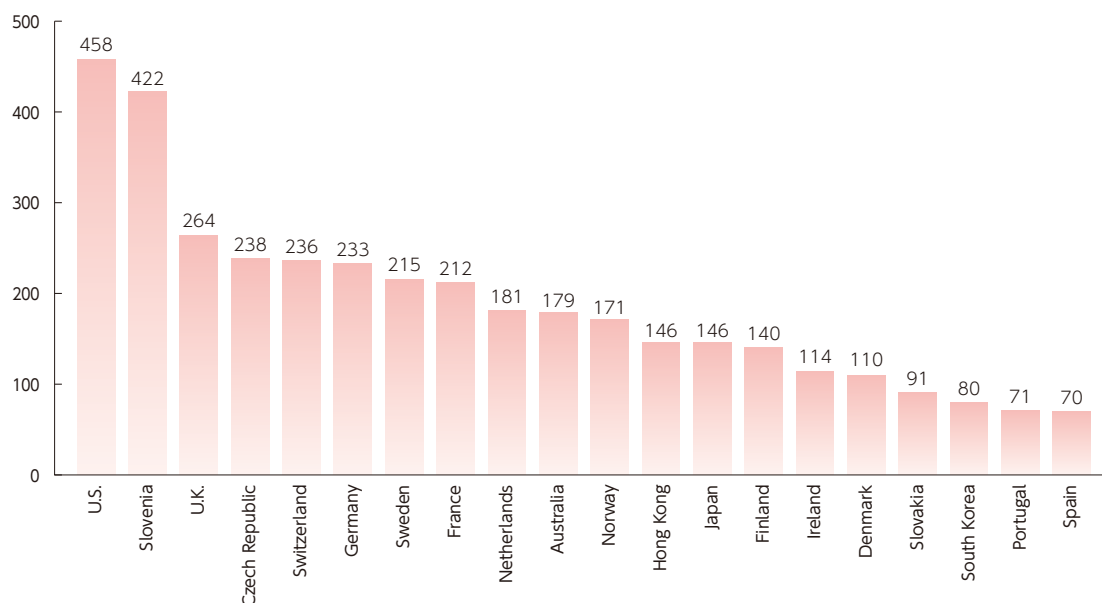


Notes: 1. Source: Universal Postal Union Postal Statistics (2013)

2. "Mail volume" is the total for all domestic mail items.

2. Annual Mail Volume Per Capita (Top 20 Countries in 2013)

(Items per person)



Notes: 1. Source: Universal Postal Union Postal Statistics (2013)

2. "Mail volume" is the total for all domestic mail items.

Reference: International Comparison of Postage Rates

■ Comparison of Domestic Postage Rates

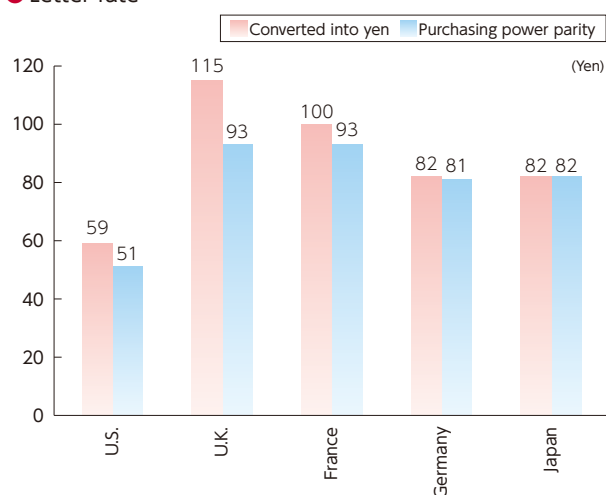
Domestic postage rates (letters and postcards) in Japan are generally lower than major European countries (U.K., France, Germany).

In the United States, postage rates for both domestic letters and

postcards are lower than in Japan. The reason is that the volumes of mail handled in the United States are approximately eight times greater than in Japan (the amount of mail sent per capita is roughly threefold higher), thereby resulting in higher delivery efficiency.

■ Comparison of Domestic Letter and Postcard Postage Rates in Selected Countries

● Letter rate

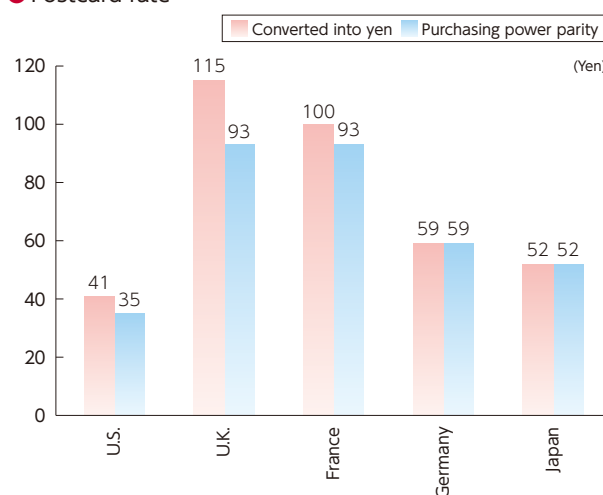


Prepared by Japan Post Co., Ltd. from various publicly disclosed materials

	U.S.	U.K.	France	Germany	Japan
Local currency	\$0.49	£0.63	€0.76	€0.62	¥82
Yen equivalent	¥59	¥115	¥100	¥82	¥82
Purchasing power parity	¥51	¥93	¥93	¥81	¥82

Notes: 1. Only Japanese postage rates include consumption tax.
 2. Yen conversions use the exchange rate as of March 31, 2015 (Bank of Tokyo-Mitsubishi UFJ TTS rate).
 3. Purchasing power parities use exchange rates that make price levels equal in Japan and the other countries. Calculations are based on Purchasing Power Parities (2014 average OECD Main Economic Indicators).

● Postcard rate



Prepared by Japan Post Co., Ltd. from various publicly disclosed materials

	U.S.	U.K.	France	Germany	Japan
Local currency	\$0.34	£0.63	€0.76	€0.45	¥52
Yen equivalent	¥41	¥115	¥100	¥59	¥52
Purchasing power parity	¥35	¥93	¥93	¥59	¥52

	Exchange rate	Purchasing power parity
\$1 (U.S.)	¥121.17	¥104.00
£1 (U.K.)	¥182.07	¥148.36
€1 (France)	¥131.82	¥122.64
€1 (Germany)	¥131.82	¥130.49

■ Comparison of International (Air) Postage Rates

The following table shows postage rates for air mail sent in both directions between Japan and four major countries. Postage rates

for mail sent from Japan are cheaper in all cases.

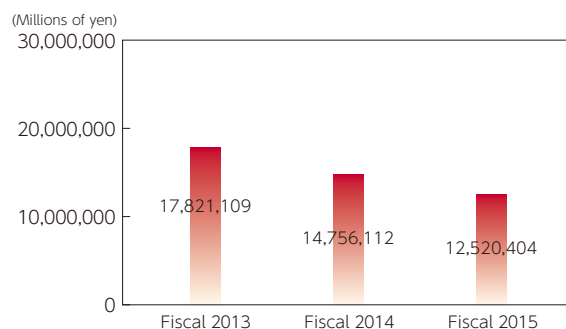
	Letter (25 g)		Postcard	
	Local currency	Yen equivalent	Local currency	Yen equivalent
Japan to the four other countries	—	¥110	—	¥70
U.S. to Japan	\$1.15	¥139	\$1.15	¥139
U.K. to Japan	£2.25	¥410	£1.00	¥182
France to Japan	€2.10	¥277	€1.20	¥158
Germany to Japan	€1.50	¥198	€0.80	¥105

Note: Yen conversions use the exchange rate as of March 31, 2015 (Bank of Tokyo-Mitsubishi UFJ TTS rate).

II Financial Services Counter Sales Business Performance

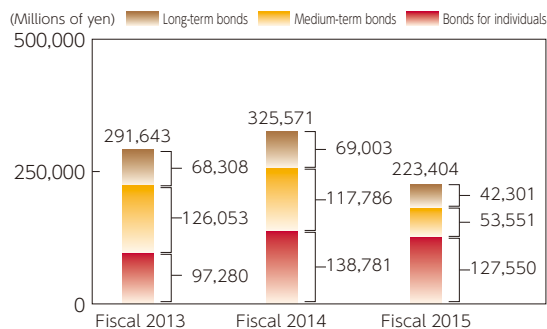
1 *TEIGAKU* and Time Deposits Handled

Of the *TEIGAKU* and time deposits provided by Japan Post Bank, the funds newly deposited by customers through Japan Post are as follows.



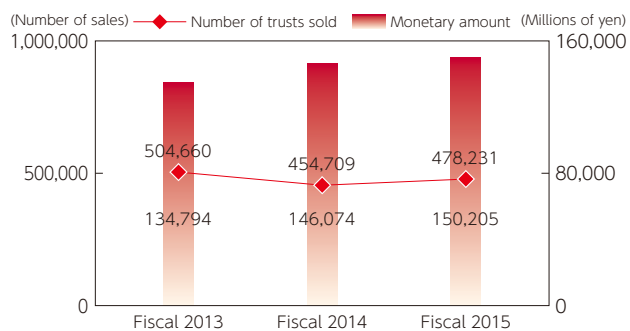
2 Sales of Japanese Government Bonds

Of the Japanese Government Bonds sold by Japan Post Bank, total sales handled through Japan Post are as follows.



3 Investment Trust Sales

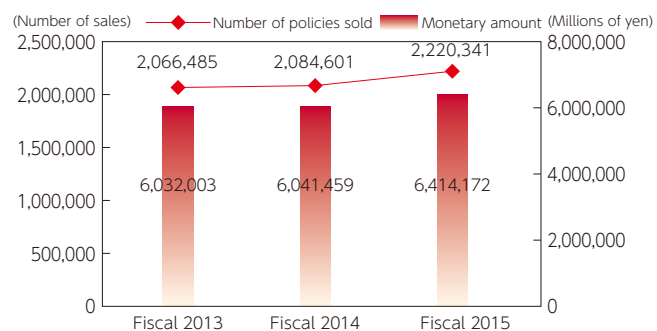
Of the investment trust products sold by Japan Post Bank, total sales handled through Japan Post are as follows.



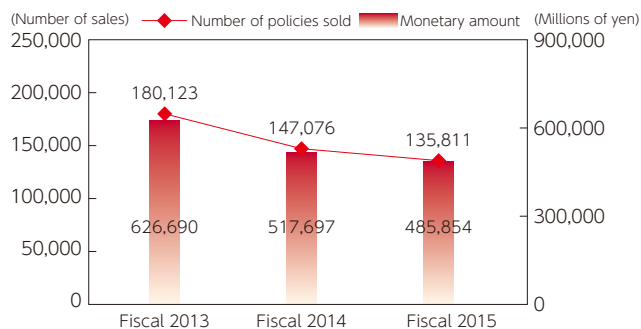
4 Life Insurance and Annuity Sales

Of the life insurance and annuity products sold by Japan Post Insurance, total sales of newly contracted policies handled through Japan Post are as follows.

Individual Insurance

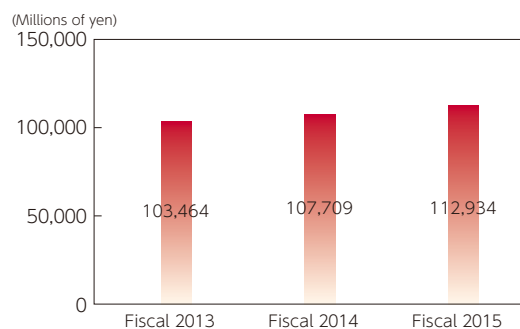


Individual Annuities



5 Merchandise Business

The sales of products and services sold through merchandise businesses such as catalog sales of Japan Post are as follows.



2. Operations of Japan Post Bank



Masatsugu Nagato

Representative Executive Officer (President & CEO)
Japan Post Bank Co., Ltd.

Message from the Company



I am Masatsugu Nagato and I assumed the duties of Representative Executive Officer (President & CEO) of Japan Post Bank Co., Ltd. on May 11, 2015. In assuming my new position, I would like to take this opportunity to address everyone affiliated with the Bank, beginning with our customers who give us their loyal patronage each day. I will make my utmost efforts in solemnly carrying out my duties as I fulfill my heavy responsibilities.

We at Japan Post Bank will further strengthen our network consisting of 24,000 post offices throughout Japan that we have built to the present. To continue providing even better services that are “unique to Japan Post Bank,” all employees will work as one to build a bank that is even more trusted.

Review of Fiscal 2015

Initiatives in the Fiscal Year Ended March 2015

Japan Post Bank positioned fiscal 2015 as a year for continuing to steadily progress with the “strengthening of our management foundation” to become “the most accessible and trustworthy bank in Japan” that uses the opinions of customers as a compass toward the future. In doing so, we implemented a variety of measures that included expanding and upgrading sales strategies, implementing our asset-liability management (ALM) strategy, and enhancing internal control procedures and strengthening management approaches.

■Expanding and Upgrading Sales Strategies

For individual customers, we utilized Information & Communication Technology (ICT) to clearly identify our customers at each Japan Post Bank branch and post office and to propose products matched to the needs of these customers as we carried out sales focused on expanding total deposits. Regarding corporate customers, we earned acclaim for our proposal-based sales that provide solutions tailored to the needs and issues faced by these customers. These efforts resulted in the increased use of the Bank’s services by these customers that included the greater use of accounts for receiving salaries.

■Executing Our ALM Strategy

In our investment operations, we executed ALM that is based on two pillars. These consist of a “base portfolio” aimed at building an income foundation mainly through JGB investments for the purpose of securing stable medium-term income and a “satellite portfolio” that pursues higher returns through internationally diversified investments. As a result, despite a severe environment of historically low yen interest rates, we were able to diversify our investment portfolio and disperse risk by upgrading and expanding our “satellite portfolio.”

Additionally, we diversified our currency funding channels by including overseas financial institutions as foreign currency funding counterparties, which further contributed to strengthening our stable fund-raising capacity.

■Enhancing Internal Control Structure

Under our basic policy of "Compliance First," together with Japan Post Co., Ltd., we implemented a business improvement plan that was submitted to the Financial Services Agency in January 2010. Through this plan, we are making efforts to bolster thorough compliance awareness via training and to further permeate a mindset through which employees think and act in terms of compliance on their own initiative.

■Strengthening the Management System

In December 2014, the Japan Post Group announced the scheme for its public listing. Preparations are underway for the triple public listing of Group companies Japan Post Holdings Co., Ltd., Japan Post Insurance Co., Ltd., and the Bank (Japan Post Bank Co., Ltd.) sometime after mid fiscal 2016.

In line with the Group capital policy of Japan Post Holdings Co., Ltd., on September 30, 2014 the Bank purchased 25,017,500 shares of treasury stock (total value of approximately ¥1,299.9 billion) for the purpose of shareholder returns and raising the Bank's return on equity (ROE).

Strategies for the Future

The Bank has designated fiscal 2016 as a year for "further strengthening our management foundation as a listed company" and will steadily execute the following measures.

■Expanding and Upgrading Sales Strategies

The Bank will work to further expand "total client assets" such as deposits and investment management products by continuing and strengthening integrated sales and consulting-based sales with Japan Post (post offices). We will also strive to undertake sales that can respond to a variety of needs and to build a stable customer base for the future by taking such measures as offering services for receiving salaries and pension benefits and providing *TEIGAKU* deposits and investment trusts in accordance with the lifecycles of customers.

We will also work to raise profitability of our ATM business and credit card business as we strengthen our fee-based businesses. Regarding our ATM business, we are promoting the flexible installation of ATMs in locations with even greater convenience to enable numerous customers to use the Bank's ATMs. In the credit card business, we will focus on securing young customers, who have high card usage rates, while encouraging the use of our high-profit gold cards.

We will also strengthen the functions of our non-face-to-face channels for individual customers by introducing "Yucho Direct [JAPAN POST BANK Direct] + (Plus)", a passbook-free general account service. Meanwhile, for our corporate customers we will enhance our real-time service for large-volume remittances and payment collections. By taking these measures, we aim to expand and upgrade our customer base.

■Execution of Investment Strategy

We will strive to sophisticate our investment strategies to secure further income by upgrading our basic securities investment framework under a stable fund raising structure. Specifically, in our "base portfolio", we aim to accumulate stable income over the medium term under an investment style which focuses on securing profit margins mainly through JGB investments, while managing yen interest rates risk and liquidity risk in a timely manner.

In our "satellite portfolio", we aim to sophisticate our investment strategy mainly through promoting investments in credit risk and market risk products. In particular, we will enhance in-house and outsourced management for internationally diversified investments, and will cultivate new investment frontiers such as alternative investment products.

In tandem with this diversification of investment products, we will also focus on implementing thorough factor analysis of investment performance, strengthening risk analysis and risk management structure to counter future market fluctuations and sophisticating our credit risk management capacity.

■Enhancing Internal Control Procedures

There is a saying that "a castle is built in three years but destroyed in three days." Something leading to the instant loss of a distinguished name or brand power that took years to build is a compliance-related issue. Based on our strong conviction that "a company cannot continue to exist without compliance," we will collaborate with Japan Post and continue to rigorously implement our business improvement plan as well as further permeate a mindset through which employees think and act in terms of compliance on their own initiative by conveying the importance of compliance starting from top management and strengthening various types of training. Through these measures, we aim to instill a thorough awareness of compliance required of employees of a listed company and to enhance our internal control procedures.

Additionally, we will work to improve our customer protection and other control procedures by taking steps such as further reinforcing rules on customer personal information management and basic actions and improving our system for providing explanations in accordance with customer attributes, needs and risks when selling investment management products. Also, we will take the initiative in terminating all relationships with anti-social forces and continue to enhance security to prevent illegal remittances and cyberattacks on "Yucho Direct [JAPAN POST BANK Direct]".

■Strengthening Management Approaches

In the run-up to the simultaneous public listing of three Group companies after the middle of fiscal 2016, we are proceeding with preparations for this listing that include building disclosure and investor relations (IR) systems appropriate for a listed company.

Additionally, to further raise employee motivation we will operate balanced personnel and salary systems that further reward those persons who make outstanding efforts, as well as retirement benefit systems that better reflect the contribution levels of employees during their tenure at the Bank. In tandem, we will continue to enhance the development of human resources, promote diversity that includes supporting active roles for women and make efficient use of human resources through strategic personnel assignments. We will also continue with bank-wide Business Process Re-engineering (BPR) initiatives to raise productivity and work to achieve cost efficiency.

A Member of the Japan Post Group That Aims to Be "An Integrated Lifestyle-support Corporate Group"

As the Japan Post Group aims to be "an integrated lifestyle-support corporate group," the Bank will work as one to deepen "organic linkages with the post office network" and through the previously mentioned measures raise corporate value and be "the most accessible and trustworthy bank in Japan" that provides services that are "No. 1 in customer satisfaction."

1. Overview of Operations

Japan Post Bank undertakes the banking business within the Japan Post Group.

The company provides a range of financial products and services through an extensive network of post offices and Japan Post Bank branches. Japan Post Bank is dedicated to serving as "the most accessible and trustworthy bank in Japan," with operations that are guided by the needs and wishes of our customers.

1. Basic Services

Main business lines of Japan Post Bank are as listed below. At the end of March 2015, Japan Post Bank's total deposits from customers across Japan amounted to ¥177,710.7 billion, or ¥179,009.5 billion including accrued interest at the end of the fiscal period.

(1) Deposits

We handle various types of deposits, including transfer deposits, ordinary deposits, ordinary savings deposits, time deposits, TEIGAKU deposits and separate deposits.

(2) Loans

We handle loans on deeds and overdrafts.

(3) Securities investment

We invest in Japanese Government Bonds, Japanese local government bonds, Japanese corporate bonds and other securities for accumulating payment reserves and for fund management.

(4) Domestic remittances

We handle remittances, fund transfers and transfers.

(5) Foreign remittances

We handle international remittances and provide foreign exchange services.

(6) Major associated services

- * Agency services
 - Services for the Bank of Japan as its revenue and government bond representative
 - Handling public money for local governments
 - Services under consignment from the Management Organization for Postal Savings and Postal Life Insurance
 - Intermediary services for individual loans
- * Counter sales of Japanese Government Bonds, investment trust products and insurance products
- * Deposits for safekeeping
- * Credit card services
- * Operation and management of defined contribution pensions (only those related to individual annuities)

2. Initiatives of Japan Post Bank

■ To Satisfy Customer Needs

● More than 100 Investment Trust Products Now Available for Purchase

Since first starting to handle investment trust products in October 2005, we have been steadily expanding our lineup. As of April 2015, the lineup includes 105 products, from simple and easy-to-understand products to those for more experienced customers, thereby offering a broad range of choices matched to customers' individual life plans and asset management needs.

We also hold seminars and campaigns on a new tax exemption scheme for small-amount investments called NISA (short for Nippon Individual Savings Account) to convey to customers the merits of the scheme and why asset management is needed.



Investment trust leaflet



"Investment Trust - Masu Masu Kun's Room" page on our website

■ Holding Various Seminars Tailored to Customer Needs

At Japan Post Bank branches nationwide, we host seminars and consulting sessions matched to customer needs in various life events.

Our inheritance seminars, in particular, gained popularity as a result of the revision to Japanese inheritance and gift taxes that was enforced in January 2015, and were held more than 1,000 times nationwide in fiscal 2015.

For customers who do not have access to our services during business hours on weekdays, we provide financial and life planning advice services through evening seminars and weekend individual consulting sessions.

Japan Post Bank will continue to plan and hold a range of seminars and other events to satisfy needs of our customers.

3. Investment

We implement expeditious risk management for the entire portfolio based on the economic conditions and monetary policies both in and outside Japan. In order to secure stable current profits under our profit-earning structure that heavily relies on interest income primarily from investment in Japanese Government Bonds, we continue to diversify risks and revenue sources while performing appropriate control of interest rate risk.

TOPICS

● Japan Post Bank's First Corporate Advertisement Campaign "People on Yucho Street No. 1"

— Your Money Grows and Walks with You —

We are currently broadcasting the "People on Yucho Street No.1" series of our first corporate TV commercials nationwide.

This series, which was launched in March 2015, takes place in a fictitious town called Yucho Street No. 1 and features four people living in town: two men (acted by Takeru Satoh and Tsurube Shofukutei) and two women (acted by Hideko Hara and Masami Nagasawa) of different ages and backgrounds. They have their own inner struggles but try to positively look to the future. We convey our corporate attitude by showing that post offices are always there to help them move forward with hopes in their minds.

The catch line, "Your Money Grows and Walks with You," embraces our determination to safeguard our customers' "invaluable" money deposited to us together with their thoughts, memories and aspirations.



● Providing a Dementia Supporters Training Program

We offer a Dementia Supporters Training Program to cultivate the correct knowledge on dementia and provide an opportunity to learn appropriate ways to interact with people with dementia. We launched the program in fiscal 2014 for counter staff and external sales personnel of Japan Post Bank branches nationwide. In fiscal 2015, about 150 participants became "Caravan-Mates" to serve as lecturers in the program. As of March 31, 2015, more than 6,000 employees are active as Dementia Supporters. We will continue to promote the program and increase the number of these supporters in the future as well.

* Dementia Supporters are people who support people with dementia and their families.



Dementia Supporters sticker



Caravan-Mates training session

2. Products and Services

(As of July 1, 2015)

1. Deposits

Liquid deposits

Ordinary deposits

These deposits are useful for ATM card withdrawals, automatic deductions for utility and other bills, the receipt of salaries and automatic receipt of pension payments, and many other purposes.

- Unlimited deposits and withdrawals
- Deposit amount: ¥1 or more, ¥1 unit

Ordinary savings deposits

These deposits provide more beneficial interest rates than ordinary deposits for balances of ¥100,000 or higher. (Interest rates may be the same as the one for ordinary deposits depending on the interest rate trends.)

- Unlimited deposits and withdrawals
- Deposit amount: ¥1 or more, ¥1 unit

Fixed-term deposits

TEIGAKU deposits

These deposits can be withdrawn at any time after six months and held for up to ten years, with interest compounded semiannually. The initial interest rate is applicable until withdrawal.

- Deferment period: Six months (unlimited withdrawals after this period)
- Deposit amount: ¥1,000 or more, ¥1,000 unit
(Eight types: Deposits of ¥1,000, ¥5,000, ¥10,000, ¥50,000, ¥100,000, ¥500,000, ¥1 million, and ¥3 million)

Time deposits

These deposits have maturities that can be selected based on short-term and medium-term requirements for funds and personal needs. The extension procedure is simplified if automatic extensions are selected, making this deposit convenient for people with busy schedules.

- Deposit periods: One month, three months, six months, one year, two years, three years, four years, and five years (excluding one month deposits kept in deposit combined accounts)
- Deposit amount: ¥1,000 or more, ¥1,000 unit

Automatic-accumulation TEIGAKU deposits/time deposits (Accumulation-type deposits)

For these accumulation-type deposits, each month a fixed amount or an amount depending on the balance of an ordinary deposit account is transferred to a TEIGAKU deposit or time deposit. These automatic-accumulation deposits also allow funds to be deposited only in specifically designated months up to six times per year. Funds deposited in specifically designated months can also be combined with funds deposited regularly every month.

- Accumulation period: Six years or less
- Deposit amount: ¥1,000 or more, ¥1,000 unit

Time deposits with lump-sum payment at maturity (Accumulation-type deposits)

For these accumulation-type deposits, each month a fixed amount or an amount depending on the balance of an ordinary deposit account is transferred to a time deposit. At a pre-designated date (date for receiving a lump-sum payment at maturity), the accumulated deposits are transferred to an ordinary deposit. This type of deposit allows systematic accumulations in accordance with a person's future goals.

- Accumulation period: From one year up to three years
- Deposit amount: ¥1,000 or more, ¥1,000 unit

Asset accumulation TEIGAKU deposits (Asset accumulation)

This type of TEIGAKU deposit enables the accumulation of funds withheld from a salary and salary bonus continuously for three years or longer to help working people build assets.

- Duration: Three years or more
- Deposit amount: ¥1,000 or more, ¥1,000 unit

Asset accumulation pension TEIGAKU deposits (Asset accumulation)

This type of TEIGAKU deposit enables the accumulation of funds withheld from a salary and salary bonus continuously for five years or longer to help working people live comfortable lives in retirement. Interest is tax exempt and can be received from age 60 based on a pension-type payout method.

- Duration: Five years or more
- Deposit amount: ¥1,000 or more, ¥1,000 unit

Asset accumulation home TEIGAKU deposits (Asset accumulation)

This type of TEIGAKU deposit enables the accumulation of funds withheld from a salary and salary bonus continuously for five years or longer to accumulate funds for building, purchasing or renovating a home. Interest is tax exempt.

- Duration: Five years or more
- Deposit amount: ¥1,000 or more, ¥1,000 unit

New welfare time deposits (Others)

This one-year time deposit with preferential interest rates is designed for persons receiving disability, survivor and other similar public pensions and other eligible persons. Up to ¥3 million can be deposited.

- Deposit period: One year
- Deposit amount: From ¥1,000 or more, ¥1,000 unit, up to ¥3 million per depositor

Also Convenient

● All-in-one general accounts useful in daily lives

General accounts allow customers to manage ordinary, *TEIGAKU*, time and other deposits in one account and serve as customers' personal wallets that are conveniently available at post offices as well as Japan Post Bank branches and ATMs nationwide.

● Also convenient as accounts to receive salaries

A nationwide network of Japan Post Bank branches and post offices ensures convenience and security for customers at every opportunity, including when they are on a business trip.

Japan Post Bank ATMs are available 365 days a year with no withdrawal fees.

● Automatic deduction feature for quick and easy payment of utility and other bills

A worry-free automatic and continuous deduction feature is available to pay utility bills, mobile phone charges, rent and other expenses from ordinary deposits.

● Japan Post Bank ATMs of Japan Post Bank conveniently located throughout Japan

We operate approximately 27,200 ATMs throughout Japan. These ATMs charge no fees for deposits and withdrawals to and from Japan Post Bank accounts 365 days a year. Sending money from ATMs (electronic transfers) between Japan Post Bank accounts is also free of charge (until September 30, 2016).

2. Domestic Remittances

Remittances

Remittances provide a simple and low-cost method for sending money anywhere in Japan.

There are two types: ordinary remittances and postal orders (*TEIGAKU KOGAWASE*).

Ordinary remittances

Ordinary remittances allow cash to be exchanged for a money order that is sent to the recipient payee. The payee can then bring the certificate to a nearby Japan Post Bank branch or post office postal deposit counter and exchange the money order for cash.

Postal orders

The mechanisms for these remittances are the same as for ordinary remittances. However, postal orders offer lower fees and convenience when remitting small amounts. There are 12 types of money orders for postal orders in denominations of ¥50, ¥100, ¥150, ¥200, ¥250, ¥300, ¥350, ¥400, ¥450, ¥500, ¥750 and ¥1,000.

Fund transfers

Fund transfers provide an easy and reliable means of sending money by using a transfer account.

In-payment and out-payment can be handled normally or by electronic transfer for urgent transfers.

In-payment

In-payment remittances by persons not holding a transfer account can be sent to persons holding transfer accounts (account holders).

Electronic transfers

Persons holding a transfer account (account holders) can send deposits in the transfer account to a transfer account held by another person.

Transfers

Persons holding a transfer account (account holders) can transfer funds to persons holding a savings account at another financial institution.

Out-payment

Persons holding a transfer account (account holders) can send funds to persons not holding a transfer account.

3. International Remittances

Account transfer

The remittance amount and fee is withdrawn from the remitter's integrated account or giro account and deposited to an overseas-payee's bank or postal giro account.

Payment to account

The remittance amount and fee is paid in cash and deposited to an overseas-payee's bank or postal giro account.

Payment to address

The remittance amount and fee is paid in cash, and the money order is delivered to the payee's address. The payee can then cash the money order at their local post office. Only in the case of remittances to the United States is a money order issued to the remitter, after which the remitter sends the money order to the payee by international mail, etc.

4. Individual Loans

Loan intermediary service

Japan Post Bank serves as an agent for mortgage loans, specific-purpose loans and card loans offered by Suruga Bank Ltd. based on an alliance with this bank. Customers can apply for these loans at selected Japan Post Bank branches by telephone or via the Internet.

Yume Butai home loan

This line features 15 types of home loans matched to the lifestyle of each individual, including persons operating sole proprietorships, working women and seniors thinking ahead to the retirement stage of their lives. These home loans can be used for building a new home, expanding and renovating an existing home, moving to a new home and refinancing.

Yume Koro free loan

This line of loans is available in two types: a "purpose" type and a "parental-devotion" type. The "purpose" type is available in amounts of up to ¥5 million and is offered in seven plans that are matched to the particular life stage of each person, including education, automobile and renovation plans. The "parental-devotion" type is available in amounts of up to ¥10 million, which can be used such expenses as family members' nursing care.

Shitaku Card Loan

Borrowing and repayment can be made directly from ATMs with this card loan. No collateral is needed, and loans of up to ¥5 million are available (¥3 million for the first application).

5. Investment Products

Japanese Government Bonds (JGBs)

Sales of JGBs to be sold (two-, five- and ten-year maturities) and nonmarketable JGBs for individual investors (three- and five-year fixed rate and ten-year variable rate) to purchase and loans secured by these bonds

Investment trusts

Sale and repurchase of investment trusts and payments of income distributions and amounts due for fund maturities and redemptions

Variable annuities

Intermediary services for sales of insurance products such as variable annuities

6. Credit and Debit Card Services

Credit cards (JP BANK CARD)

Japan Post Bank issues the JP BANK CARD, which is both an ATM card and a credit card (available in three types: Visa, MasterCard and JCB).

In addition to another combo card lineup, JP BANK VISA Card ALente and JP BANK JCB Card EXTAGE, for young generation customers aged 18 to 29 (excluding high school students), we provide the JP BANK VISA Card Gold, JP BANK MasterCard Gold and JP BANK JCB Card Gold with an extensive range of privileges.

We also offer family cards, ETC cards, WAON cards*1, PiTaPa cards*1, iD (cell phone)*1, Plus EX cards*1 and QUICPay*2 (card and mobile).

*1 Visa and MasterCard only

*2 JCB only



JP BANK VISA Card



JP BANK MasterCard



JP BANK JCB Card



JP BANK VISA Card ALente



JP BANK JCB Card EXTAGE



JP BANK VISA Card Gold



JP BANK MasterCard Gold



JP BANK JCB Card Gold

Debit Card Services

After customers scan their ATM cards using dedicated terminals and enter their personal identification numbers at locations such as retail electronics stores and supermarkets, purchase amounts are immediately debited from their general accounts (subject to an upper limit).

7. Internet Banking Services

JAPAN POST BANK Direct

This service allows customers to use a PC, smartphone, mobile phone, telephone or facsimile machine to make deposits to *TEIGAKU* deposits and time deposits used as collateral, to initiate transfers to Japan Post Bank accounts (wire transfers), transfer funds to another financial institution, to perform investment trust transactions and to verify account deposit and withdrawal transactions.

* Some services may not be available depending on the device used.



JAPAN POST BANK Direct (PCs)



JAPAN POST BANK Direct (Smartphones)



JAPAN POST BANK Direct (Mobile phones)

JAPAN POST BANK Investment Trust WEB Premier

A members-only Internet investment trust service, offering new, members exclusive investment products in addition to the existing investment trust products handled by Japan Post Bank. Various exclusive services for members are also available.

8. Other Services

"Japan Post Bank Deposits for International Aid"

"Japan Post Bank Deposits for International Aid" sets aside 20% of interest received on ordinary deposits and ordinary savings (after-tax) for use as contributions toward reducing poverty, improving daily living and protecting the environment in developing countries and regions. These contributions are made via the Japan International Cooperation Agency (JICA) Donation Fund for the People of the World.

ATM/CD alliance

ATM cards and other eligible cards issued by affiliated financial institutions can be used at Japan Post Bank ATMs, and vice versa.

JAPAN POST BANK Pay-easy Service

This service enables taxes and various types of fees to be paid through ATMs and JAPAN POST BANK Direct (PCs and mobile phones). The service also immediately reports data concerning completed payments to the recipient financial institution.

Foreign currency exchange

Exchange services are provided for eight currencies: U.S. dollar, Euro, South Korean won, British pound, Australian dollar, Canadian dollar, Chinese yuan and Swiss franc. (Available currencies vary according to outlets.)

Traveler's Checks

Traveler's Checks issued only by American Express are exchangeable for Japanese yen. (Sales of traveler's checks have been discontinued.)

Payment of benefits from pensions and other types of assistance

Japan Post Bank handles the payment of benefits from various pensions and assistance schemes that include the payment of benefits from pensions, senior welfare pensions, national pensions, employees' pensions, mariners' insurance pensions, workers' compensation pension insurance, cover pensions, child-rearing allowances, special child-rearing allowances and mutual aid pensions. Japan Post Bank also provides payments from registered bonds and annual payouts (national tax refunds).

Collection of fees for public utility and other service payments

Japan Post Bank collects various types of payments. These include payments for national taxes (personal income and corporate taxes); local taxes (local inhabitant taxes and fixed-property taxes); various types of health insurance; pensions (national health insurance, employee's pensions); public housing fees; public utility and service fees such as electricity, gas, water, and NHK public television fees; traffic violation fines; and radio utilization fees.

Notes: 1. Payments received from various types of pensions are paid by automatic deposit into the customer's ordinary deposit account.
2. Some payments and public utility fees are paid automatically through withdrawals from the customer's ordinary deposit account.

3. Japan Post Bank Business Performance

1 Key Financial Indicators

(Millions of yen)

	Fiscal 2013	Fiscal 2014	Fiscal 2015
Ordinary income	2,125,888	2,076,397	2,078,179
Operating profit (before provision for general reserve for possible loan losses)	512,808	472,687	519,998
Net operating profit	512,808	472,687	519,998
Net ordinary income	593,535	565,095	569,489
Net income	373,948	354,664	369,434
Capital stock	3,500,000	3,500,000	3,500,000
Shares outstanding (thousands of shares)	150,000	150,000	150,000
Net assets	10,997,558	11,464,524	11,630,212
Total assets	199,840,681	202,512,882	208,179,309
Deposits	176,096,136	176,612,780	177,710,776
Loans	3,967,999	3,076,325	2,783,985
Securities	171,596,578	166,057,886	156,169,792
Capital adequacy ratio (non-consolidated, domestic standard) (%)	66.04	56.81	38.42
Dividend payout ratio (%)	25.00	26.50	50.00
Employees (persons)	12,922	12,963	12,889

Notes:

1. The balance of deposits including accrued interest at the end of fiscal 2015 is ¥179,009,556 million (¥177,734,274 million at the end of fiscal 2014 and ¥177,038,298 million at the end of fiscal 2013).
2. The capital adequacy ratio (non-consolidated, domestic standard) is calculated based on standards stipulated by Article 14-2 of the Banking Act for the purpose of determining whether banks have sufficient equity capital given their holdings of assets and other instruments (Notification No. 19, the Financial Services Agency of Japan, 2006). Japan Post Bank has applied Japanese domestic Basel III capital adequacy standards since the year ended March 2014.
3. The number of employees excludes Japan Post Bank employees assigned to other companies by the Bank but includes employees assigned to the Bank by other companies. The figures do not include short-term contract and part-time employees.

2 Balances by Type of Deposit

1. Balances at the End of Fiscal Period

(Millions of yen, %)

		March 31, 2013		March 31, 2014		March 31, 2015	
		Amount	%	Amount	%	Amount	%
Domestic operations	Liquid deposits	59,971,472	34.05	60,200,571	34.08	61,053,645	34.35
	Transfer deposits	10,209,954	5.79	10,925,669	6.18	11,747,374	6.61
	Ordinary deposits, etc.	49,358,959	28.02	48,878,529	27.67	48,912,826	27.52
	Savings deposits	402,558	0.22	396,371	0.22	393,443	0.22
	Fixed-term deposits	115,878,602	65.80	116,157,689	65.76	116,453,033	65.52
	Time deposits	18,817,949	10.68	14,781,463	8.36	13,569,920	7.63
	TEIGAKU deposits, etc.	97,057,788	55.11	101,374,092	57.39	102,881,558	57.89
	Other deposits	246,060	0.13	254,519	0.14	204,097	0.11
	Subtotal	176,096,136	100.00	176,612,780	100.00	177,710,776	100.00
	Negotiable certificates of deposit	—	—	—	—	—	—
Total		176,096,136	100.00	176,612,780	100.00	177,710,776	100.00
International operations	Total	—	—	—	—	—	—
Total		176,096,136	100.00	176,612,780	100.00	177,710,776	100.00
Deposits including accrued interest		177,038,298		177,734,274		179,009,556	

Notes:

1. Liquid deposits = Transfer deposits + Ordinary deposits, etc. + Savings deposits
Ordinary deposits, etc. = Ordinary deposits + Special deposits (equivalent to ordinary savings)
2. Fixed-term deposits = Time deposits + TEIGAKU deposits, etc. + Special deposits (Savings for housing installments equivalent + Education installment savings equivalent)
TEIGAKU deposits, etc. = TEIGAKU deposits + Special deposits (TEIGAKU savings equivalent)
3. "Transfer deposits" correspond to "Current deposits" and "TEIGAKU deposits" to "Other deposits" in liabilities in accordance with the Ordinance for Enforcement of the Banking Act.
4. Special deposits, which represent deposits received from the Management Organization for Postal Savings and Postal Life Insurance, an independent administrative agency, correspond to postal savings that were passed on to the organization by Japan Post.
5. Special deposits (equivalent to ordinary savings) are the portion of deposits received from the Management Organization for Postal Savings and Postal Life Insurance corresponding to savings for time savings, TEIGAKU savings, installment savings, savings for housing installments, and education installment savings that had reached full term and were passed on to the organization by Japan Post.

2. Average Balances

(Millions of yen, %)

		Fiscal 2013		Fiscal 2014		Fiscal 2015	
		Amount	%	Amount	%	Amount	%
Domestic operations	Liquid deposits	60,631,246	34.38	60,550,882	34.21	61,057,460	34.35
	Transfer deposits	9,825,702	5.57	10,591,337	5.98	11,365,224	6.39
	Ordinary deposits, etc.	50,398,750	28.58	49,559,468	28.00	49,296,826	27.73
	Savings deposits	406,793	0.23	400,075	0.22	395,409	0.22
	Fixed-term deposits	115,424,575	65.46	116,144,774	65.63	116,441,954	65.52
	Time deposits	18,437,969	10.45	16,818,118	9.50	14,163,314	7.96
	TEIGAKU deposits, etc.	96,983,112	55.00	99,324,145	56.12	102,276,763	57.55
	Other deposits	272,366	0.15	268,336	0.15	211,981	0.11
	Subtotal	176,328,187	100.00	176,963,992	100.00	177,711,397	100.00
	Negotiable certificates of deposit	—	—	—	—	—	—
Total		176,328,187	100.00	176,963,992	100.00	177,711,397	100.00
International operations	Total	—	—	—	—	—	—
Total		176,328,187	100.00	176,963,992	100.00	177,711,397	100.00
Deposits including accrued interest		177,187,194		177,981,354		178,911,788	

3

Loans by Category

1. Balances at the End of Fiscal Period

	(Millions of yen)		
	As of March 31, 2013	As of March 31, 2014	As of March 31, 2015
Domestic operations			
Loans on notes	—	—	—
Loans on deeds	3,695,308	2,830,118	2,549,816
Overdrafts	235,189	246,206	234,169
Notes discounted	—	—	—
Subtotal	3,930,497	3,076,325	2,783,985
International operations			
Loans on notes	—	—	—
Loans on deeds	37,501	—	—
Overdrafts	—	—	—
Notes discounted	—	—	—
Subtotal	37,501	—	—
Total	3,967,999	3,076,325	2,783,985

2. Average Balances

	(Millions of yen)		
	Fiscal 2013	Fiscal 2014	Fiscal 2015
Domestic operations			
Loans on notes	—	—	—
Loans on deeds	3,734,255	3,185,218	2,740,220
Overdrafts	224,637	232,891	232,114
Notes discounted	—	—	—
Subtotal	3,958,893	3,418,109	2,972,334
International operations			
Loans on notes	—	—	—
Loans on deeds	37,506	13,340	—
Overdrafts	—	—	—
Notes discounted	—	—	—
Subtotal	37,506	13,340	—
Total	3,996,399	3,431,450	2,972,334

4

Balances by Type of Securities

1. Balances at the End of Fiscal Period

	(Millions of yen)		
	As of March 31, 2013	As of March 31, 2014	As of March 31, 2015
Domestic operations			
Japanese government bonds	138,198,732	126,391,090	106,767,047
Japanese local government bonds	5,806,099	5,550,379	5,525,117
Commercial paper	548,975	333,979	226,986
Japanese corporate bonds	11,304,010	11,050,163	10,756,050
Japanese stocks	935	935	935
Other securities	30,072	—	—
Subtotal	155,888,824	143,326,547	123,276,136
International operations			
Other securities	15,707,754	22,731,338	32,893,656
Foreign bonds	11,646,446	14,532,618	18,817,706
Investment trusts	—	8,120,582	13,967,716
Foreign stocks	—	—	—
Subtotal	15,707,754	22,731,338	32,893,656
Total	171,596,578	166,057,886	156,169,792

2. Average Balances

	(Millions of yen)		
	Fiscal 2013	Fiscal 2014	Fiscal 2015
Domestic operations			
Japanese government bonds	138,803,297	135,713,497	116,413,435
Japanese local government bonds	5,764,674	5,652,880	5,570,677
Commercial paper	408,392	552,167	293,887
Japanese corporate bonds	11,985,480	11,237,582	10,999,777
Japanese stocks	902	935	935
Other securities	30,000	29,917	—
Subtotal	156,992,748	153,186,980	133,278,712
International operations			
Other securities	12,611,611	19,197,622	26,849,989
Foreign bonds	9,821,147	12,929,369	16,653,595
Investment trusts	—	6,191,298	10,117,574
Foreign stocks	—	—	—
Subtotal	12,611,611	19,197,622	26,849,989
Total	169,604,359	172,384,603	160,128,701

5 Over-the-Counter Sales of Japanese Government Bonds

(Millions of yen)

	Fiscal 2013	Fiscal 2014	Fiscal 2015
Long-term bonds	73,731	73,867	45,243
Medium-term bonds	134,567	123,770	56,805
Bonds for individuals	106,910	152,288	139,475
Total	315,209	349,927	241,524

6 Domestic Exchanges

(Millions of yen)

	Fiscal 2013		Fiscal 2014		Fiscal 2015	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
Sent	19,311	15,874,930	21,642	17,697,182	24,252	21,769,194
Received	45,108	12,079,552	53,810	13,621,048	67,192	15,415,275

Note: All remittances are transferred through the Zengin Data Telecommunication System (Zengin System).

7 Transfer Deposits

(Millions of yen)

	Fiscal 2013		Fiscal 2014		Fiscal 2015	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
In-payment	1,181,903	55,216,110	1,182,252	59,028,061	1,171,772	68,295,736
Transfers	104,578	85,537,247	107,492	87,321,165	112,041	81,957,838
Out-payment	120,588	48,102,643	123,361	50,848,174	120,517	56,831,965

8 Ordinary Remittances and Postal Orders (TEIGAKU KOGAWASE)

(Millions of yen)

	Fiscal 2013		Fiscal 2014		Fiscal 2015	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
Ordinary remittances	1,704	39,241	2,023	40,309	1,607	34,492
Postal orders (TEIGAKU KOGAWASE)	16,378	9,101	16,671	9,254	16,679	9,288

9 Foreign Exchanges

(Millions of U.S. dollars)

Fiscal 2013		Fiscal 2014		Fiscal 2015	
Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
390	1,307	372	1,263	352	1,112

Note: Foreign exchanges represent the total of international remittances and purchases and sales of traveler's checks (purchases only in Fiscal 2015).

10 Investment Trust Sales (Contract Basis)

	(Millions of yen)		
	Fiscal 2013	Fiscal 2014	Fiscal 2015
Number of contracts (thousands)	1,090	952	1,061
Sales amount	279,187	339,685	377,000

Note: Figures have been rounded off.

	(Millions of yen)		
	March 31, 2013	March 31, 2014	March 31, 2015
Number of investment trust accounts (thousands)	622	644	665
Net assets	1,016,814	977,638	1,118,791

11 Other Businesses

Credit Cards

	(Thousands)		
	Fiscal 2013	Fiscal 2014	Fiscal 2015
Number of cards issued	94	70	60

	(Thousands)		
	March 31, 2013	March 31, 2014	March 31, 2015
Outstanding	2,081	1,976	1,573

Mortgage Loans (as intermediary)

	(Millions of yen)		
	Fiscal 2013	Fiscal 2014	Fiscal 2015
Amount of new credit extended	24,047	24,438	34,833

	(Millions of yen)		
	March 31, 2013	March 31, 2014	March 31, 2015
Amount of new credit extended (cumulative)	247,710	272,148	306,981

Japan Post Bank acts as the intermediary for Suruga Bank Ltd.'s mortgage loan business.

Variable Annuity Policies

	(Millions of yen)		
	Fiscal 2013	Fiscal 2014	Fiscal 2015
Number of policies	10,259	12,214	11,987
Sales amount	52,865	69,286	66,914

	(Millions of yen)		
	March 31, 2013	March 31, 2014	March 31, 2015
Number of policies (cumulative)	41,355	53,569	65,556
Sales amount (cumulative)	209,251	278,537	345,452

3. Operations of Japan Post Insurance



Masami Ishii

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

Message from the Company



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

Review of the Year Ended March 2015

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

Firstly, as part of an effort to organize and reinforce our payments management structure for providing better customer service through simple, prompt and accurate payments of insurance benefits, we started the phased implementation of an Claim Payment Processing System (SATI) in April 2014 and completed the task in October of the same year. This system offers enhanced IT-supported assistance to the payment examination process and

enables us to implement a fundamental reform of the examination flow for further upgrading our payment operations and improving payment processing efficiency. By leveraging this system and enhancing development of human resources, we intend to attain the industry's highest-quality payments management structure.

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

In promoting sales, we strived to strengthen our sales capabilities through the marketing of new products and products offered under business alliances. In April 2014, we commenced sales of the educational endowment

insurance product *Hajime no Kanpo*, which has gained popularity among customers. We also launched sales of cancer insurance products of American Family Life Assurance Company of Columbus (Aflac) in July and started selling another cancer product, New Cancer Days - Cancer Insurance for Daily Living (JP Only Product), developed by Aflac for the Japan Post Group, in October 2014.

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

Amid these circumstances, Japan Post Insurance enhanced its collaboration with Japan Post Co., Ltd. and successfully sold 2,380 thousand individual insurance policies (6.6% increase from the previous fiscal year) for the insured amount of ¥7,002.5 billion (6.8% increase), with both figures exceeding the record high since privatization attained in the previous fiscal year.

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

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

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

Future Outlook

As management tasks, we focus on implementing four priority measures. These are: 1) deployment of administrative and IT system 2) enhancing sales force of distribution channel 3) product development corresponding to customers' needs 4) improve capacity for earnings from investment 5) enhance our internal control system and human resource development

During the fiscal year ending March 2016, at the timing of a stock listing of Japan Post Holdings Co., Ltd. and disposal of a portion of shares owned by the Japanese government, we also aim to go public and dispose of a portion of our shares for the purpose of promoting postal privatization, financing earthquake reconstruction and increasing managerial discretion.

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

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

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

1. Overview of Operations

Japan Post Insurance undertakes the insurance business within the Japan Post Group.

The company provides definitive security through agents (the post offices) as well as directly managed sales offices (branches). The management philosophy of Japan Post Insurance is “moving forward with our customers while serving as ‘Japan’s most familiar and trusted insurance company.’”

1. Provision of Insurance Products and Services

Japan Post Insurance carries on the social mission of postal life insurance* the same as prior to the postal privatization to “provide basic coverage for the people of Japan with insurance using simple procedures” through the provision of easy-to-understand and easy-to-use products and services developed from a customer standpoint.

Life insurance contracts with Japan Post Insurance following privatization differ from those prior to privatization in that there is no payment guarantee from the government. As with other life insurance companies in Japan, however, a policyholder protection scheme provides a certain degree of protection.

(1) Agents

Japan Post Insurance utilizes a nationwide supply network of the post offices operated by the newly reorganized Japan Post to provide simple and easy-to-understand products in small amounts and through simple procedures, along with associated services. These products and services provided via post offices primarily target individuals and households.

Japan Post Insurance has also established Agency Relations Divisions for 76 directly managed sales offices (as of April 30, 2015) in major cities throughout the country to support sales promotion, training and development, and administrative affairs to help promote sales.

In addition, leveraging our unique features, we work with Japan Post to develop products that meet customers’ needs, develop new markets and service channels and upgrade sales processes.

(2) Directly Managed Sales Offices

Japan Post Insurance has Whole Sales Divisions in directly managed sales offices, and these divisions are responsible for providing products and services primarily to companies and in the workplace at small and mid-sized companies and other entities.

In order to respond to the needs of our customers, which are becoming more diverse, we monitor market trends, accumulate extensive sales know-how and build an effective sales framework through this sales and service channel.

*The Management Organization for Postal Savings and Postal Life Insurance manages life insurance taken out prior to the postal privatization. Japan Post Insurance has been entrusted with administrative affairs by this organization but has outsourced some of those operations to Japan Post, allowing premiums to be paid and benefits collected through post office offsite sales personnel and counter services.

2. Enhancing Products and Services

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

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

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

The following highlights examples of major activities conducted to date.

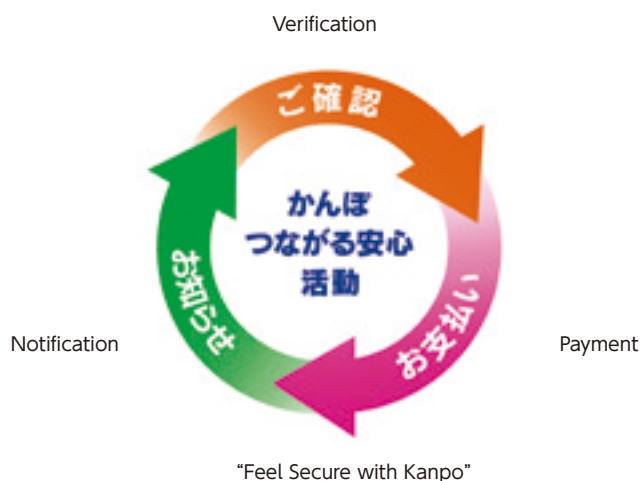
- Extending the upper age limit of our ordinary endowment insurance
- Efforts for explaining our products to elderly customers more easily and thoroughly in the solicitation process, including requesting the presence of a family member
- Establishment of a dedicated call center for elderly customers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

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

We provide “Comprehensive and Heartfelt Services” at post offices across the country.

As part of this effort, we are engaging in “Feel Secure with Kanpo” activities to verify with policyholders the details of coverage provided by their respective insurance contracts and identify any missed claims. At the same time, we deliver various notifications to customers to explain the procedures for specifying a bank account to quickly and reliably receive benefits and inform the availability of an option that allows a designated third party to request insurance benefits.

We will continue to enhance collaboration with Japan Post and deliver “Comprehensive and Heartfelt Services” to bring even greater satisfaction to our customers.



■ Initiatives for Making Benefit and Other Payments in a Simple, Prompt and Accurate Manner

The most crucial mission of an insurance company is to ensure benefit and other payments are made to customers as promised.

In order to fulfill this mission faithfully from a customer perspective, we seek to ensure a payment management structure of the highest quality and are undertaking a range of initiatives to make benefit and other payments in a simple, prompt and accurate manner.

Specifically, we are working to provide meticulous procedural guidance for filing claims and enhance our insurance notification service by identifying the availability of any additional benefits. We are also promoting the development of specialists who have expert knowledge and skills required to perform claim payment assessments through various education and training programs.

In addition, we are making efforts to improve the quality of the claim review. One example is the introduction of a Claim Payment Processing System (SATI) that builds on advanced image work flow (IWF) technology. This system offers enhanced IT-supported operational assistance and enables us to conduct a fundamental reform of our payment examination flow. The phased deployment of the system began in April 2014 and was completed in October of the same year.

We will move ahead and devise ways to further upgrade of our claims payment processing based on cutting-edge technology developed by International Business Machines Corp. (IBM).

Capitalizing on our system infrastructure, we will continue to reinforce our payment management structure by enhancing the plan-do-check-act (PDCA) cycle through more and effective use of data in order to ensure even higher operational quality and business processing efficiency.

■ Launched Sales of *Hajime no Kanpo* Educational Endowment Insurance

Our educational endowment insurance products, originally launched in September 1971 by the then Ministry of Posts and Telecommunications, have been used by a large number of customers. To respond to their diverse, ever-changing needs, we updated these products and commenced sales of *Hajime no Kanpo* (official names: Educational Endowment Insurance (H24) and Educational Endowment Insurance (H24) (without Premium Protection Agreement)) in April 2014.

These new products are highly savings based compared with our conventional products, and enable customers to efficiently accumulate education funds. With the introduction of the new programs, including the one that covers funds for enrolling in university and the subsequent four years of education, our lineup of educational endowment insurance now responds to a broader range of customer needs.

■ Obtaining Approval for Short-Term Premium Payment Endowment Insurance

Pursuant to Article 138 (1) of the Postal Service Privatization Act, Japan Post Insurance submitted an application for sales of endowment insurance with a shortened premium period (ordinary endowment insurance having a shorter premium payment period than the term of the insurance) to the Commissioner of the Financial Services Agency and the Minister of Internal Affairs and

Communications on February 19, 2015 and obtained approval on April 15, 2015.

We plan to initiate sales of 10-year premium payment 15-year maturity endowment insurance (ordinary endowment insurance with the premium period of 10 years and the term of the insurance of 15 years) in October 2015. We believe that this product will contribute to increasing convenience for our customers and ensuring the stability of our operations.

3. Asset Management

Our basic policy toward asset management is to match asset and liability cash flows by building a portfolio of long-term yen-denominated interest-bearing assets based on the characteristics of our liabilities in order to maintain sound management and ensure the payment of benefits. Going forward, we will work to diversify our asset management operations while enforcing adequate risk management and take advantage of other assets such as Japanese local government bonds, Japanese corporate bonds, foreign securities and stocks, which can be expected to generate higher interest than Japanese government bonds from the standpoint of improving profits.

TOPICS

"Life is Full of Dreams."

In November 2014, we rolled out a new series of our "Life is Full of Dreams" corporate advertising campaign.

This campaign conveys the message: "Life is not just a source of joy. It sometimes lets you fail and makes you cry. Still, life is beautiful."

Our message has been disseminated primarily through TV commercials, as well as via a special page on our website and by putting up posters at post offices nationwide.



Sponsoring a Musical by the Takarazuka Revue Company

As part of our cultural contribution activities to support people taking on challenges toward fulfilling their life's dreams, we sponsored a musical program by the "Moon Troupe" of the Takarazuka Revue Company, "Kanpo Dream Theater Le Spectacle Musical: 1789 – Les Amants de la Bastille."

Through the Takarazuka's performance, we deliver dreams to everyone.



2. Products and Services

1. Major Types of insurance

(As of April 2, 2015)

Aim of contract	Type of insurance	Subscription age									
		0	10	20	30	40	50	60	70	80	
For those considering lifetime security	Fixed whole life insurance			15* to 65							
For those considering the balance of lifetime security	Whole life insurance with twofold insurance coverage			15* to 60							
	Whole life insurance with fivefold insurance coverage			15* to 55							
For those who want to add <i>Tanoshimi</i> (enjoyment) to lifetime security	Special whole life insurance			15* to 65							
For those who wish to increase security with a minimum burden	Ordinary term insurance			15 to 50							
For those considering both security and maturity	Ordinary endowment insurance	0 to 80									
For those considering both enhanced security and maturity	Special endowment insurance with twofold insurance coverage			15 to 70							
	Special endowment insurance with fivefold insurance coverage			15 to 65							
	Special endowment insurance with tenfold insurance coverage			15 to 60							
For those struggling with illness	Designated endowment insurance					40 to 65					
For those considering making preparations for education funds	Educational endowment insurance (H24)	(Hajime no Kanpo) 0 to 12									
				18 to 65 (male)							
				16 to 65 (female)							
	Educational Endowment Insurance (H24) (without Premium Protection Agreement)	(Hajime no Kanpo) 0 to 12									
For those considering a comfortable retirement	Term annuity						45 to 70				
For those who wish to accumulate assets as wage earners	Asset-formation savings insurance			15* to 65							
	Asset-formation housing funding insurance			15* to 54							
	Asset-formation whole life annuity					36 to 54					

Note: Subscription age is insurance age (except for *marks).

Note: Subscription age for educational endowment insurance (H24) is shown in pink for insured person and in yellow for policyholders. There is no limit on subscription age for Educational Endowment Insurance (H24) (without Premium Protection Agreement).

Note: We may refrain from selling some products depending on the interest rates and other situations.

2. Principal Riders and Provisions

(As of April 2, 2015)

Name of rider/provision	Outline of rider/provision
Accident rider	Rider concerning provision for death or physical disability caused by an unforeseen accident
Nonparticipating accident hospitalization rider	Rider concerning provision for predefined hospitalization, surgery or long-term hospitalization caused by an unforeseen accident
Nonparticipating illness hospitalization and accident hospitalization rider	Rider concerning provision for predefined hospitalization, surgery or long-term hospitalization caused by illness or an unforeseen accident
Option that allows a designated third party to request insurance benefits	A designated third party (family etc.) can submit requests for insurance benefits on behalf of the beneficiary (insured person) when he or she is unable to do so due to special circumstances.

Note: Additional information concerning conditions for the payment of rider benefits and restrictions on these payments is listed in the policy information and policy agreement pamphlets.

●Nonparticipating accident hospitalization rider and nonparticipating illness hospitalization and accident hospitalization rider



The Japan Post Insurance *Sono hi kara* Hospitalization Rider provides basic insurance coverage that is simple and easy to understand. This rider pays benefits beginning with the first day in the hospital

and covers an extended scope of surgery to match the government health insurance system.

■Coverage of Japan Post Insurance *Sono hi kara* Hospitalization Rider

Benefits (for nonparticipating illness hospitalization and accident hospitalization rider) ¥15,000 daily payment in hospital stay (Rider standard insurance amount: ¥10 million)

Hospitalization for illness or injury (hospitalization benefit)
Benefits starting with the first day of hospitalization
(even for a single-day stay in the hospital [Note 1])

¥15,000 × days of hospitalization
(Daily payment of hospitalization benefits) (120 days limit)

Surgery for illness or injury (surgery benefits)
Payments for surgery requiring hospitalization (Note 2)

Depending on the type of surgery: ¥15,000 × 5, 10, 20, or 40 times
(Daily payment of hospitalization benefits)

Long-term hospitalization for illness or injury
(long-term hospitalization, one-time payment)
Payment made when hospital stay reaches 120 consecutive days

¥300,000 (3% of rider standard insurance amount)

Notes: 1. A single-day stay in the hospital is defined as when the hospital admittance and discharge days are the same. Decisions regarding hospitalization will be based on whether or not the hospitalization basic fee was paid and on other factors.
2. Surgery covered by the rider has been expanded to cover surgery eligible under the specified government health insurance system, such as tonsil removal that requires hospitalization.

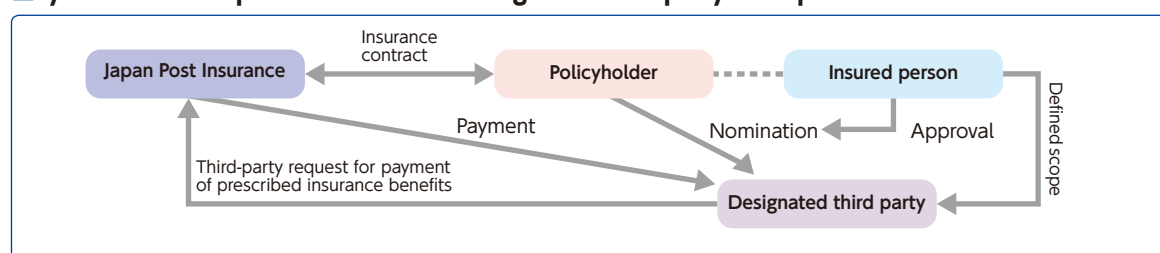
Note: Additional information concerning conditions for the payment of rider benefits and restrictions on these payments is listed in the policy information and policy agreement pamphlets.

●System with an option that allows a designated third party to request insurance benefits

With this system, policyholders designate in advance a third party who can act as an agent for requesting the payment of insurance benefits. This may be useful when an insured person who is also the

beneficiary is unable to submit the request due to a serious illness or injury.

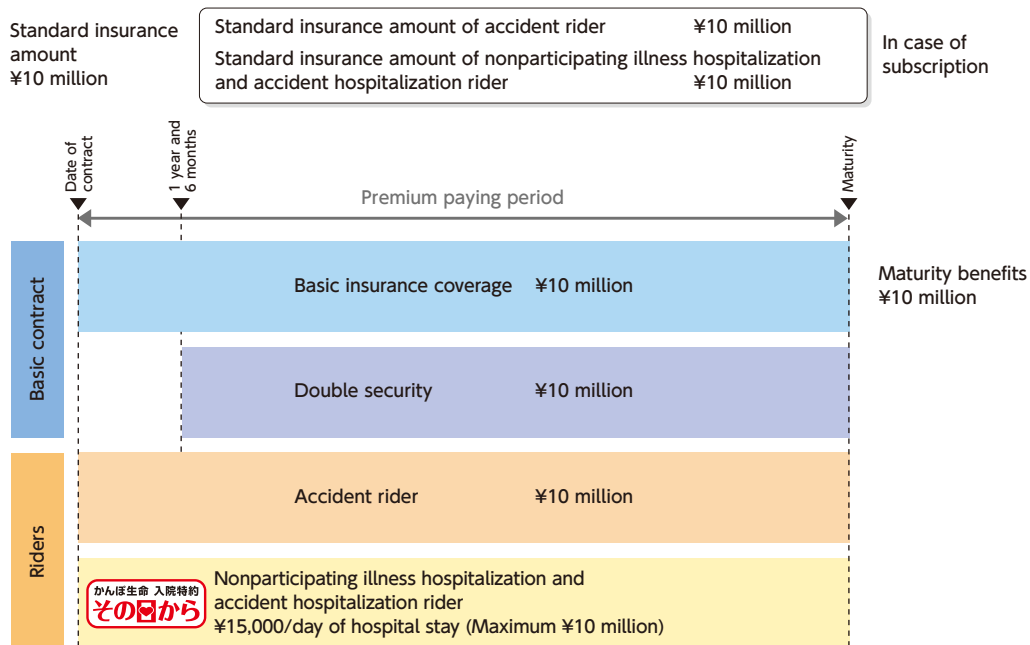
■System with an option that allows a designated third party to request insurance benefits



Insurance schemes

●Outline of endowment insurance schemes

Ordinary endowment insurance

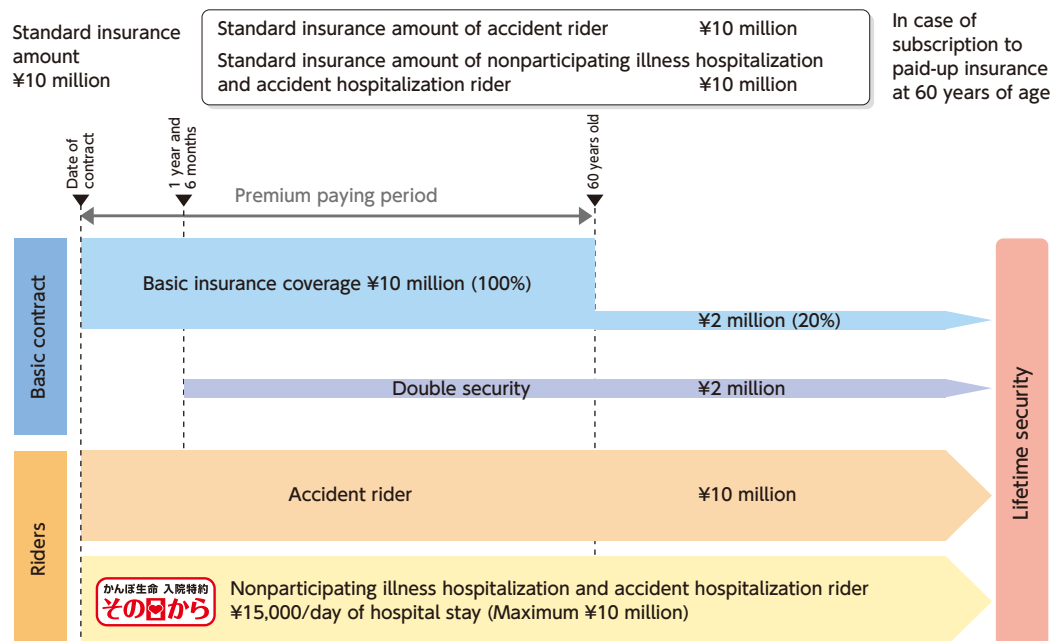


Features

- We pay maturity benefits when the term of the insurance has matured while the insured person is still alive and death benefits to a beneficiary when the insured person has passed away during the term of the insurance. (The amount is the same for both maturity and death benefits.)
- Maturity can be set in one-year increments, and insurance premiums will not change until maturity.

●Outline of whole life insurance schemes

Whole life insurance with fivefold insurance coverage



Features

- Payment of death benefits made in case of death of insured person.
- Unnecessary to make insurance payments following maturity of premium paying period.
- Provides lifetime security.
- Death insurance amount following maturity of premium paying period will be equivalent to 20% of the standard insurance amount.

3. Japan Post Insurance Business Performance

1 Sound Management Indicators

1. Core Profit

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

Japan Post Insurance's core profit for fiscal 2015 was ¥515.4 billion.

Core Profit ¥515.4 billion

(Billions of yen)

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

Notes: 1. Excluding the amount regarding net capital gains

2. Excluding the amount regarding other one-time profits (reversal of contingency reserve and others)

Core Profit Breakdown (Three Major Profit Sources)

(Billions of yen)

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

2. Solvency Margin Ratio

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

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

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

Japan Post Insurance's solvency margin ratio at the end of fiscal 2015 was 1,641.4%, indicating a high degree of management soundness. We will continue to take the actions needed to maintain adequate financial resources to fulfill our obligations.

**Solvency Margin Ratio
1,641.4%**

(Billions of yen)

	End of fiscal 2013	End of fiscal 2014	End of fiscal 2015
Total amount of solvency margin (A)	¥ 5,000.0	¥ 5,130.0	¥ 5,697.2
Capital stock, etc.	1,286.2	1,332.8	1,386.5
Reserve for price fluctuations	522.8	614.2	712.1
Contingency reserve	2,683.6	2,588.7	2,498.7
General reserve for possible loan losses	0.0	0.0	0.0
Net unrealized gains (losses) on available-for-sale securities (before taxes) × 90% (if negative, × 100%)	202.4	238.9	703.5
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	(3.3)	(3.4)	(10.0)
Excess of continued Zillmerised reserve	308.1	358.5	406.2
Capital raised through debt financing	—	—	—
Amounts within "excess of continued Zillmerised reserve" and "capital raised through debt financing" not calculated into the margin	—	—	—
Deductions	—	—	—
Other	—	—	—
Total amount of risk (B)	¥ 681.2	¥ 632.0	¥ 694.1
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$			
Insurance risk R ₁	172.9	168.4	163.7
Underwriting risk of the third-sector insurance R ₈	113.1	99.9	88.5
Anticipated yield risk R ₂	218.5	198.1	184.4
Minimum guarantee risk R ₇	—	—	—
Investment risk R ₃	380.1	355.8	443.2
Business management risk R ₄	17.6	16.4	17.6
Solvency margin ratio (A) / (1/2) × (B) × 100	1,467.9%	1,623.4%	1,641.4%

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

3. Status of Accumulation of Internal Reserves

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

At the end of fiscal 2015, Japan Post Insurance had a contingency reserve of ¥2,498.7 billion and a reserve for price fluctuations of ¥712.1 billion, a total of ¥3,210.8 billion.

(Billions of yen)

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

Total of Contingency Reserve and Reserve for Price Fluctuations **¥3,210.8 billion**

4. Real Net Assets

"Real net assets" is calculated by subtracting liabilities, other than the contingency reserve and reserve for price fluctuations and other liabilities with equity characteristics, from total assets measured at market value. The regulatory agency uses real net assets as an indication of an insurance company's financial soundness at the end of a fiscal period. A negative figure may lead to an order to suspend operations or other regulatory actions. (However, such regulatory action is not generally taken if the amount after subtracting unrealized losses associated with held-to-maturity securities and policy-reserve-matching bonds is positive and liquid assets have

been set aside).

At the end of fiscal 2015, Japan Post Insurance had a sufficient level of ¥11,512.2 billion in real net assets.

(Billions of yen)

	End of fiscal 2013	End of fiscal 2014	End of fiscal 2015
Real net assets	¥ 10,107.4	¥ 9,442.2	¥ 11,512.2

Real Net Assets **¥11,512.2 billion**

5. Net Unrealized Gains (Losses) on Securities

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

At the end of fiscal 2015, Japan Post Insurance recorded a net unrealized gain on securities of ¥6,494.0 billion.

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

(Billions of yen)

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

Notes: 1. After applying tax-effect accounting, a gain of ¥155.7 billion
2. After applying tax-effect accounting, a gain of ¥184.7 billion
3. After applying tax-effect accounting, a gain of ¥558.0 billion

Net Unrealized Gains (Losses) **¥6,494.0 billion**

6. Risk-Monitored Loans

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

2 Policyholder Dividends

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

For fiscal 2015, we posted provision for reserve for policyholder dividends of ¥200.7 billion.

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

Provision for Reserve for Policyholder Dividends ¥200.7 billion

3 Embedded Value (EV)

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

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

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

Since fiscal 2013, Japan Post Insurance has been disclosing EV calculated on the basis of the European Embedded Value Principles ("EEV Principles") as additional information supplementary to the

financial data provided under the current statutory accounting practices.

The EV of Japan Post Insurance at the end of fiscal 2015 was ¥3,501.3 billion, an increase of ¥114.5 billion from the end of fiscal 2014.

*We requested a third party (actuarial firm) with actuarial expertise and knowledge to review the methodology and assumptions used to calculate the EV results and obtained a written opinion verifying the validity. For details of this third party opinion, please refer to our website (<http://www.jp-life.japanpost.jp/en/index.html>). The calculation of EV is based on many assumptions, including future outlook, which involves certain risks and uncertainties. Since actual performance may differ materially from the assumptions, we strongly recommend that the users exercise caution.

(Billions of yen)

	End of fiscal 2013	End of fiscal 2014	End of fiscal 2015
EV	¥ 2,866.2	¥ 3,386.8	¥ 3,501.3
Adjusted net worth	2,242.2	2,295.9	2,975.5
Value of in-force covered business	624.0	1,090.9	525.8
	Fiscal 2013	Fiscal 2014	Fiscal 2015
Value of new business	¥ 181.6	¥ 185.1	¥ 134.2

Embedded Value (EV) ¥3,501.3 billion

4 Insurance Policies

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

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

Regarding the Postal Life Insurance Policies received from the Management Organization for Postal Savings and Postal Life Insurance in the form of reinsurance, policies reinsured by Japan Post Insurance amounted to 19,950 thousand insurance policies

with an insured amount of ¥54,322.4 billion and 2,951 thousand annuity policies with an annuity amount of ¥1,077.9 billion.

Reference: Reinsured Postal Life Insurance Policies

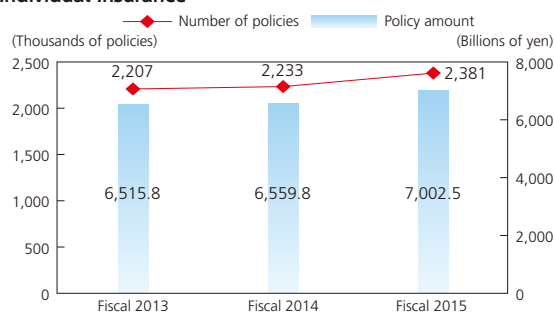
(Thousands of policies, billions of yen)

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

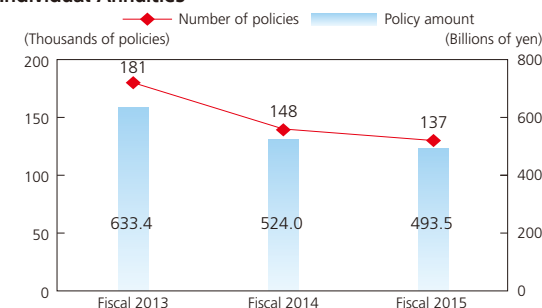
Note: These figures are based on standards published by the Management Organization for Postal Savings and Postal Life Insurance.

New Policies

Individual Insurance



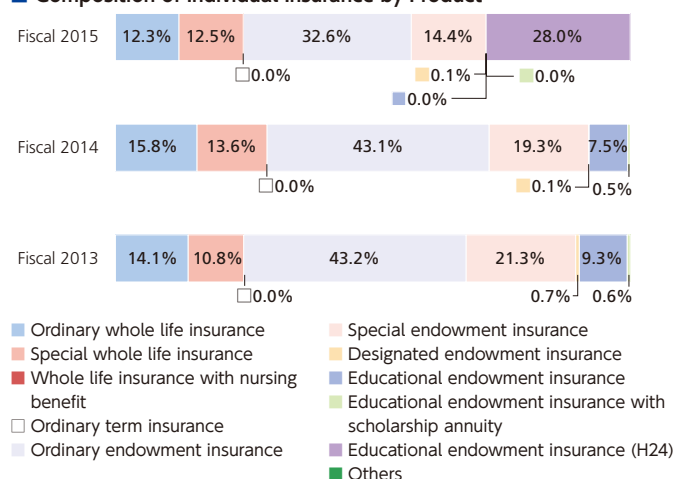
Individual Annuities



Notes:

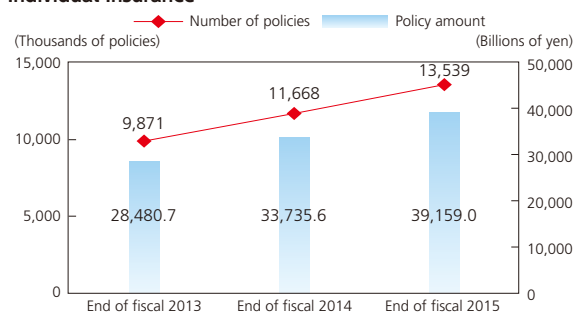
- Policy amounts for individual annuities are the total of accumulated contribution payment as of the date of annuity payment commencement.
- Starting from the fiscal year under review, the number of policies and policy amounts (including those for previous fiscal years) are truncated, instead of being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

Composition of Individual Insurance by Product

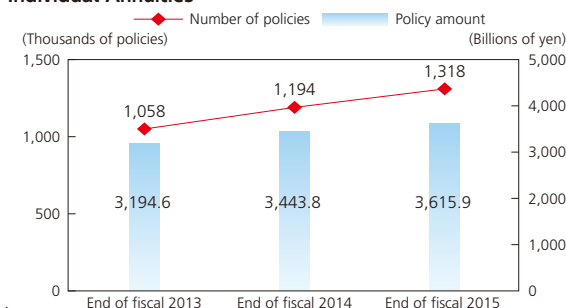


Policies in Force

Individual Insurance



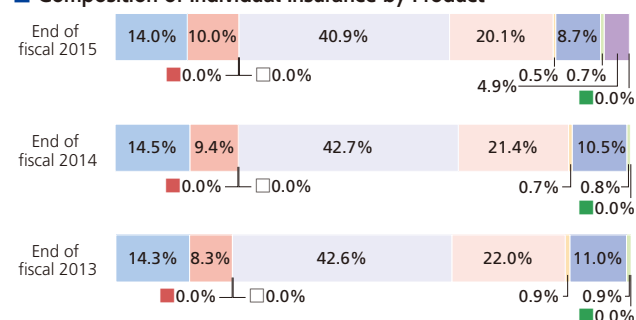
Individual Annuities



Notes:

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

Composition of Individual Insurance by Product



5 Performance Overview

1. Assets

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

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

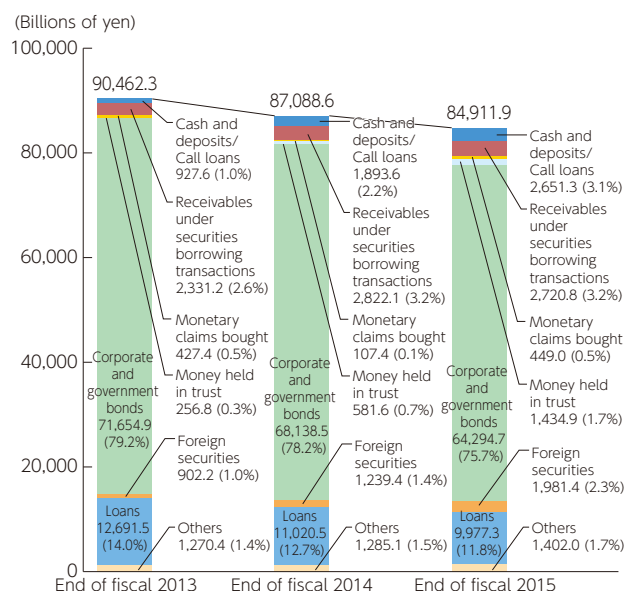
During the fiscal year under review, we made investments in corporate and government bond holdings, primarily of long-term and super-long-term bonds, in view of their value as assets that secure stable income.

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

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

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

■ Composition of Assets



2. Asset Management Yield

■ Asset Management Yield

Item	Fiscal 2013	Fiscal 2014	Fiscal 2015
Yield	1.67%	1.71%	1.70%

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

3. Holdings of Securitized Financial Instruments and Investments Related to Subprime Loans

■ Holdings of Securitized Financial Instruments

(Billions of yen)

Item	End of fiscal 2013		End of fiscal 2014		End of fiscal 2015	
	Market value	Unrealized gain (loss)	Market value	Unrealized gain (loss)	Market value	Unrealized gain (loss)
RMBS	450.1	22.9	446.9	20.1	486.7	24.0

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

■ Investments Related to Subprime Loans

Japan Post Insurance has no investments related to subprime loans.

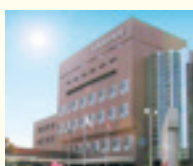
4. Other Businesses

1. Hospital Business

Japan Post Holdings has established 11 Teishin Hospitals around Japan as corporate hospitals of the Japan Post Group. Teishin Hospitals are open for the use of any member of the public, as well as Group employees and their families, and they provide medical services and medical check-up services, which contribute to the health of everyone in the community. Please refer to page 98 for details including locations.

Notably, Tokyo Teishin Hospital has 477 sickbeds, advanced medical care and medical equipment, and cutting-edge medical research. Approximately 12,000 people utilized medical check-up services during fiscal 2015.

List of 11 Teishin Hospitals nationwide



Sapporo Teishin Hospital
Departments
Internal medicine, surgery, ophthalmology, otolaryngology, orthopedics



Yokohama Teishin Hospital
Departments
Internal medicine, surgery, gynecology, ophthalmology, orthopedics, anesthesiology



Tokyo Teishin Hospital
Departments
Internal medicine, gastroenterohepatology, cardiology, respiratory, neurology, psychiatry, surgery, neurosurgery, gynecology, pediatrics, ophthalmology, dermatology, urology, otolaryngology, orthopedics, radiology, IVR Center, dental/oral surgery, rehabilitation, anesthesiology, emergency and general medicine, endoscopy center, medical check-up center, pathology, clinical laboratory



Toyama Teishin Hospital
Departments
Internal medicine, surgery, gynecology, ophthalmology, orthopedics



Nagoya Teishin Hospital
Departments
Internal medicine, surgery, obstetrics and gynecology, pediatrics, ophthalmology, dermatology, otolaryngology, orthopedics, medical check-up center



Kyoto Teishin Hospital
Departments
Internal medicine, gastroenterohepatology, surgery, gynecology, pediatrics, ophthalmology, otolaryngology, orthopedics, radiology, anesthesiology



Osaka Kita Teishin Hospital
Departments
Internal medicine, gastroenterohepatology, surgery, pediatrics, ophthalmology, otolaryngology, radiology, anesthesiology, proctology



Hiroshima Teishin Hospital
Departments
Internal medicine, surgery, obstetrics and gynecology, pediatrics, ophthalmology, orthopedics



Tokushima Teishin Hospital
Departments
Internal medicine, surgery, gynecology, ophthalmology, orthopedics



Fukuoka Teishin Hospital
Departments
Internal medicine, gastroenterohepatology, cardiology, surgery, gynecology, pediatrics, ophthalmology, dermatology, otolaryngology, orthopedics, radiology, anesthesiology



Kagoshima Teishin Hospital
Departments
Internal medicine, gastroenterohepatology, liver internal medicine, surgery, gynecology, ophthalmology, proctology

2. Hotel Business

1. Kanpo no Yado Inns and Kanpo no Sato Inns

Kanpo no Yado inns are available for the use of all persons, in the same way as regular ryokan and hotels, regardless of whether guests possess insurance policies of Japan Post Insurance.

These facilities are near tourist spots, with many of them incorporating universal designs throughout bathrooms and guest rooms, thereby ensuring that guests can stay with peace of mind.

Kanpo no Sato inns are lodging facilities where people can enjoy sports and other leisure activities in a natural setting.

We opened Kazeru Otaru, a fee-paying residential-style nursing home, on the site of Kanpo no Yado inn Otaru, to ensure enriched lives for elderly people.

For details, please refer to pages 99-100.

2. Rafre Saitama and other facilities

Rafre Saitama is a lodging facility located near Saitama Shintoshin station that has conference rooms, banquet halls and a fitness center.

U-Port Recreation Center in Setagaya Ward, Tokyo, includes tennis courts, a heated indoor swimming pool, a gym, a fitness center and other sports facilities.

MIELPARQUE and U-Port hotels provide accommodations, conference rooms, banquet and wedding halls, restaurants and other facilities.

Notes: 1. MIELPARQUE hotels have been run by a subsidiary of Watabe Wedding Corp. under a fixed-term lease agreement with Japan Post Holdings. MIELPARQUE Kyoto does not have accommodation and wedding facilities.
2. U-Port has been run by Seiyo Food-Compass Group, Inc. and Central Sports Co., Ltd. under a fixed-term lease agreement with Japan Post Holdings.

List of Accommodation Facilities Nationwide

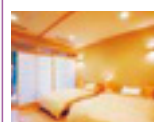
- | | | | |
|------------------------------|--------------------------|----------------------|--|
| 1 Otaru (Kazeru Otaru Annex) | 21 Atami (Main Building) | 40 Arima | 60 Nichinan |
| 2 Ichinoseki | Atami (Annex) | 41 Ako | 61 Recreation Center in Naha*2 |
| 3 Matsushima*1 | 22 Izukogen | 42 Awajishima | 62 Shobara |
| 4 Sakata | 23 Toyama | 43 Kaike*2 | 63 Rafre Saitama |
| 5 Koriyama | 24 Fukui | 44 Mimasaka Yunogo*2 | 64 U-Port Recreation Center in Setagaya
(No accommodation facilities) |
| 6 Iwaki | 25 Yaizu | 45 Takehara | |
| 7 Oarai | 26 Hamanako-Mikkabi | 46 Hikari | |
| 8 Itako | 27 Sangane*2 | 47 Yuda | |
| 9 Shiobara | 28 Chita-Mihama | 48 Kanonji | |
| 10 Tochigi Kitsuregawa Onsen | 29 Ena | 49 Sakaide*2 | |
| 11 Isobe | 30 Gifu-Hashima | 50 Tokushima | |
| 12 Yorii | 31 Toba | 51 Dogo*2 | |
| 13 Kamogawa | 32 Kumano*2 | 52 Ino | |
| 14 Asahi | 33 Hikone | 53 Kitakyushu | |
| 15 Katsuura | 34 Maizuru*1 | 54 Yanagawa | |
| 16 Ome | 35 Tondabayashi | 55 Shimabara*1 | |
| 17 Hakone | 36 Yamatoheguri | 56 Beppu | |
| 18 Isawa | 37 Nara | 57 Hita | |
| 19 Kashiwazaki*1 | 38 Shirahama*2 | 58 Yamaga*2 | |
| 20 Suwa | 39 Kii-Tanabe | 59 Aso | |

*1 Temporarily closed (as of July 1, 2015)

*2 Closed as of check-out on August 31, 2015

On our recommendation list:

9 Kanpo no Yado inn Shiobara



Located in Nikko National Park and surrounded by mountains, guests can experience amazing nature during all four seasons at Kanpo no Yado inn Shiobara. Try out various hot springs in the famous Shiobara Hot Springs Village, which has a history dating back about 1,200 years.

16 Kanpo no Yado inn Ome



Enjoy the beautiful views of the Mitake Ravine from this riverfront inn overlooking the Tama River. Some of the guestrooms were renewed in fiscal 2014 to ensure even greater comfort.

40 Kanpo no Yado inn Arima



Luxuriate in the red-brown, iron-rich hot water, which directly flows from the well-known Kinsen ("gold spring") hot spring on the premises of the inn. Go for a stroll through Arima Onsen, a historical hot springs resort.

53 Kanpo no Yado inn Kitakyushu



Situated at the head of the Iwaya Coast in Genkai Quasi-National Park, Kanpo no Yado inn Kitakyushu has a superb view. Enjoy a beautiful panoramic sunset over the Genkai Sea, while fishing lamps glimmer from the coast and stars sparkle in the sky.

52 Kanpo no Yado inn Ino



Enjoy a relaxing view of the clear waters of the Niyodo River from all guestrooms. Soak in a comfortable hot spring high in salinity, and enjoy the exciting local cuisine of Tosa that lavishly uses nature's blessings.

3. Japan Post Group Women's Athletics Team

The Japan Post Group established the Japan Post Group Women's Athletics Team in April 2014, making it the first company sports team since its founding.

In fiscal 2016, which marks the second year since its establishment, the team, currently comprising 10 members (as of April 1, 2015) with the addition of four members, and will aim to participate and strive to take the top positions in various competitions, including the All-Japan Women's Corporate Ekiden Championships.

The Japan Post Group will continue to develop middle-distance runners with a focus on competing in road relay races (*ekiden*), as well as to contribute to local communities and society through sports activities. We will promote the team's activities to help cultivate a sense of unity among employees of the Japan Post Group through participation in various competitions, while always keeping in mind the affinity between our postal service that connects people by mail and the *ekiden* that connects runners by a sash.

■ Major Activities and Results in Fiscal 2015

Month/Year	Activity/Competition	Athlete	Result	Record
April 2014	Team established	—	—	—
June 2014	16th Asian Junior Athletics Championships (women's 3000 m)	Hanami Sekine	2nd (silver medal)	9.17.55
August-September 2014	High-altitude training in Boulder, U.S.A.	—	—	—
September 2014	239th Nittaidai Time Trials Track Meet (women's 3000 m)	Ayuko Suzuki	1st	8.58.01* ¹
October 2014	62nd National Corporate Track and Field Championships (women's 5000 m)	Ayuko Suzuki	1st	15.14.96* ²
November 2014	East Japan Women's Ekiden (Tokyo team / Leg 1)	Hanami Sekine	1st in Leg 1	19.02
November 2014	2014 Hanji Aoki Cup International Chiba Ekiden (Japanese national team / Leg 2)	Ayuko Suzuki	1st in Leg 2	15.21
January 2015	Inter-Prefectural Women's Ekiden* ³	Ayuko Suzuki Hanami Sekine	2nd in Leg 9 (MVP) 39th in Leg 1	32.25 20.27
March 2015	Team dorm completed, accepting members	—	—	—

*1: Best among Japanese athletes in 2014, and personal best

*2: All-time 12th among all Japanese athletes, best among Japanese athletes in 2014, and personal best

*3: Ayuko Suzuki represented Aichi Prefecture (Leg 9: 10km), and Hanami Sekine represented Tokyo (Leg 1: 6km).



Ayuko Suzuki, setting new records among Japanese athletes in the women's 3,000 m and 5,000 m categories in 2014



Members of the Japan Post Group Women's Athletics Team (fiscal 2015)



Hanami Sekine, winning the silver medal in the women's 3,000 m category in the 16th Asian Junior Athletics Championships

Dedicated to Becoming an Even More Trustworthy Group

CONTENTS

1. Japan Post Group CSR

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1. Japan Post Group CSR

1. Japan Post Group CSR Activities

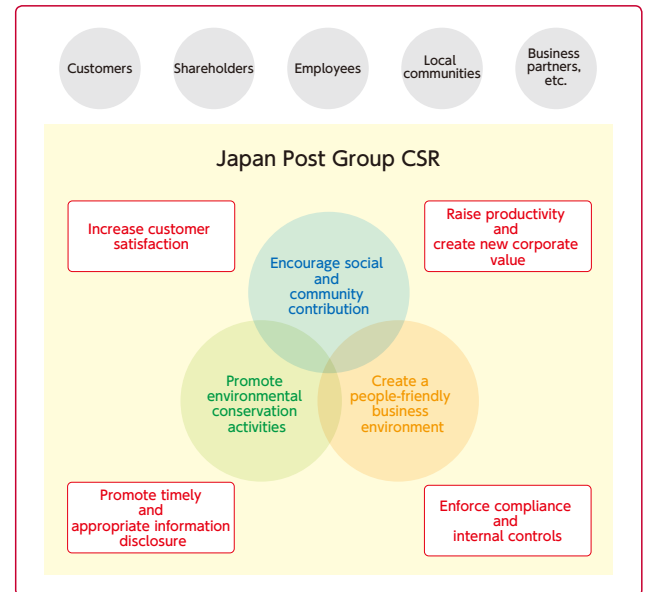
The Japan Post Group has designated seven action areas to be systematically addressed in fulfilling its corporate social responsibility (CSR). These are social and community contribution, environmental conservation, creating a people-friendly business environment, increasing customer satisfaction, compliance, information disclosure and boosting productivity.

At the Japan Post Group, CSR activities serve as a means of achieving the Group's management philosophy and ensuring sustainable growth.

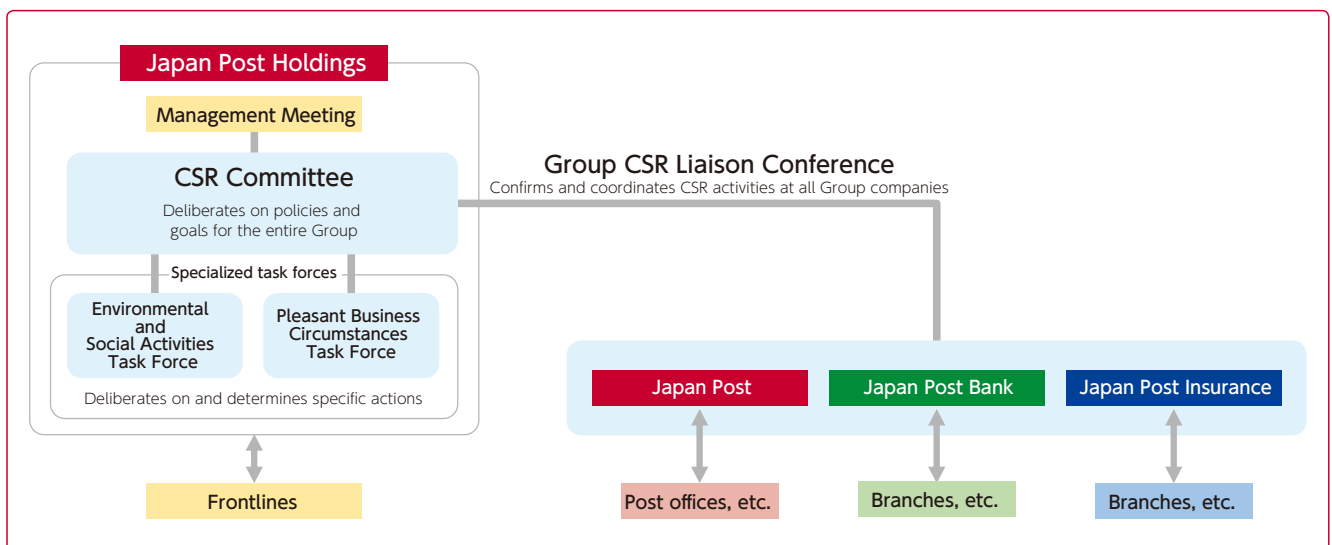
1. Seven CSR Areas Including Three Priority Areas

Of the seven CSR areas, four areas are what is expected of the Japan Post Group by customers and shareholders when the Group conducts business. Specifically, these are to increase customer satisfaction; raise productivity and create new corporate value; promote timely and appropriate information disclosure; and enforce compliance and internal controls. Explicit actions are to be undertaken independently and voluntarily by each Group company with a clear understanding that these are included within the scope of the Japan Post Group's CSR.

The remaining three, namely, encourage social and community contribution, promote environmental conservation activities and create a people-friendly business environment, are CSR priority areas that should be pursued commonly by all Group companies. The Japan Post Group places particular emphasis on these areas, recognizing that these are the responsibility that the Group assumes as a provider of products and services to customers throughout the country.



2. Japan Post Group CSR Organization



2. Activities Related to the Three Common CSR Priority Areas

In fiscal 2015, we promoted our ongoing efforts related to CSR initiatives by leveraging the distinctive strengths of the Japan Post Group, namely, its nationwide post office network, and at the same time worked to ensure timely and appropriate information disclosure.

1. Encourage Social and Community Contribution

Utilizing the Japan Post Group's network, we cooperate with local governments to ensure the well-being of elderly people living in underpopulated areas by checking on them through the exchange of words during mail delivery as well as to provide the first line of protection for children in their daily lives. We also provide support for disaster preparedness and assistance for disaster-affected areas, such as no postal charge on mail and money transfers sent for disaster relief purposes, and conduct education and enlightenment activities within local communities based on the line of business undertaken by each Group company.

Specific Activities

1. Promotion of Community Contribution

Network of 24,000 Post Offices

Japan Post has approximately 24,000 post offices in all of the cities, districts, towns and villages nationwide, including underpopulated areas, encompassing all of Japan. These serve as one-stop service centers for mail, savings deposits, insurance and other basic everyday services and are intricately connected with the local community. We will offer our local customers new, convenient services through our post offices while continuing to use them as locations for these services in the future as well.

Height above Sea Level Signs on Post Boxes

Some post offices cooperate in disaster prevention efforts of local governments. As one means of mitigating tsunami-caused damage and raising awareness among community members, at post offices and on post boxes we put up signs and stickers provided by local governments that show heights above sea level and evacuation shelters of respective areas.

Neighborhood Watch Agreements

Neighborhood watch activities, led by local governments, have been expanding among local communities to safeguard children and ensure the well-being of elderly people living alone. We have concluded agreements with local governments and have been participating in these activities by being on the lookout for any unusual occurrences while at work and notifying predetermined contact points when encountering any such incidents.

Provision of *Himawari* Service

Mail delivery personnel provide words of encouragement to elderly people living alone (who are 70 years old or older) and elderly couples in underpopulated areas (for 101 local governments as of the end of March 2015).

Promotion of Intergenerational Communication via the Exchange of Letters

As one way of nurturing ties among people and among local communities, we provide support for the exchange of letters between community members and elderly people living alone or in nursing homes in collaboration with schools and other external organizations, and through the Association of Pen Friend Clubs of Japan operated by Japan Post.

Promotion of *Furusato* (Hometown) Parcel

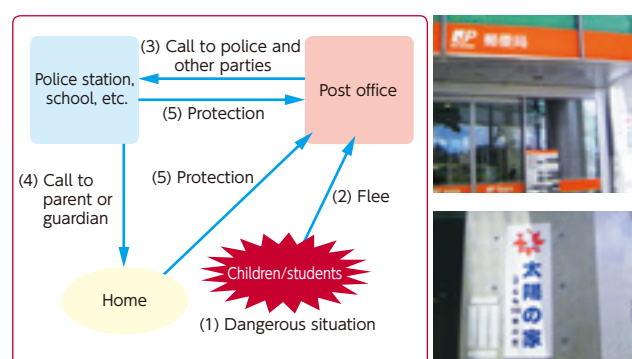
We display catalogs with products for which each locale nationwide is known and circulars with products closely related to the community at approximately 24,000 post office counters nationwide for customers to order from. We then ship these by Yu-Pack directly from the producing regions. Revenues from the sale of goods through catalogs were ¥102.3 billion in fiscal 2015 (up 0.7% year-on-year).

Handling of Work for Local Governments

Designated post office counters provide administrative services, such as distribution of official family register transcripts, certificates of residency and other public certificates, and sell public bus tickets on consignment from local governments.

Emergency Assistance for Children

In order to prevent incidents and accidents involving children before they happen, post offices serve as a safe refuge for children, providing the first line of protection and making an emergency call to police.



Education and Enlightenment Activities

- Accepting children from local elementary schools for a post office tour
- Offering space within a post office lobby for community use
- Participating in local events, including Radio Exercise and other sports events
- Providing a financial literacy web page for children and elderly people as part of promoting financial education
- Providing financial education to elementary school children
- Operating a patient library (Tokyo Teishin Hospital)

Collection of Used Ink Cartridges, etc.

We collect used ink cartridges jointly with six printer manufacturers. As of March 31, 2015, collection boxes have been installed at 3,640 post offices nationwide and certain facilities of local governments.

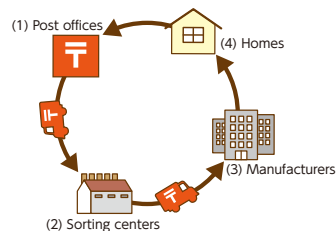
Used cartridges collected at these post offices and facilities are sent to sorting centers using our Yu-Pack service and then returned to the respective companies, which responsibly perform the recycling of these cartridges.

We also collect used or expired fire extinguishers and personal home computers at post offices or through our pickup service.

Special Collection Box



Collection Cycle



2. Promotion of Social Contribution

New Year's Postcard Donations Program

Our New Year's postcard donations program celebrates its 66th anniversary in fiscal 2016. A donation of ¥5 is added to each New Year's postcard, and funds raised through sales of these postcards are allocated to organizations engaged in activities in 10 fields, including the promotion of social welfare, healthy youth development, emergency disaster aid and disaster prevention, and global environmental conservation.

Donations of ¥561.91 million raised from sales of 2015 donation-added New Year's postcards and postage stamps were distributed to 284 organizations.

Reduced Postal Rates or No Charge for Third- and Fourth-Class Mail

We apply reduced rates or no charge for periodicals that are published four or more times each year and have been approved by Japan Post (third-class mail) and on materials sent for the purpose of promoting public welfare or academic research (fourth-class mail). Examples of such fourth-class mail include correspondence education materials, Braille materials, sound recordings intended solely for the use of the visually impaired, plants and seeds, and academic publications.

"Japan Post Bank Deposits for International Aid"

Under the "Japan Post Bank Deposits for International Aid" program, our customers donate 20% of the interest received on their savings (after-tax). By using the JICA (Japan International Cooperation Agency) Fund established by JICA, these resources are used in such activities as improving living standards in developing countries and regions through nongovernmental organizations (NGOs) and other groups.

In response to the growing importance of environmental conservation measures in recent years, we now offer an option for customers to specifically make donations for supporting international cooperation activities related to environmental conservation.

The program began in October 2008, and as of March 31, 2015 we had received about 846,152 applications for the program, and a total of ¥24,085,966 has been donated.



"Japan Post Bank Deposits for International Aid" logo

JAPAN POST BANK Piggy Bank Design Contest for Children

With the objectives of increasing children's interest in saving and fostering their artistic creativity by making piggy banks, we hold the JAPAN POST BANK Piggy Bank Design Contest for children, the leaders of tomorrow's society. This contest was launched in 1975 to commemorate the 100th anniversary of the postal savings business and has reached a milestone of 40 years in 2015.

For the 39th contest held during 2014, we received 823,919 entries from 11,392 elementary schools across Japan. Japan Post Bank donated ¥10 for every piggy bank entry received to the Japan Committee for UNICEF and JICA (¥4,119,595 each, totaling ¥8,239,190). These donations are used to assist children suffering from poverty and illnesses in developing countries.



Final screening

Special Support for Go Competitions

Since 2010, to foster intergenerational communication and local revitalization through Go, a traditional Japanese board game, we have been providing special support to the Competition of Junior Honinbo for the Japan Post Bank Cup, in which children of junior high school age or younger compete for the top position in Japan.

In 2014, we also provided special support to the Japan Post Bank Cup Go Youth Tournament – Koji Nakano Memorial for young professional Go players and aspiring professionals who are 20 years

old or younger. The intent is to support young professional players who can be active globally.

Popularization and Promotion of Radio Exercise

With the objective of proactively contributing to the health of people, we work with NHK (Japan Broadcasting Corporation) and the non-profit organization (NPO) Japan Radio-taiso Federation to popularize and promote the Radio Exercise program by jointly holding the "Festival of 10 Million People's Radio Exercise and *Minna no Taiso* ("Exercise for Everyone")" and "Radio Exercise and Minna no Taiso Summer Tour and Special Tour".



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

Supporting Sports Events

We co-sponsored the interscholastic athletic meet (National High School Athletic Meet) held in southern Kanto (four prefectures of Tokyo, Chiba, Kanagawa and Yamanashi) from July 26 to August 20, 2014.

Support for the JAPAN U-12 FOOTBALL CHAMPIONSHIP

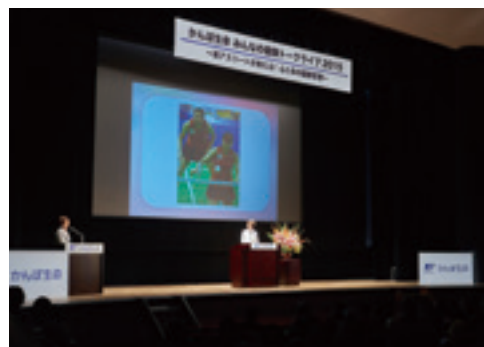
With the aim of supporting children with great promise, and to foster their sound physical and mental growth and development through football, we provide support to the JAPAN Under-12 FOOTBALL CHAMPIONSHIP, one of Japan's largest official championships for elementary school children, hosted by the Japan Football Association and other organizations.

Supporting Projects for the Promotion of Social Welfare

We do not charge postage (including handling fees) on registered mail used to send donations to corporations or organizations specialized in the promotion of social welfare, such as regional Community Chests, the Central Community Chest of Japan and the Japanese Red Cross Society, or commission fees on donations made to transfer accounts by means of money transfer.

Japan Post Insurance Public Talk on People's Health 2015

We hold a public talk on promoting a healthy life to convey relevant information to a broad audience in society. In fiscal 2015, the public talk was held in Chiyoda-ku, Tokyo. It included a lecture on the theme of methods for preventing lifestyle-related diseases by Tokyo Teishin Hospital Director Yasunobu Hirata and a mini talk on stage on how to manage physical and mental conditions as an athlete by Reiko Shiota, formerly a member of Japan national badminton team.



Japan Post Insurance Public Talk on People's Health 2015 (March 15, 2015)

"Kanpo Kids Smile World®"

We hold childcare support events with the aim of nurturing the sound growth of children. In fiscal 2015, we held "Kanpo Kids Smile World® 2014" in Kahoku City, Ishikawa Prefecture.

The event featured a variety of programs, including a Radio Exercise stage performance, another stage performance by a local children's dance team and a workshop where children created a "Dream Handprint" that represents their dream of "What I Aspire to Be." These programs served as a venue for providing fun and creating memories for both parents and children alike. Many visitors enjoyed the event.



Kanpo Kids Smile World® 2014 (February 7 and 8, 2015)

Kanpo Healthy Café

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

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



Kanpo Healthy Café

3. Support for Disaster Preparedness and Assistance for Disaster-Affected Areas

Emergency Assistance for Disaster Victims

Upon the occurrence of a natural or other emergency disaster, we provide emergency services for disaster victims, including emergency handling of deposits, at post office counters and other places.

	Major Activities
Postal	<ul style="list-style-type: none"> • No postal charge on registered or other mail used to send relief funds to organizations engaged in disaster relief activities for disaster victims • Offering postcards free of charge to disaster victims • No postal charge on mail sent by disaster victims • Providing information concerning damage on roads, etc.
Deposits	<ul style="list-style-type: none"> • No commission fees on donations made to transfer accounts of the Japanese Red Cross Society, regional Community Chests and local governments for the purpose of disaster relief • Withdrawal of ordinary deposits for disaster victims who have lost their deposit passbooks
Insurance	<ul style="list-style-type: none"> • Extending the grace period for premium payments • Emergency and immediate payments of insurance and other benefits
Accommodation	<ul style="list-style-type: none"> • Free bathing services by <i>Kanpo no Yado</i> inns

Disaster Prevention Agreements

For the purpose of mutual cooperation at the time of disaster, disaster prevention agreements are concluded between local governments and post offices. As an effort to cooperate in the prevention of landslides and damage in mountainous areas, we are putting up posters and handing out leaflets on soil and water conservation, and installing rain gauges and rain gauge displays.

2. Promote Environmental Conservation Activities

The Japan Post Group has laid out its Environmental Vision that encompasses its basic approach to the environment and has been conducting various activities with a strong focus on three areas, namely, implementing global warming response measures, promoting the cultivation of sustainable forests and making efficient use of resources.

(For details, please refer to "Japan Post Group Environmental Vision" on page 80.)

(1) Implementing Global Warming Response Measures

The Japan Post Group aims to reduce CO₂ emissions basic unit by 1% on average (from fiscal 2014 level) over three years from fiscal 2015 to fiscal 2017.

(2) Promoting the Cultivation of Sustainable Forests

Employees and their families from each of the Japan Post Group companies volunteer to undertake tree silvicultural activities at the JP-no-Mori. We also provide support to a children's tree-planting campaign, which is designed to engender sound environmental awareness in children and help them to be strong and bold in their lives by taking part in this comprehensive forest cultivation program.

We promote the cultivation of sustainable forests both through our business activities and social contribution activities.



Employee volunteer activities at the JP-no-Mori (*Kururi Donguri-no-Mori*) (Kimitsu City, Chiba Prefecture)



Children's tree-planting "Tohoku Regeneration Green Wave" (Yamada-town, Iwate Prefecture)

Specific Activities

Reduction of CO₂ Emissions

We strive to reduce CO₂ emissions through a range of initiatives, including promoting energy-saving awareness among employees.

Power-Saving Measures in Summertime

Under the guideline, "Electricity Supply-Demand Measures in 2014 Summertime," issued on May 16, 2014 by the Electricity Supply-Demand Review Committee, we implemented several power-saving measures in response to the government's call for voluntary actions without numerical targets. Our efforts included setting the temperature of air conditioners at 28°C, minimum lighting during peak times and partial operation of elevators.

- Period: Tuesday, July 1, 2014 – Tuesday, September 30, 2014
- Subject facilities: All facilities of each Group company within the areas covered by respective power companies
- Reduction target: A reduction of 5-15% or more from the previous year's level, with a specific target figure separately determined for each area

As a result of the Group-wide efforts undertaken during the period, we successfully achieved the reduction target.

Implementation of “Cool Biz” and “Super Cool Biz” Campaign

As part of efforts to save power during summertime, the Japan Post Group conducted a “Cool Biz” campaign during the period from May 1 to October 31, 2014 and a “Super Cool Biz” campaign, which is a step beyond the Cool Biz practice, at the height of summer from July 1 to September 30, 2014. The latter encourages even more casual attire in the workplace, and post office and branch personnel were allowed to wear polo shirts at work during that period.

Promotion of Environmentally Friendly Facilities

We introduce environmentally friendly energy-saving measures when constructing new or additional facilities for post offices or conducting large-scale renovations.

We have also conducted energy conservation evaluations at post offices with high levels of CO₂ emissions and energy usage and are introducing ESCO (Energy Service Companies) businesses at some of these post offices as part of our efforts to introduce energy-saving facilities.

Introducing Electric and Other Eco-friendly Vehicles at Post Offices and Other Locations

At Japan Post, we are deploying eco-friendly vehicles, namely, electric vehicles (EVs) and hybrid vehicles (HVs), to achieve a reduction in the amount of CO₂ emitted from vehicles.

At post offices, we have deployed 33 EVs and nine plug-in hybrid vehicles (PHVs) for general or commercial use, 58 EVs (four-wheeled mini-vehicles) for collection and delivery services and 20 EVs for cargo transportation (as of March 31, 2015).

Eco-friendly Driving

The Japan Post Group encourages well-mannered, eco-friendly driving to reduce the number of traffic accidents and lower CO₂ emissions through lower fuel consumption.

Japan Post strives to raise “Safe Eco-Driving” awareness among mail delivery and sales personnel nationwide through various initiatives, such as holding an in-house driving contest.

3. Create a People-Friendly Business Environment

As an operator with a nationwide network of business and service bases, the Japan Post Group has been adopting a comprehensive universal design approach to planning and designing its facilities, equipment and services to ensure usability and friendliness for the widest group of customers, including elderly people and persons with disabilities.

We have also been making efforts to create a better working environment for our employees who play a crucial role in supporting our business operations.

Specific Activities

Transitioning to Barrier-Free Facilities

We have been promoting the conversion of post offices and branch buildings into barrier-free facilities and have made about 8,500 post offices barrier-free as of March 31, 2015. To ensure safe accessibility

for every customer, we will continue to encourage renovation based on a view of universal design, for example, by installing ramps and handrails at the entrances of post offices and laying Braille blocks for visually impaired customers.



Braille blocks



Ramp and handrails installed at the entrance

Pension Delivery Service

We provide a service to deliver pension and other benefits to advanced-age or physically challenged pensioners who have difficulty in coming to the counter to receive payments. This home delivery service is conducted periodically as the payment of these benefits is made by the government.

Services Available in Braille

We provide a range of services in Braille for visually impaired customers.

	Services
Postal	<ul style="list-style-type: none"> • Displaying mail pickup times in Braille • Delivery notices in Braille to recipients during their absence
Deposits	<ul style="list-style-type: none"> • Braille notices of the service content of deposits and money transfers, etc. • Equipping ATMs with Braille instructions • Issuing Braille ATM cards • Product and service brochure in Braille
Insurance	<ul style="list-style-type: none"> • Braille notices of the content of insurance agreements • Various notices in Braille (e.g., insurance maturity dates, pension payments and loan contents, etc.)

Braille Yu-Pack, Yu-Pack for the Hearing Impaired and Yu-Mail for Persons with Disabilities

Lower shipping fees are applied for Yu-Pack for sending large Braille books and other Braille materials; Yu-Pack used to send videotapes and other recorded materials between hearing-impaired persons and facilities approved by Japan Post; and Yu-Mail used to send books between persons with disabilities and libraries registered with Japan Post.

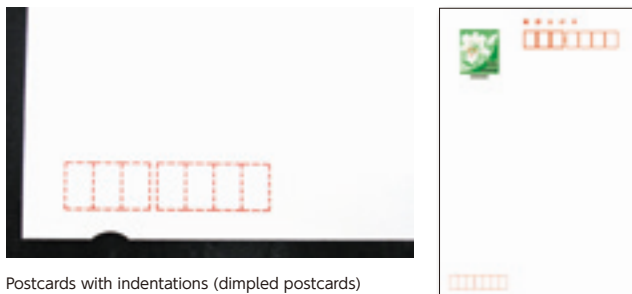
Offering Blue Bird Postcards Free of Charge (Conducted Annually Since 1976)

We provide 20 standard postcards (plain, inkjet printing or dimpled postcards) or standard postcards with the postage mark featuring a moth orchid (plain or inkjet printing) free of charge to severely physically challenged individuals (class 1 or 2) or severely mentally challenged individuals (level 1 or 2, or holding grade A intellectual disability certificates), who have requested this service. These 20 postcards are provided in a special envelope.

Postcards with Indentations (Dimpled Postcards) for the Visually Impaired

These are postcards with a semi-circular indentation in the lower

left corner on the front side of the postcard, which makes it easy to distinguish the front or back and the top or bottom of the postcard.



Postcards with indentations (dimpled postcards)

New Welfare Time Deposits

This one-year time deposit with preferential interest rates is designed for persons receiving disability, survivor and other similar public pensions and other eligible person. Up to ¥3 million can be deposited per person.

4. Others

With a view to widely communicating to the public our efforts concerning the common CSR priority areas that should be pursued by all Group companies, the Japan Post Group seeks various opportunities and strives to ensure timely and appropriate disclosure of information on a range of CSR activities undertaken by each Group company. In addition, our social and environmental report now includes a third-party opinion.

Publication of Social and Environmental Report

In December 2014, we published the *Japan Post Group Social and Environmental Report 2014*, which describes the Group's community and social contribution activities in an easy-to-understand format. We handed out this report at the Eco-Products 2014 exhibition and other occasions.

Participation in Eco-Products 2014

At the Eco-Products 2014 exhibition held at Tokyo Big Sight from December 11 to 13, 2014, we ran a Japan Post Group booth and presented various environmental conservation activities undertaken by each Group company. During the event, we also held a workshop to write and draw pictures on postcards made from thinned trees.



Japan Post Group booth at Eco-Products 2014

■ Japan Post Group Environmental Vision

- The Japan Post Group recognizes its responsibility to pass on to future generations the beautiful and livable Earth and will seek to conserve the global and regional environment as one of the important Group management issues. We will observe laws, regulations and other agreements and endeavor to prevent pollution or other environmental issues that may arise from our execution of business.
- The Japan Post Group will monitor the status of the global and regional environment and the environmental impact of our business operations, define specific targets and constantly refine our activities by reviewing these targets on a regular basis. We will designate the following three items as the highest priority among the environmental activities and undertake initiatives in each field.

(1) Implementing Global Warming Response Measures

We will define numerical targets for reduction in CO₂ emissions* from our business operations and appropriately manage CO₂ emissions.

(2) Promoting the Cultivation of Sustainable Forests

We will contribute to the cultivation of sustainable forests both through our business activities and social contribution activities.

(3) Making Efficient Use of Resources

We will work to reduce paper usage and at the same time introduce eco-friendly practices, such as drastically increasing the use of recycled paper. We will also strive to save resources by encouraging the recycling of office supplies used in our business activities.

- Each company and employee in the Japan Post Group will share this Environmental Vision, and the Japan Post Group proactively discloses environment-related information.

*Our Environmental Vision only covers energy-derived CO₂ emissions.

Our Response to the Great East Japan Earthquake

The Japan Post Group extends its heartfelt sympathy to the people who have suffered from the Great East Japan Earthquake that occurred on March 11, 2011. We have implemented a series of initiatives aimed at supporting the swiftest recovery possible of people affected by the disaster.

1. Status of Resuming Operations of Post Offices

On March 14, 2011, which was the first business day after the earthquake, the number of "out-of-service" directly operated post offices and contracted post offices in three prefectures in the Tohoku region (Iwate, Miyagi and Fukushima prefectures) was 583 (out of 1,103) and 100 (out of 319), respectively, or approximately half of the total post offices located within the district. We gradually undertook efforts to set up temporary post offices and reconstruct permanent buildings, and as of May 31, 2015, had reduced the number of "out-of-service" directly operated post offices and contracted post offices to 46 and 14, respectively.

These figures include five directly operated post offices and three contracted post offices, which are unable to operate due to the government's instructions, such as the designation of "difficult-to-return" zones associated with the Fukushima Daiichi Nuclear Power Plant accident.



A temporary post office used by the Kamaishiheita Post Office (Iwate Prefecture)



Reconstructed Matsukawaminato Post Office (Fukushima Prefecture)

2. Assistance for Disaster Victims

1. Postal Operations

■ Delivering Mail to Temporary Housing Units

Mail is delivered to temporary housing units after confirming the address of customers who relocated there from evacuation shelters. Additionally, we set up post boxes inside temporary housing complexes in conjunction with local authorities (179 post boxes in the three prefectures of Tohoku as of March 31, 2015) in an effort to improve customer convenience.

■ No Postal Charge on Registered Mail Used to Send Cash for Disaster Relief Purposes

Registered mail is handled without charging postage when used to send cash for disaster relief to organizations engaged in disaster relief activities (from March 14, 2011).

2. Financial Services

■ Emergency Handling of Deposits and Insurance Payments

We are allowing withdrawals of up to ¥200,000 per person from ordinary deposit accounts by depositors who have lost their deposit passbooks, deposit certificates, seals or other such articles as a result of the Great East Japan Earthquake and enforcing the emergency handling of insurance matters, including making emergency insurance payments (from March 14, 2011).

■ Free-of-charge Money Transfers for Natural Disaster Relief Donations

We are offering free money transfers by ordinary in-payment for natural disaster relief donations in support of relief activities for victims of the Great East Japan Earthquake. These free money transfers are sent to the accounts of organizations engaged in relief and other related activities such as the Japanese Red Cross Society and the Central Community Chest of Japan.

As of March 31, 2015, the Bank had processed a total of approximately 3.29 million free money transfers for disaster relief donations in the total transfer amount of approximately ¥94.3 billion.

3. Counter Operations

■ Special Counter Services by Mobile Post Offices

Immediately following the disaster, we dispatched mobile post offices to 21 locations in the three prefectures of Iwate, Miyagi and Fukushima. Currently, mobile post offices are stationed at two locations, one each in Iwate and Fukushima, to accept and handle postal and Yu-Pack items and enable deposits and withdrawals of deposits through ATM.

Special counter services at a mobile post office (former Raga Elementary School in Iwate Prefecture)



2. Japan Post Group Corporate Governance

(As of July 1, 2015)

1. Fundamental Policy for Corporate Governance

At the Japan Post Group, all Group companies establish their own corporate governance systems, and Japan Post Holdings Co., Ltd., as the holding company, uses the following system to oversee management of the Group. The objective is to establish an appropriate corporate governance system for the entire Japan Post Group.

1. Group Management System

Japan Post Holdings has concluded agreements on the Group's operation and management ("JP Group Management Agreements") with and between its three major subsidiaries on the Group's common philosophy, policies and other basic matters concerning Group management, thereby setting up a system to facilitate mutual collaboration and cooperation as well as exerting synergy effects among Group companies.

For matters that may have a significant effect on the entire Group and those necessary for maintaining management transparency, Group companies must receive approval from, have discussion with and report to the holding company on an individual basis. Through these activities, Japan Post Holdings ensures corporate governance of the Japan Post Group.

2. Internal Controls

Japan Post Holdings, in accordance with management policies for the Japan Post Group, has established the Fundamental Policy for Establishment of Internal Control Systems for Japan Post Holdings Co., Ltd. for the purpose of establishing programs that ensure sound and proper business operations. The holding company has also concluded the Group agreements with Group companies for internal controls concerning such areas as compliance, internal

audits, risk management and information security, requiring each company to establish their own systems based on these agreements.

Furthermore, Japan Post Holdings constantly monitors proper business operations of Group companies by requiring them to report any significant matters in their operations and provides guidance for improvement as necessary.

3. Separation of Business Execution and Supervision

Japan Post Holdings is a company with three committees, in which responsibilities for execution of business activities and oversight of management are separated for the purpose of strengthening corporate governance for the entire Japan Post Group. The president & CEO quickly makes decisions concerning business activities, while the Board of Directors, comprising 18 directors among which 10 are outside directors, provides appropriate supervision of business activities.

The three committees are the Nomination Committee, Audit Committee and Compensation Committee, each with a majority of outside directors. The Nomination Committee decides on proposals regarding the appointment of directors to be submitted to shareholders' meetings. The Audit Committee performs audits on business execution of executive officers and other relevant individuals, and the Compensation Committee determines compensation for individual directors and executive officers.

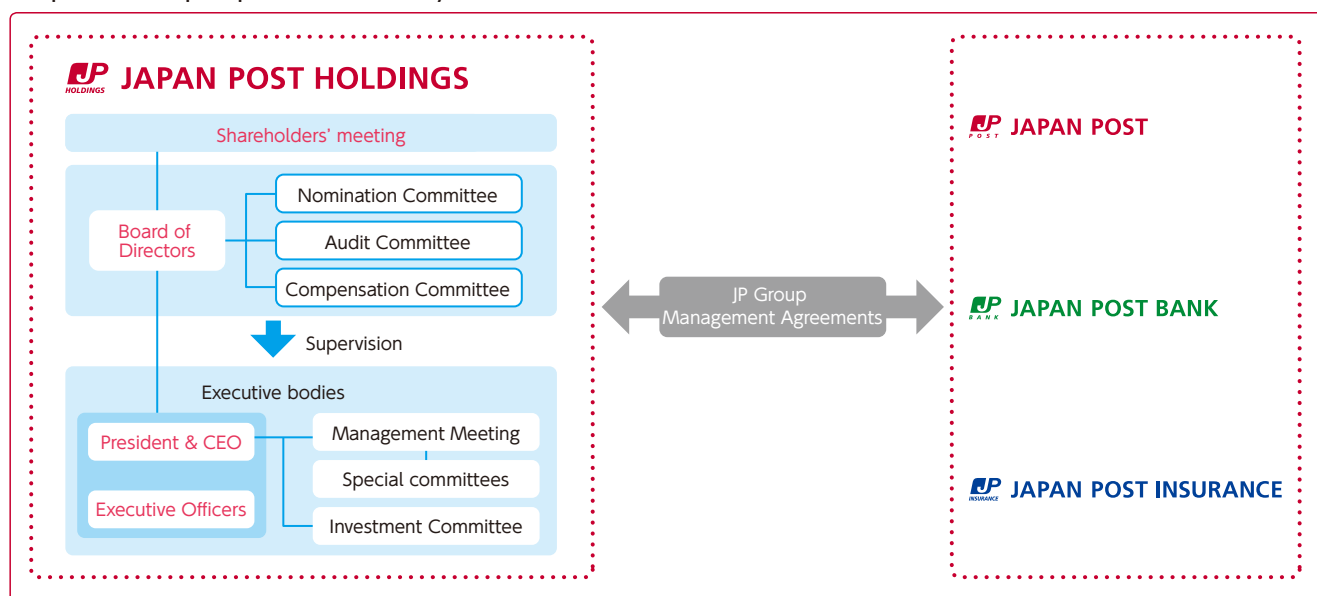
4. Management Meeting, Investment Committee and Special Committees

Japan Post Holdings has a Management Meeting and Investment Committee, both made up of executive officers. These serve as advisory bodies to the president and CEO and discuss and report on important matters related to business execution.

In addition, there are two special committees, the Compliance Committee and Corporate Social Responsibility (CSR) Committee,

which serve as advisory bodies to the Management Meeting. Having these committees examine specialized matters and submitting the results to the Management Meeting better enables the Japan Post Group to solve problems involving all aspects of management.

■ Japan Post Group Corporate Governance System



■ Declaration by Top Management regarding the Elimination of Relationships with Antisocial Forces

To eliminate any relationships with antisocial forces and prevent damage to the organization, the Japan Post Group has made the following declaration in line with the Fundamental Policy for Establishment of Internal Control Systems.

1. Organizational response

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

2. Complete elimination of relationships, including transactions

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

3. Legal measures and prohibition of secret negotiations

The Japan Post Group will strongly refuse any unjustified demands by antisocial forces and will take legal measures, either via a civil court or a criminal court, or both. The Japan

Post Group will never negotiate in secrecy with antisocial forces, even if their unjustified demands are to conceal matters related to any misconduct of the Group's own activities or that of its staff.

4. Cooperation with outside experts

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

5. Prohibiting financing for antisocial forces

The Japan Post Group will never engage in financing for antisocial forces.

2. Corporate Governance Systems of Group Companies

Japan Post has a corporate governance system based on a Board of Corporate Auditors, a majority of which comprises outside auditors.

Japan Post Bank and Japan Post Insurance have adopted a company with three committees system of corporate governance in which more than half of their directors are outside directors. These companies also have established a Nomination Committee, Audit Committee and Compensation Committee, each with a majority of outside directors.

Japan Post, Japan Post Bank and Japan Post Insurance have a Management Meeting made up of executive officers, which serves as an advisory body to the president. This meeting discusses and reports on important matters related to business execution. Each company also has special committees, including the Compliance Committee and Risk Management Committee, which serve as advisory bodies to the Management Meeting and deliberate on specialized matters.

3. Japan Post Group Compliance Framework

We conduct rigorous compliance activities as one of the highest management priorities of the Japan Post Group. With the guidance and support of Japan Post Holdings, all Group companies build an effective compliance framework giving due consideration to the public characteristics of the business.

1. Japan Post Group Compliance Framework

The Japan Post Group employs a common compliance framework. Each Group company establishes a Compliance Department to conduct integrated management of compliance-related matters.

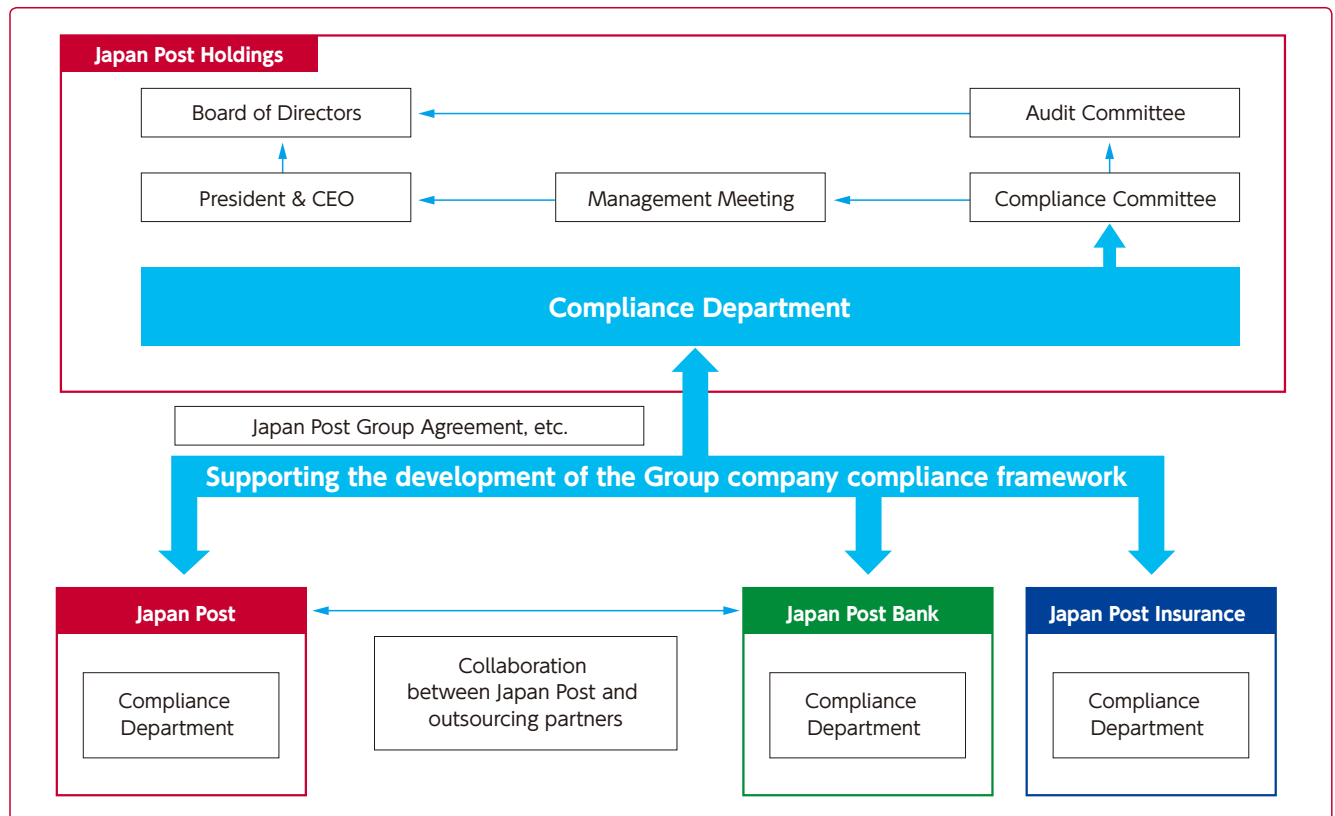
In addition, each Group company has a Compliance Committee that provides advice to its Management Meeting to review the compliance policy, framework, specific activities and associated issues.

A Compliance Department has been set up and placed under the control of a director in charge of compliance to propose

measures to promote compliance and manage the progress of each measure.

In order to ensure Group-wide compliance, the Compliance Department of Japan Post Holdings provides support in accordance with the Group agreements to Group companies to help them establish their respective compliance frameworks, and by doing so, strives to maintain and improve compliance functions for the Group as a whole.

■ Japan Post Group Compliance Framework



2. Group Company Compliance Framework

Japan Post Group companies have built a compliance framework as outlined below and use various measures to promote compliance so that the compliance framework can function effectively.

1. Compliance Framework

(a) Line of responsibility for compliance activities

Each Group company has a Compliance Department that is independent from departments related to business execution in order to promote compliance activities throughout the company. This department and other departments have a compliance officer who is responsible for executing specific compliance activities. In addition, compliance managers have been appointed at all head office departments, regional offices, post offices and branch offices in order to establish a line of report for compliance activities.

(b) Internal reporting system

In each Group company, the Compliance Department has a compliance hotline that can be used by employees and others. In addition, reports of compliance infringement at any Group company can be submitted at a designated law firm, which provides an external reporting channel. This reporting system makes it possible to quickly deal with compliance violations and prevent such violations from spreading while maintaining a structure to resolve issues at the earliest stage.

2. Promotion of Compliance

(a) Establishment of compliance program

Each fiscal year, a compliance program is established to provide a plan for specific actions involving compliance. Progress is then checked on a regular basis.

(b) Activities related to compliance items

At Group companies, specific compliance items have been selected and departments have been assigned to take responsibility for individual compliance items in order to promote compliance in a focused manner. The Compliance Department oversees the compliance promotion activities undertaken by these units and conducts integrated management of compliance-related issues across the board.

(c) Preparation and distribution of compliance manual

A compliance manual is prepared to serve as a practical guide to promote compliance. The manual explains the compliance framework, matters concerning areas of compliance and other subjects. All employees also receive a compliance handbook that summarizes the manual and is used in training programs and other activities to raise awareness among employees of the importance of compliance.

(d) Implementation of compliance-related training

Each Group company conducts a variety of training activities to promote a better understanding of legal matters and other areas, and to raise awareness of compliance.

4. Japan Post Group Internal Audit System

The Japan Post Group has established an effective internal audit system at each Group company in order to ensure sound administration and proper operations aimed at building customer trust.

1. Japan Post Group Internal Audit System Framework

The Japan Post Group sets forth the fundamental matters necessary to create an internal audit system framework in the Group agreements.

Based on these agreements, each Group company develops an effective internal audit system framework befitting the nature of its business and the type and degree of risk.

The Internal Audit Department of Japan Post Holdings monitors the audit regulations, audit plans and progress of audits of the

Internal Audit Departments of Japan Post, Japan Post Bank and Japan Post Insurance from the perspective of enhancing the internal audit system framework of the entire Group.

This Internal Audit Department also evaluates and examines the internal audit systems of Group companies and provides guidance and advice, as well as makes recommendations for improvements and directly undertakes audits when required.

2. Internal Audit System at Group Companies

1. Overview

Each Group company has an Internal Audit Department independent from the business-executing departments which conducts internal audits from an independent and objective standpoint.

In addition, the scope of the internal audits extends to all business sites and administrative affairs, so each Group company

has set up an Internal Audit Department at its head office. Besides this, Japan Post, which has approximately 24,000 post offices, has established audit offices at 50 locations nationwide. This ensures that internal audits are carried out at a sufficient frequency and in appropriate detail.

2. Implementation of Effective Internal Audits

The Internal Audit Department of each Group company conducts risk-based internal audits, in which audit frequency and audit items are determined by evaluating specific types and extent of risks in the branches and departments or operations within the scope of the internal audit.

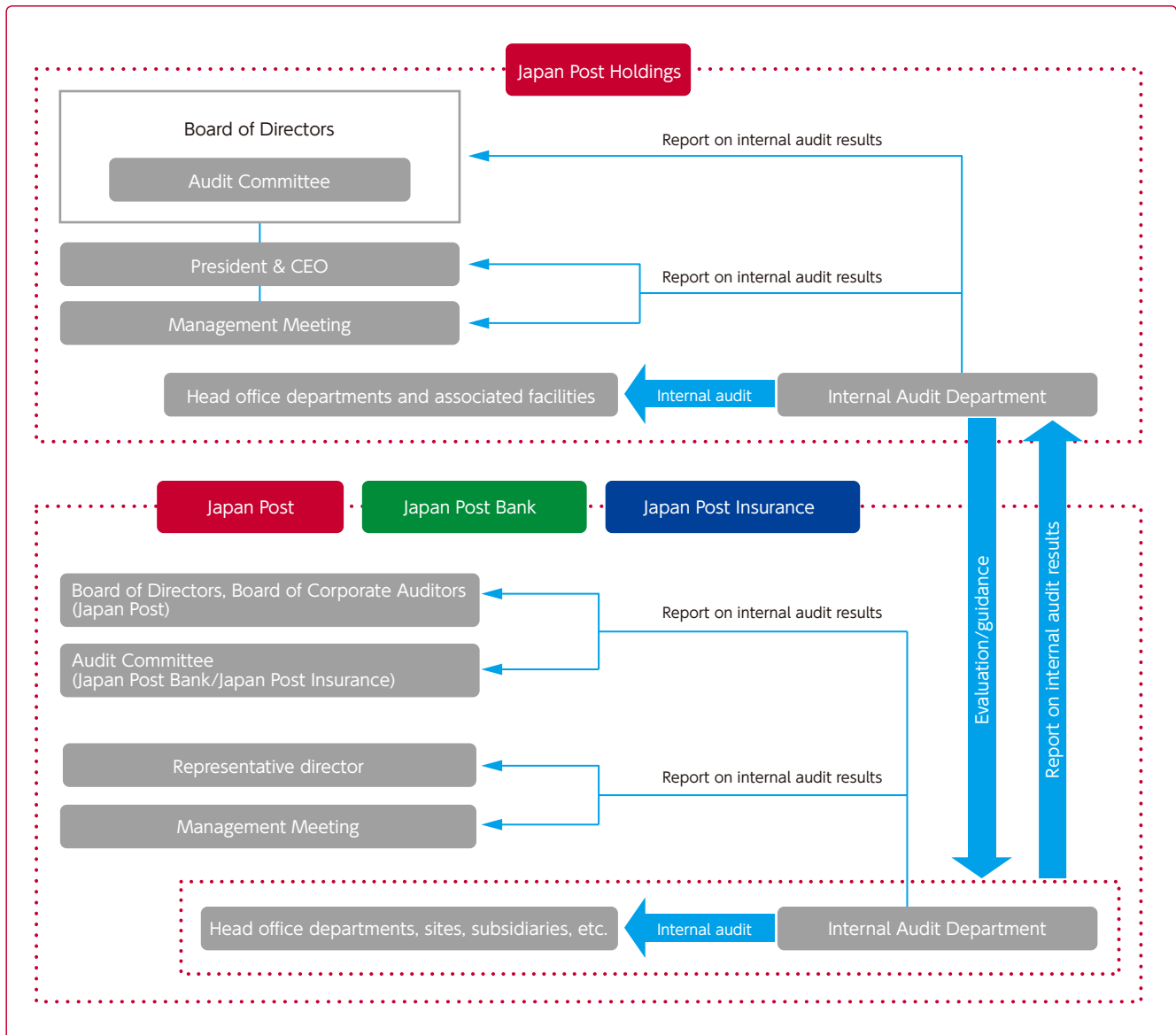
In addition, efforts are made to ensure efficient and effective internal audits through off-site monitoring that includes routinely attending various meetings and gathering relevant internally managed materials.

3. Reporting on Results of Internal Audits and Making Improvements

The Internal Audit Department of each Group company reports on internal audit results to the business-executing departments as well as to the representative director, Audit Committee and Board of Corporate Auditors.

Moreover, each Internal Audit Department works to improve operations in respective companies. To this end, progress reports of improvement-requested items indicated in audit reports are periodically made to the representative director.

Japan Post Group Internal Audit Framework



5. Japan Post Group Risk and Crisis Management

Japan Post Holdings, as the holding company of the Japan Post Group, recognizes that properly managing risk within the Group is one of management's highest priorities and has formulated a basic policy concerning Group risk management. Based on the shared understanding of this policy among Group companies, Japan Post Holdings establishes a risk management system for the entire Group.

Japan Post Holdings is committed to preventing the transfer of risk from one Group company to another. Japan Post Holdings is also committed to assuring that Japan Post Bank and Japan Post Insurance, the Group's financial companies, continue to strengthen their risk management systems as independent financial institutions and implement autonomous risk management.

To ensure an appropriate response to crisis situations, including earthquakes and other natural disasters, each Group company in the Japan Post Group has established its own crisis management system in accordance with the Group agreements.

1. Group Risk Management Framework

As a basic policy concerning Group risk management, the Japan Post Group has laid down basic principles of risk management and fundamental matters that should be observed by Group companies in implementing risk management, including categories of risks that should be managed by each company. The Japan Post Group performs Group risk management based on this policy.

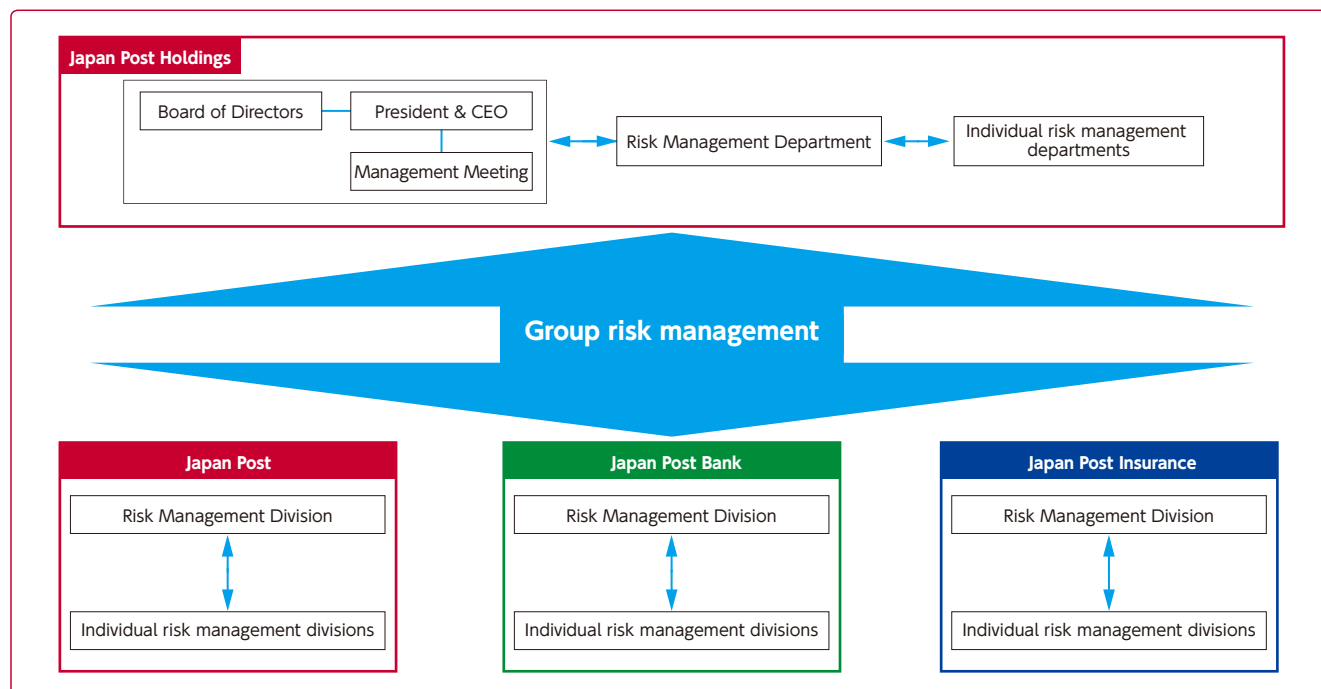
In addition, Japan Post Holdings has a Risk Management Department for the purpose of monitoring risk for the entire Japan Post Group. The Risk Management Department receives reports from and has discussions with Group companies on matters related to their risk management, thereby setting up a system to

properly identify and monitor risk for the Group as a whole.

The Risk Management Department periodically submits Group company risk management reports to the Management Meeting in which the Group's risk management policies and risk management systems are discussed.

The Japan Post Groups pays particular attention to preventing any conflicts of interest when determining the authority and responsibility of organizations, executives and employees engaging in risk management and has in place a system that ensures appropriate checks and balances among these parties.

■ Risk Management Framework for Japan Post Group



Japan Post Bank and Japan Post Insurance are exposed to market risk, credit risk and other types of risk that are unique to the provision of financial services. Each Group company identifies risks to be quantified and then uses VaR (value at risk, a measure of the maximum expected loss that could occur due to events with a certain probability) and other methods to objectively and appropriately measure these risks in a uniform manner.

Japan Post Holdings manages risk by confirming that the amount

of risk measured at each of these two companies is suitable in relation to each Group company's equity capital.

Operational risk is managed for the business activities of Japan Post, Japan Post Bank and Japan Post Insurance. Operational risk management is monitored on a regular basis to properly supervise this risk. In addition, actions are taken to enable Group companies to work more closely together in order to prevent the recurrence of problems and strengthen risk management.

2. Japan Post Group Risk Management System

Managing risk at Japan Post Group companies is recognized as one of management's highest priorities. After specifying risks associated with each business activity, each Group company has established a management system in accordance with the characteristics of each risk based on the basic policy for Group risk management and

manages those risks autonomously.

A department responsible for managing risk has been set up at each Group company and a system for checks and warnings has been created together with the individual risk management departments.

■ Risk Categories and Definitions

Risk category	Definition
Insurance underwriting risk	The risk of losses arising due to change in economic conditions or insurance accident occurrence ratios as opposed to the projections made at the time when insurance premiums were set.
Credit risk	The risk of losses arising from the decline or elimination of the value of assets (including off-balance-sheet assets) due to deterioration in the financial condition of an entity to which credit is provided.
Market risk	The risk of loss resulting from changes in the value of assets and liabilities (including off-balance-sheet assets and liabilities) due to fluctuations in risk factors such as interest rates, foreign exchange rates and stock prices and the risk of losses resulting from changes in earnings generated from assets and liabilities. There are three material market risks as follows:
1) Interest rate risk	The risk of losses resulting from changes in interest rates. As a result of a mismatch of interest rates on its assets and liabilities and/or timing differences in the maturity thereof, the company may suffer a loss or a decline in profit due to changes in interest rates.
2) Price volatility risk	The risk of declines in the value of assets due to changes in the prices of securities and other financial instruments.
3) Foreign exchange risk	The risk of losses resulting from the difference between assumed and actual foreign exchange rates in the case where the company has a long position or short position on a net basis with regard to its assets and liabilities denominated in foreign currencies.
Asset investment risk	The risk of losses arising from fluctuations in the values of assets or liabilities held (including off-balance-sheet items). Investment risk consists of the following credit, market and real estate investment risks.
1) Credit risk	Same as credit risk above

Risk category	Definition
2) Market risk	Same as market risk above
3) Real estate investment risk	The risk of losses due to decline in profitability of real estate caused by the changes of rental rates, or due to decrease in the value of real estate itself caused by factors such as changes in market conditions.
Liquidity risk	(1) Funding-liquidity risk: The risk of losses because a company finds it difficult to secure the necessary funds or is forced to obtain funds at far higher interest rates or the company must unavoidably trade at remarkably lower prices than usual under normal conditions because of a worsening financial condition. (2) Market-liquidity risk: the risk of losses arising due to an inability to conduct market transactions or the need to conduct transactions at far more unfavorable prices because of market turmoil.
Operational risk	The risk of losses resulting from inadequate operation processes, inadequate activities by officers and employees and inadequate systems or from external events. There are three categories of operational risk that apply to the entire Group: (1) administrative risk, (2) IT system risk and (3) information assets risk.
1) Administrative risk	The risk of losses resulting from the neglect by officers and employees to conduct administrative work properly, accidents caused by them and violation of laws conducted by them in the course of the administrative work process.
2) IT system risk	The risk of losses because of a breakdown or malfunctioning of computer systems or other computer system inadequacies, or because of improper use of computer systems.
3) Information assets risk	The risk of losses arising from the loss, falsification, inappropriate use, or external leakage of information due to IT system damage or inappropriate processing.

3. Crisis Management for Disasters

Based on the Group agreements, each Group company in the Japan Post Group has established a system to ensure appropriate response to crisis situations, including earthquakes and other natural disasters, large-scale accidents and major failures in information systems.

Group companies prepare manuals and establish plans that

facilitate the required initial response and rescue measures immediately after a crisis occurs. In the event of a major crisis, a joint task force on-scene comprising representatives of Group companies will be quickly established in an affected area to review and implement methods to enable the smooth provision of services to customers.

6. Japan Post Group Customer Satisfaction

1. Listening to Customers

Each Group company's customer satisfaction department* analyzes customer feedback collected from post offices, branches, call centers and its own website with the aim of making required improvements and providing products and services that bring customer satisfaction.

*Group companies' customer satisfaction departments:

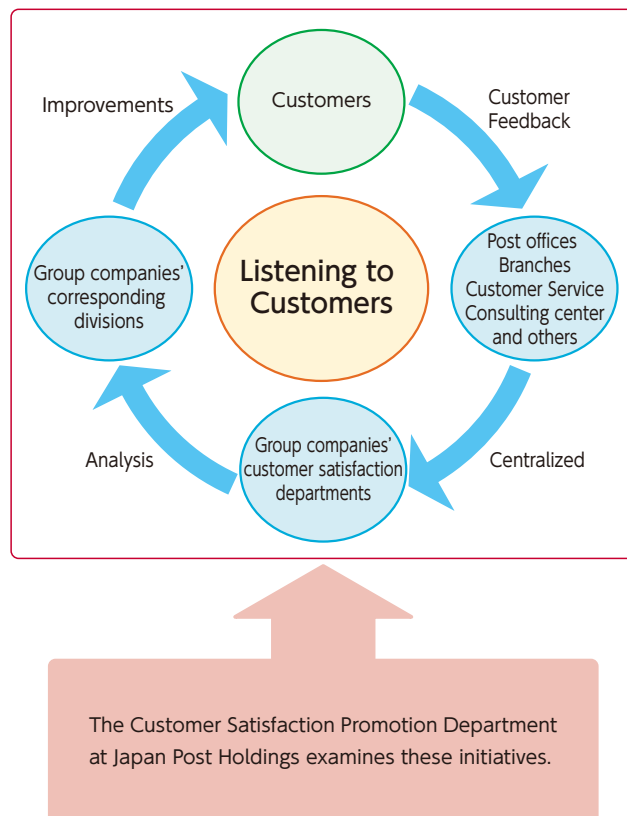
- Japan Post: General Affairs Division, Customer Service Promotion Office
- Japan Post Bank: Customer Satisfaction Department
- Japan Post Insurance: Customer Service Department

The Customer Satisfaction Promotion Department at Japan Post Holdings devises ways to utilize customer opinions gathered from Group companies in its management operations.

2. Customer Service Consulting Center

Customer opinions are gathered at all post offices, branches and call centers nationwide, as well as from respective websites. Please refer to pages 190-193 for business hours at post offices and branches, and for telephone numbers and business hours of Group company call centers.

■ Japan Post Group Customer Satisfaction Flowchart



■ Example of improvements based on customer feedback

	Customer feedback	Improvements
Japan Post Co., Ltd.	I would like to send a condolence money envelope with "Osenko tayori surei."	We added another size variation to this condolence letter series, which comes with a 45 mm longer outer packet to comfortably accommodate a condolence money envelope.
Japan Post Bank Co., Ltd.	There have been many cybercrimes related to online banking services, and I want increased security for JAPAN POST BANK Direct.	We started providing one-time password tokens free of charge to users of our JAPAN POST BANK Direct online banking services in order to offer an extra layer of safety and security.
Japan Post Insurance Co., Ltd.	The Procedural Guidance of Annuity Payments, sent using a press-bonded postcard, is difficult to open. Text size is also small, making it difficult to understand the contents.	We switched from a press-bonded postcard to a perforated envelope that is easier to open. We also revised the layout and the contents to make it easier to read and understand. (This notice has obtained UCDA certification from the Universal Communication Design Association (UCDA).)

Results of the Japan Post Group Customer Satisfaction Survey

Japan Post Holdings conducts a survey on customer satisfaction levels and intention of use at post offices (Japan Post Co., Ltd., Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd.) and summarizes the results in order to accurately ascertain customer opinions on products and services and respond to new needs.

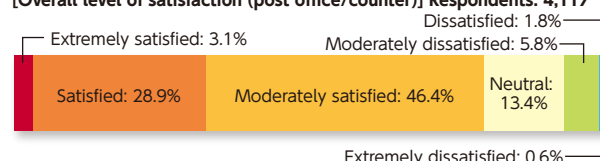
The Japan Post Group will continue to regularly conduct surveys as a means to further raise customer satisfaction and the results of analysis of issues and other aspects obtained via such research will be actively reflected in management operations.

Level of satisfaction in the post office

◇ (Satisfied: 78.4%, Dissatisfied: 8.2%)

How satisfied are you overall with the post office network and response at counters?

[Overall level of satisfaction (post office/counter)] Respondents: 4,117

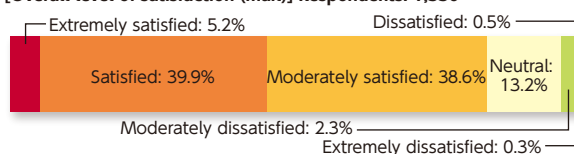


Level of satisfaction for services such as postal services, banking services and insurance services.

◇ Mail (Satisfied: 83.7% Dissatisfied: 3.1%)

How satisfied are you overall with mail delivery services at post offices for such items as letters, postcards, direct marketing and catalogs?

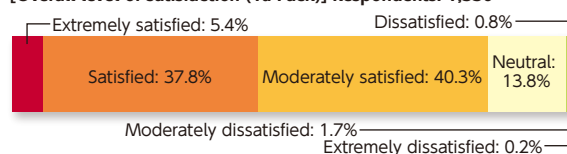
[Overall level of satisfaction (mail)] Respondents: 1,550



◇ Yu-Pack (Satisfied: 83.5% Dissatisfied: 2.7%)

How satisfied are you overall with Yu-Pack delivery services at post offices?

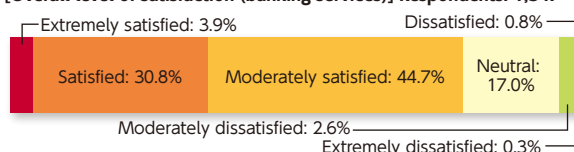
[Overall level of satisfaction (Yu-Pack)] Respondents: 1,550



◇ Banking services (Satisfied: 79.4% Dissatisfied: 3.7%)

How satisfied are you overall with banking services of post offices (Japan Post Bank)?

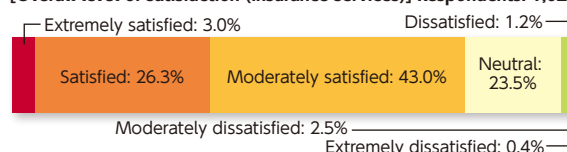
[Overall level of satisfaction (banking services)] Respondents: 1,547



◇ Insurance services (Satisfied: 72.3% Dissatisfied: 4.1%)

How satisfied are you overall with insurance services of post offices (Japan Post Insurance)?

[Overall level of satisfaction (insurance services)] Respondents: 1,020



* Level of satisfaction is evaluated based on a scale of the aggregate percentage of "extremely satisfied," "satisfied" and "moderately satisfied." Level of dissatisfaction is evaluated based on a scale of the aggregate percentage of "extremely dissatisfied," "dissatisfied" and "moderately dissatisfied."

* Graph figures have been rounded to one decimal place, so the total response rate may not add to 100.0%.

Outline of survey

■ Respondents

- (1) Individuals who use the post office (including ATMs) more than once a month
- (2) Individual males or females over 20 years old nationwide
- (3) Individuals that fit one of the following criteria
 - Used mail such as Yu-Pack or letter in the past year
 - Have an account at Japan Post Bank
 - Family subscribes to Japan Post Insurance

* Excludes mass media, sector peer companies, those affiliated with the post office, etc.

■ Period: September 19-24, 2014

■ Survey method: Internet

■ Valid responses: 4,117 people (70.6% of 5,834 solicited)

Corporate Data

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1. Outline of Japan Post Holdings Co., Ltd.

1

Company Outline

Company name (in Japanese):	Nippon Yusei Kabushiki Kaisha
Company name:	JAPAN POST HOLDINGS Co., Ltd.
Head office location:	3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo 100-8798, Japan
Telephone:	03-3504-4411 (Japan Post Group main number)
Paid-in capital:	¥3,500 billion
Date of establishment:	January 23, 2006
Legal basis:	Established under the Japan Post Holdings Co., Ltd. Act (Law No. 98 of October 21, 2005)
Lines of business:	Strategy formulation of Group management

2

Information on Shares

(as of March 31, 2015)

1. Number of Shares

Authorized number of shares	600,000,000
Total shares issued	150,000,000
Number of shareholders as of March 31, 2015	One

2. Shareholder

Minister of Finance	Condition of holdings	
	Shares owned	Percentage of total issued
	150,000,000	100%

3. Information on Rights to Purchase New Shares, etc.

None outstanding

3

Number of Employees

2,951* (as of March 31, 2015)

* The number of employees excludes employees assigned to other companies by Japan Post Holdings Co., Ltd. but includes employees assigned to Japan Post Holdings Co., Ltd. by other companies. The figures do not include part-time employees.

(As of July 1, 2015)

1. Directors

President & CEO (Representative Executive Officer).....	Taizo Nishimuro (Concurrently holds the positions of Director of Japan Post Co., Ltd., Director of Japan Post Bank Co., Ltd., and Director of Japan Post Insurance Co., Ltd.)
Senior Executive Vice President (Representative Director)...	Yasuo Suzuki (Concurrently holds the position of Director of Japan Post Co., Ltd.)
Executive Vice President (Representative Director).....	Tatsuo Soda
Executive Vice President (Representative Director).....	Susumu Atsuki
Executive Vice President (Representative Director).....	Toshihide Komatsu
Director	Masami Ishii (Concurrently holds the position of President & CEO of Japan Post Insurance Co., Ltd.)
Director	Toru Takahashi (Concurrently holds the position of President & CEO of Japan Post Co., Ltd.)
Director	Masatsugu Nagato (Concurrently holds the position of President & CEO of Japan Post Bank Co., Ltd.)
Director (Outside)	Haruo Kasama (Attorney-at-Law)
Director (Outside)	Keiji Kimura (Concurrently holds the position of Chairman & Representative Director of Mitsubishi Estate Co., Ltd.)
Director (Outside)	Miwako Noma (Concurrently holds the position of Representative Director of Nipponurashi Co., Ltd.)
Director (Outside)	Fujio Mitarai (Concurrently holds the position of Chairman & CEO of Canon Inc.)
Director (Outside)	Akio Mimura (Concurrently holds the position of Senior Adviser and Honorary Chairman of Nippon Steel & Sumitomo Metal Corporation)
Director (Outside)	Tadashi Yagi (Concurrently holds the position of Auditor of Kyodo News)
Director (Outside)	Fumiaki Watari (Concurrently holds the position of Honorary Adviser of JX Holdings, Inc. and President & Representative Director of Private Finance Initiative Promotion Corporation of Japan)
Director (Outside)	Satoshi Seino (Concurrently holds the position of Chairman (Director) of East Japan Railway Company)
Director (Outside)	Kunio Ishihara (Concurrently holds the position of Adviser of Tokio Marine & Nichido Fire Insurance Co., Ltd.)
Director (Outside)	Yasuo Inubushi (Concurrently holds the position of Honorary Adviser of Kobe Steel, Ltd.)

2. Executive Officers (Excludes persons with concurrent posts in the above 1. Directors)

Senior Managing Executive Officer	Kunio Tanigaki	Executive Officer	Kimihiko Oku
Senior Managing Executive Officer	Seiji Katsuno	Executive Officer	Susumu Inoue (Concurrently holds the position of Executive Officer of Japan Post Co., Ltd.)
Managing Executive Officer	Masayuki Nakayama	Executive Officer	Makoto Sakurai
Managing Executive Officer	Kenji Fukumoto	Executive Officer	Atsuko Onodera
Managing Executive Officer	Ryosuke Haraguchi	Executive Officer	Yoshiharu Miyazaki
Managing Executive Officer	Noboru Ichikura	Executive Officer	Hidetake Kikuhara
Managing Executive Officer	Toru Inasawa (Concurrently holds the position of Senior Managing Executive Officer of Japan Post Co., Ltd.)	Executive Officer	Katsuyuki Takahashi
Managing Executive Officer	Satoru Tatebayashi (Concurrently holds the position of Senior Executive Officer of Japan Post Co., Ltd.)	Executive Officer	Tsutomu Shomura
Managing Executive Officer	Susumu Tanaka (Concurrently holds the position of Representative Executive Vice President of Japan Post Bank Co., Ltd.)	Executive Officer	Mamiko Izumi
Managing Executive Officer	Tetsuya Senda (Concurrently holds the position of Managing Executive Officer of Japan Post Insurance Co., Ltd.)	Executive Officer	Mitsuyuki Yamamoto
		Executive Officer	Katsumi Amano
		Executive Officer	Shinji Denishi
		Executive Officer	Masamichi Moribe

3. Nomination Committee

Chairperson	Akio Mimura
Member	Taizo Nishimuro
Member	Fujio Mitarai

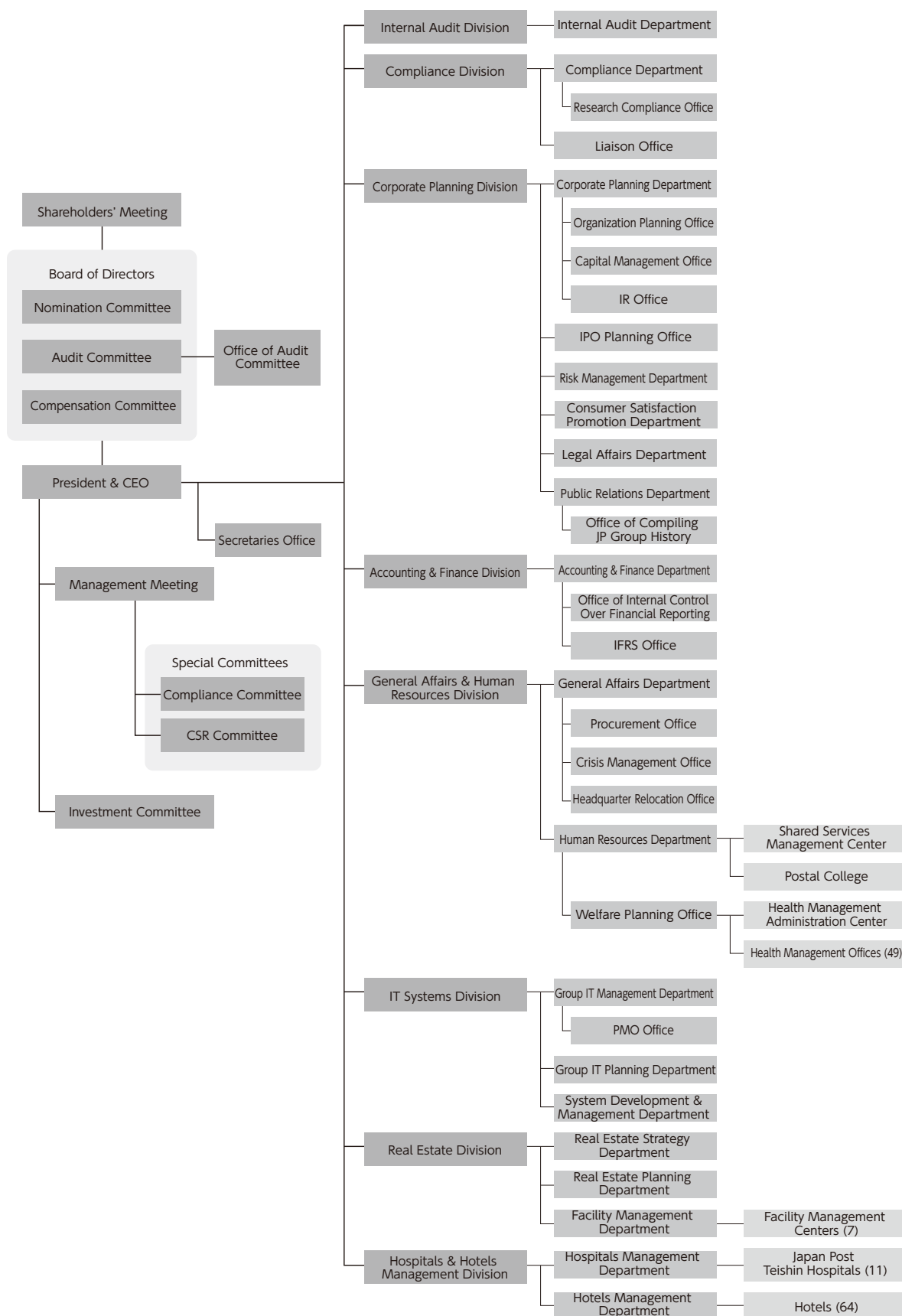
4. Audit Committee

Chairperson	Haruo Kasama
Member	Miwako Noma
Member	Tadashi Yagi

5. Compensation Committee

Chairperson	Taizo Nishimuro
Member	Haruo Kasama
Member	Fumiaki Watari

(As of July 1, 2015)



(As of March 31, 2015)

Affiliation	Company name	Location	Issued capital (millions)	Main business	Date of establishment	Percentage ownership of voting rights
Consolidated subsidiaries	JAPAN POST Co., Ltd.	Chiyoda-ku, Tokyo	¥400,000	Postal and logistics business, financial services counter sales business	October 1, 2007	100.0% (0.0%)
	Japan Post Transport Co., Ltd.	Minato-ku, Tokyo	¥18,250	Truck cargo transportation	November 30, 2007	100.0% (100.0%)
	JAPAN POST International Logistics Co., Ltd.	Shanghai, China	CNY50	Agency services for international freight forwarding	September 6, 2013	100.0% (100.0%)
	Japan Post Delivery Co., Ltd.	Chuo-ku, Tokyo	¥400	Collection of Yu-Pack	April 1, 2014	100.0% (100.0%)
	Japan Post Finance Co., Ltd.	Shinjuku-ku, Tokyo	¥400	Credit settlement service, contracted payment collection services	April 1, 2014	85.1% (85.1%)
	JP Logi Service Co., Ltd.	Chuo-ku, Osaka-shi, Osaka	¥34	Preparation and posting of postal items	October 15, 1968	67.6% (67.6%)
	JP Biz Mail Co., Ltd.	Adachi-ku, Tokyo	¥100	Preparation and posting of postal items	February 1, 2006	58.5% (58.5%)
	JAPAN POST SANKYU GLOBAL LOGISTICS CO., LTD.	Chuo-ku, Tokyo	¥300	Consigned freight forwarding business	July 1, 2008	60.0% (60.0%)
	JP Media Direct Co., Ltd.	Minato-ku, Tokyo	¥300	Product development of mail media	February 29, 2008	51.0% (51.0%)
	Japan Post Trading Service Co., Ltd.	Koto-ku, Tokyo	¥100	Outsourcing services of catalog products ordering	September 11, 2007	100.0% (100.0%)
	Japan Post Building Management Co., Ltd.	Chiyoda-ku, Tokyo	¥150	Property management for buildings	April 1, 2011	100.0% (100.0%)
	Japan Post Communications Co., Ltd.	Minato-ku, Tokyo	¥350	Operations related to sales of advertising media	August 8, 2014	100.0% (100.0%)
	JAPAN POST OFFICE SUPPORT Co., Ltd.	Minato-ku, Tokyo	¥180	Merchandise sales operation, others	March 16, 1971	84.9% (84.9%)
	JP MITSUKOSHI MERCHANDISING Co., Ltd.	Koto-ku, Tokyo	¥50	Mail-order business, wholesale, others	April 1, 2014	60.0% (60.0%)
	YY Gift Co., Ltd.	Nishi-ku, Yokohama-shi, Kanagawa	¥20	Mail-order of gift catalogs	April 23, 1996	51.0% (51.0%)
	JP TOKYO TOKUSENKAI Co., Ltd.	Taito-ku, Tokyo	¥30	Sales of catalog products, mail-order business, others	March 2, 2015	51.0% (51.0%)
	JAPAN POST BANK Co., Ltd.	Chiyoda-ku, Tokyo	¥3,500,000	Banking business	September 1, 2006	100.0% (0.0%)
	JAPAN POST INSURANCE Co., Ltd.	Chiyoda-ku, Tokyo	¥500,000	Life insurance business	September 1, 2006	100.0% (0.0%)
	JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd.	Meguro-ku, Tokyo	¥60	Information system-related business	March 8, 1985	100.0% (100.0%)
	JAPAN POST STAFF Co., Ltd.	Minato-ku, Tokyo	¥640	Temporary staffing service	July 3, 2007	100.0% (0.0%)
	YUSEI CHALLENGED Co., Ltd.	Setagaya-ku, Tokyo	¥5	Office cleaning	November 20, 2007	100.0% (0.0%)
	Japan Post Hotel Service Co., Ltd.	Chuo-ku, Saitama-shi, Saitama	¥39	Contracted hotel management	December 26, 1996	100.0% (0.0%)
	Japan Post Information Technology Co., Ltd.	Minato-ku, Tokyo	¥3,150	Communication network maintenance and management	January 30, 1987	100.0% (0.0%)
Affiliated companies accounted for under the equity method	SDP Center Co., Ltd.	Chuo-ku, Tokyo	¥2,000	Outsourcing services including mortgage loans	May 28, 1980	45.0% (45.0%)
	SAISON ASSET MANAGEMENT Co., Ltd.	Toshima-ku, Tokyo	¥1,260	Type II financial instruments business operation and investment trust management business, others	June 12, 2006	40.0% (40.0%)
	ATM Japan Business Service, Ltd.	Minato-ku, Tokyo	¥100	ATM cash loading and collection, ATM management	August 30, 2012	35.0% (35.0%)
	JA Foods Oita Co., Ltd.	Kitsuki-shi, Oita	¥493	Processing and sales of agricultural products, fruits and vegetables	December 2, 1991	20.0% (20.0%)
	RINGBELL Co., Ltd.	Chuo-ku, Tokyo	¥354	Planning, production and sales of gift catalogs, others	July 3, 1987	20.0% (20.0%)

Note: The figures in parentheses in the column showing percentage ownership of voting rights indicate the percentage of indirect ownership through consolidated subsidiaries.

7

Teishin Hospitals

(As of April 1, 2015)

Name of facility	Location	Telephone number
Sapporo Teishin Hospital	1-5-1, Kawazoe 14-jo, Minami-ku, Sapporo, Hokkaido 005-8798	011-571-5103
Yokohama Teishin Hospital	13-10, Nishi Kanagawa 1-chome, Kanagawa-ku, Yokohama, Kanagawa 221-8798	045-321-4782
Tokyo Teishin Hospital	14-23, Fujimi 2-chome, Chiyoda-ku, Tokyo 102-8798	03-5214-7111
Toyama Teishin Hospital	2-29, Kashima-machi 2-chome, Toyama, Toyama 930-8798	076-423-7727
Nagoya Teishin Hospital	2-5, Izumi 2-chome, Higashi-ku, Nagoya, Aichi 461-8798	052-932-7151
Kyoto Teishin Hospital	109, Nishi Rokkakuchō, Shinmachi Nishiiru, Rokkakutori, Nakagyo-ku, Kyoto, Kyoto 604-8798	075-241-7167
Osaka Kita Teishin Hospital	1-6, Nakazaki 1-chome, Kita-ku, Osaka, Osaka 530-8798	06-6361-2071
Hiroshima Teishin Hospital	19-16, Higashi Hakushima-cho, Naka-ku, Hiroshima, Hiroshima 730-8798	082-224-5355
Tokushima Teishin Hospital	19-2, Iga-cho 3-chome, Tokushima, Tokushima 770-8798	088-623-8611
Fukuoka Teishin Hospital	6-11, Yakuin 2-chome, Chuo-ku, Fukuoka, Fukuoka 810-8798	092-741-0300
Kagoshima Teishin Hospital	12-1, Shimo Ishiki 1-chome, Kagoshima, Kagoshima 890-8798	099-223-6013

(As of July 1, 2015)

1. Kanpo no Yado Inns

Number	Name of facility	Location	Telephone number	Number of rooms	Notes
1	Otaru	2-670, Asarigawa Onsen, Otaru, Hokkaido 047-0154	0134-54-8511	21	Kazeru Otaru Annex
2	Ichinoseki	147-5, Horyu, Genbi-cho, Ichinoseki, Iwate 021-0101	0191-29-2131	55	
3	Matsushima	89-53, Minami-Akasaki, Nobiru, Higashi-Matsushima, Miyagi 981-0411	—	—	Temporarily closed
4	Sakata	17-26, Imoriyama 3-chome, Sakata, Yamagata 998-8588	0234-31-4126	39	
5	Koriyama	3-198, Atami, Atami-machi, Koriyama, Fukushima 963-1380	024-984-3511	36	
6	Iwaki	60, Shibazaki, Tairafujima, Iwaki, Fukushima 970-0103	0246-39-2670	59	
7	Oarai	7986-2, Isohama-cho, Oarai-machi, Higashi-Ibaraki-gun, Ibaraki 311-1301	029-267-3191	52	
8	Itako	1830-1, Mizuhara, Itako, Ibaraki 311-2404	0299-67-5611	56	
9	Shiobara	1256, Shiobara, Nasushiobara, Tochigi 329-2921	0287-32-2845	39	
10	Tochigi Kitsuregawa Onsen	5296-1, Kitsuregawa, Sakura, Tochigi 329-1412	028-686-2822	53	
11	Isobe	22, Gobara, Annaka, Gunma 379-0135	027-385-6321	51	
12	Yorii	2267, Sueno, Yorii-machi, Osato-gun, Saitama 369-1205	048-581-1165	51	
13	Kamogawa	1137, Nishi-cho, Kamogawa, Chiba 296-0043	04-7092-1231	101	
14	Asahi	2280-1, Nittama, Asahi, Chiba 289-2525	0479-63-2161	61	
15	Katsuura	2183-5, Ubara, Katsuura, Chiba 299-5243	0470-76-3011	50	
16	Ome	668-2, Komaki-cho 3-chome, Ome, Tokyo 198-0053	0428-23-1171	56	
17	Hakone	159, Motohakone, Hakone-machi, Ashigarashimo-gun, Kanagawa 250-0522	0460-84-9126	29	
18	Isawa	348-1, Matsumoto, Isawa-cho, Fuefuki, Yamanashi 406-0021	055-262-3755	54	
19	Kashiwazaki	2-15, Kotobuki-cho, Kashiwazaki, Niigata 945-0846	—	—	Temporarily closed
20	Suwa	15-16, Owa 2-chome, Suwa, Nagano 392-0001	0266-52-1551	36	
21	Atami (Main Building)	12-3, Minaguchi-cho 2-chome, Atami, Shizuoka 413-0016	0557-83-6111	159	
	Atami (Annex)	13-77, Minaguchi-cho 2-chome, Atami, Shizuoka 413-0016	0557-83-6111	45	
22	Izukogen	1104-5, Yawatano, Ito, Shizuoka 413-0232	0557-51-4400	59	
23	Toyama	5691-2, Hane, Fuchu-machi, Toyama, Toyama 939-2694	076-469-3135	40	
24	Fukui	43-17, Fuchi-machi, Fukui, Fukui 918-8026	0776-36-5793	33	
25	Yaizu	1375-2, Hamatome, Yaizu, Shizuoka 425-8533	054-627-0661	40	
26	Hamanako-Mikkabi	2977-2, Tsuzuki, Mikkabi-cho, Kita-ku, Hamamatsu, Shizuoka 431-1496	053-526-1201	41	
27	Sangane	1-221, Nyukaizan, Higashihazu-cho, Nishio, Aichi 444-0701	0563-62-2650	32	Closed as of check-out on August 31, 2015
28	Chita-Mihama	39, Suhara, Okuda, Mihama-cho, Chita-gun, Aichi 470-3233	0569-87-1511	42	
29	Ena	2709, Oi-cho, Ena, Gifu 509-7201	0573-26-4600	54	
30	Gifu-Hashima	1041, Uaminami, Kuwabara-cho, Hashima, Gifu 501-6323	058-398-2631	40	
31	Toba	1200-7, Arashima-cho, Toba, Mie 517-0021	0599-25-4101	58	
32	Kumano	1020-7, Ido-cho, Kumano, Mie 519-4324	0597-89-4411	27	Closed as of check-out on August 31, 2015
33	Hikone	3759, Matsubara-cho, Hikone, Shiga 522-0002	0749-22-8090	41	
34	Maizuru	224-5, Ueyasu, Maizuru, Kyoto 624-0912	—	—	Temporarily closed
35	Tondabayashi	880-1, Ryusen, Tondabayashi, Osaka 584-0053	0721-33-0700	43	

Number	Name of facility	Location	Telephone number	Number of rooms	Notes
36	Yamatoheguri	16-1, Kamisho 2-chome, Heguri-cho, Ikoma-gun, Nara 636-0905	0745-45-0351	34	
37	Nara	9-1, Nijo-cho 3-chome, Nara, Nara 630-8002	0742-33-2351	40	
38	Shirahama	1688-2, Shirahama-cho, Nishimuro-gun, Wakayama 649-2211	0739-42-2980	31	Closed as of check-out on August 31, 2015
39	Kii-Tanabe	24-1, Mera, Tanabe, Wakayama 646-8501	0739-24-2900	52	
40	Arima	1617-1, Arima-cho, Kita-ku, Kobe, Hyogo 651-1401	078-904-0951	53	
41	Ako	883-1, Misaki, Ako, Hyogo 678-0215	0791-43-7501	50	
42	Awajishima	824, Toshima, Awaji, Hyogo 656-1711	0799-82-1073	40	
43	Kaike	1-7, Kaikeshinden 3-chome, Yonago, Tottori 683-0002	0859-33-4421	35	Closed as of check-out on August 31, 2015
44	Mimasaka Yunogo	674-7, Nakayama, Mimasaka, Okayama 707-0061	0868-72-5551	35	Closed as of check-out on August 31, 2015
45	Takehara	442-2, Nishino-cho, Takehara, Hiroshima 725-0002	0846-29-0141	40	
46	Hikari	31-1, Murozumi-Higashinoshio, Hikari, Yamaguchi 743-0005	0833-78-1515	40	
47	Yuda	1-42, Kanda-cho, Yamaguchi, Yamaguchi 753-0064	083-922-5226	40	
48	Kanonji	1101-4, Ikenoshiri-cho, Kanonji, Kagawa 768-0031	0875-27-6161	55	
49	Sakaide	2048-91, Takaya-cho, Sakaide, Kagawa 762-0017	0877-47-0531	41	Closed as of check-out on August 31, 2015
50	Tokushima	3-70, Nakatsuyama, Hachiman-cho, Tokushima, Tokushima 770-8071	088-625-1255	46	
51	Dogo	3-1, Mizonobe-machi, Matsuyama, Ehime 791-0101	089-977-0460	54	Closed as of check-out on August 31, 2015
52	Ino	1569, Hakawa, Ino-cho, Agawa-gun, Kochi 781-2128	088-892-1580	52	
53	Kitakyushu	2829, Arige, Wakamatsu-ku, Kitakyushu, Fukuoka 808-0123	093-741-1335	50	
54	Yanagawa	10-1, Yashiro-machi, Yanagawa, Fukuoka 832-0057	0944-72-6295	40	
55	Shimabara	8362-3, Hakusan-machi, Shimabara, Nagasaki 855-0824	—	—	Temporarily closed
56	Beppu	457, Tsurumi, Beppu, Oita 874-0844	0977-66-1271	49	
57	Hita	685-6, Nakanoshima-machi, Hita, Oita 877-0074	0973-24-0811	53	
58	Yamaga	2450, Shijiki, Yamaga, Kumamoto 861-0542	0968-43-5121	28	Closed as of check-out on August 31, 2015
59	Aso	5936, Miyaji, Ichinomiya-machi, Aso, Kumamoto 869-2612	0967-22-1122	66	
60	Nichinan	2228-1, Hoshikura, Nichinan, Miyazaki 889-2533	0987-22-5171	46	
61	Recreation Center in Naha	9-15, Minato-machi 2-chome, Naha, Okinawa 900-0001	098-862-4740	70	Closed as of check-out on August 31, 2015

2. Kanpo no Sato Inns

Number	Name of facility	Location	Telephone number	Number of rooms	Notes
62	Shobara	281-1, Shinjo-cho, Shobara, Hiroshima 727-0004	0824-73-1800	62	

3. Rafre Saitama and Other Facilities

Number	Name of facility	Location	Telephone number	Number of rooms	Notes
63	Rafre Saitama	3-2, Shintoshin, Chuo-ku, Saitama, Saitama 330-0081	048-601-1111	186	
64	U-Port Recreation Center in Setagaya	17-1, Kamata 2-chome, Setagaya, Tokyo 157-0077	03-3709-0161	—	No accommodation facilities

Notes 1: For more details, contact the hotels directly or call the customer service center of *Kanpo no Yado* inns at 0120-715294 (weekdays: 9:30 to 17:30).

2: Each accommodation facility has formed a disaster agreement beforehand with local municipalities to provide evacuation areas, bathing facilities and food in accordance with requests from these municipalities (except Koriyama).

9

History of the Japan Post Group

Year	Major Event
1871	Modern postal service established (new postal system set up between Tokyo and Kyoto and Tokyo and Osaka)
1872	Registered mail service launched Nationwide postal network completed
1873	Nationwide flat-rate system introduced Issuance of postcards begun
1875	Government mail offices and mail handling offices renamed post offices Postal money order service established International mail service launched Postal savings service established
1877	Joined the Universal Postal Union
1880	Foreign postal money order service launched
1885	Issuance of reply-paid postcards begun Ministry of Communications established
1887	The 〒 mark adopted as the logo for the Ministry of Communications
1892	Parcel post service begun
1894	First commemorative stamps (two types; celebrating the 25th royal wedding anniversary of the Meiji Emperor) issued
1899	Special New Year's postcards delivery service launched (suspended in 1923, when the Great Kanto Earthquake occurred, and in the pre- and post-war periods from 1940 to 1947)
1901	Red post boxes introduced
1906	Money Transfer service established
1910	Governmental pensions payment receiving service launched
1911	Express mail service launched
1916	Postal life insurance service established
1926	Postal life annuity service established
1928	<i>Kokumin Hoken Taiso</i> (radio exercise) program launched
1931	Foreign Money Transfer service launched
1941	<i>TEIGAKU</i> deposits introduced
1944	System allowing payment of postage in arrears introduced
1949	The Ministry of Posts and Telecommunications established Law Concerning Contracted Post Offices went into effect Issuance of New Year's lottery postcards begun
1950	Issuance of summer greeting postcards begun
1951	New radio exercise program launched
1961	Postal orders (<i>TEIGAKU KOGAWASE</i>) service introduced
1968	Three- or five-digit postal code system introduced
1973	Depositor loan service introduced

Year	Major Event
1975	Express mail service (EMS) launched
1977	Online postal life insurance service launched
1978	Online postal savings service launched
1980	Cash dispensers (CDs) for postal savings introduced
1981	Automatic teller machines (ATMs) for postal savings introduced Trial service for electronic postal mail launched
1983	<i>Furusato</i> parcel service launched
1986	Automatic insurance premiums transfer service launched
1988	Sales of Japanese Government Bonds etc. begun
1989	Issuance of regional stamps (later renamed <i>Furusato</i> stamps) and New Year's lottery stamps begun The passbook with remittance service launched
1991	Issuance of <i>Furusato</i> picture postcards and donation-added New Year's lottery stamps begun Foreign exchange service launched
1998	Seven-digit postal code system introduced
1999	ATM/CD alliance service with private-sector financial institutions launched <i>Minna no Taiso</i> ("Exercise for Everyone") program developed Sales of lotteries begun
2000	Mutual remittance services between post offices and private-sector financial institutions begun
2001	Postal Services Agency established
2002	Defined contribution pensions (individual annuities) service begun
2003	Japan Post established
2005	Sales of investment trusts begun
2007	Japan Post Group established Agent sales of automobile insurance begun
2008	Issuance of JP BANK CARD begun Intermediary service for individual loans launched Agent sales of Variable Annuities Policies begun A new hospitalization rider, <i>Sono hi kara</i> , launched Agent sales of third-sector insurance begun Sales of life insurance for corporate clients (for management-level personnel) begun
2009	Online connection to the Zengin Data Telecommunication System (Zengin System) established
2010	Letter Pack service launched
2012	The "Act for Partial Revision of the Postal Service Privatization Act and others" went into effect, Japan Post Service and Japan Post Network merged, and Japan Post Co., Ltd. established Japan Post Group Vision 2021 announced
2013	Grand opening of JP Tower
2014	"Japan Post Group Medium-Term Management Plan—New Japan Post Group Network Creation Plan 2016" announced Japan Post Group Women's Athletics Team established Sales of <i>Hajime no Kanpo</i> Educational Endowment Insurance begun

2. Outline of Japan Post Co., Ltd.

1 Company Outline

Company name (in Japanese):	Nippon Yubin Kabushiki Kaisha
Company name:	JAPAN POST Co., Ltd.
Head office location:	3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo 100-8798, Japan
Telephone:	03-3504-4411 (Japan Post Group main number)
Paid-in capital:	¥400 billion
Date of establishment:	October 1, 2007
Legal basis:	Established under the Japan Post Co., Ltd. Act (Law No. 100 of October 21, 2005)
Lines of business:	Postal operations; banking counter operations; insurance counter operations; sales of documentary stamps; operations consigned by local government entities; bank and life and non-life insurance agency services other than those mentioned previously; domestic distribution and delivery business and international cargo transport and agency services for air cargo business; logistics business; real estate business; and merchandise sales

2 Management Philosophy

Management Philosophy

"Japan Post Co., Ltd. will fully utilize its resources that include its post office and delivery networks covering every corner of the country to provide safe, reliable and fast services tailored to the needs of each community while contributing to the realization of a society with an abundance of human contact by supporting people's lifestyles throughout their entire lives."

- We will provide the basic postal services of postal, banking and insurance services extensively across the country into the future.
- We will take on the challenge of providing innovative services that respond accurately to changes in society and enrich people's lives.
- We will fulfill our responsibilities as a corporate citizen by establishing corporate governance systems and strictly implementing compliance.
- Each and every employee will continue to grow to ensure we are appreciated by our customers and trusted and respected by local communities.

3 Information on Shares

(as of March 31, 2015)

1. Number of Shares

Total shares issued	10,000,000
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2. Shareholder

Japan Post Holdings Co., Ltd.	Condition of holdings	
	Shares owned	Percentage of total issued
	10,000,000	100%

4 Number of Employees

193,934* (as of March 31, 2015)

* The number of employees excludes employees assigned to other companies by Japan Post Co., Ltd. but includes employees assigned to Japan Post Co., Ltd. by other companies. The figures do not include part-time employees.

(As of July 1, 2015)

1. Directors

President & CEO (Representative Executive Officer).....	Toru Takahashi (Concurrently holds the position of Director of Japan Post Holdings Co., Ltd.)
Senior Executive Vice President (Representative Director)	Tomohiro Yonezawa
Executive Vice President (Representative Director).....	Seiki Fukuda
Director	Yasuo Suzuki (Concurrently holds the position of Representative Director and Senior Executive Vice President of Japan Post Holdings Co., Ltd.)
Director	Taizo Nishimuro (Concurrently holds the position of Representative Executive Officer and President & CEO of Japan Post Holdings Co., Ltd.)
Director (Outside)	Kenji Kitahara (Former member of the NHK Management Committee)
Director (Outside)	Risa Tanaka (Concurrently holds the position of Executive Vice President and Executive Editor of Sendenkaigi Co., Ltd.)
Director (Outside)	Yoshinori Suzuki (Concurrently holds the position of Special Adviser of Japan Securities Depository Center, Incorporated)
Director (Outside)	Toyohiko Takabe (Concurrently holds the position of Adviser of Nippon Telegraph and Telephone East Corporation)
Director (Outside)	Michiko Hirono (Concurrently holds the position of President & Representative Director of 21 Lady Co., Ltd.)

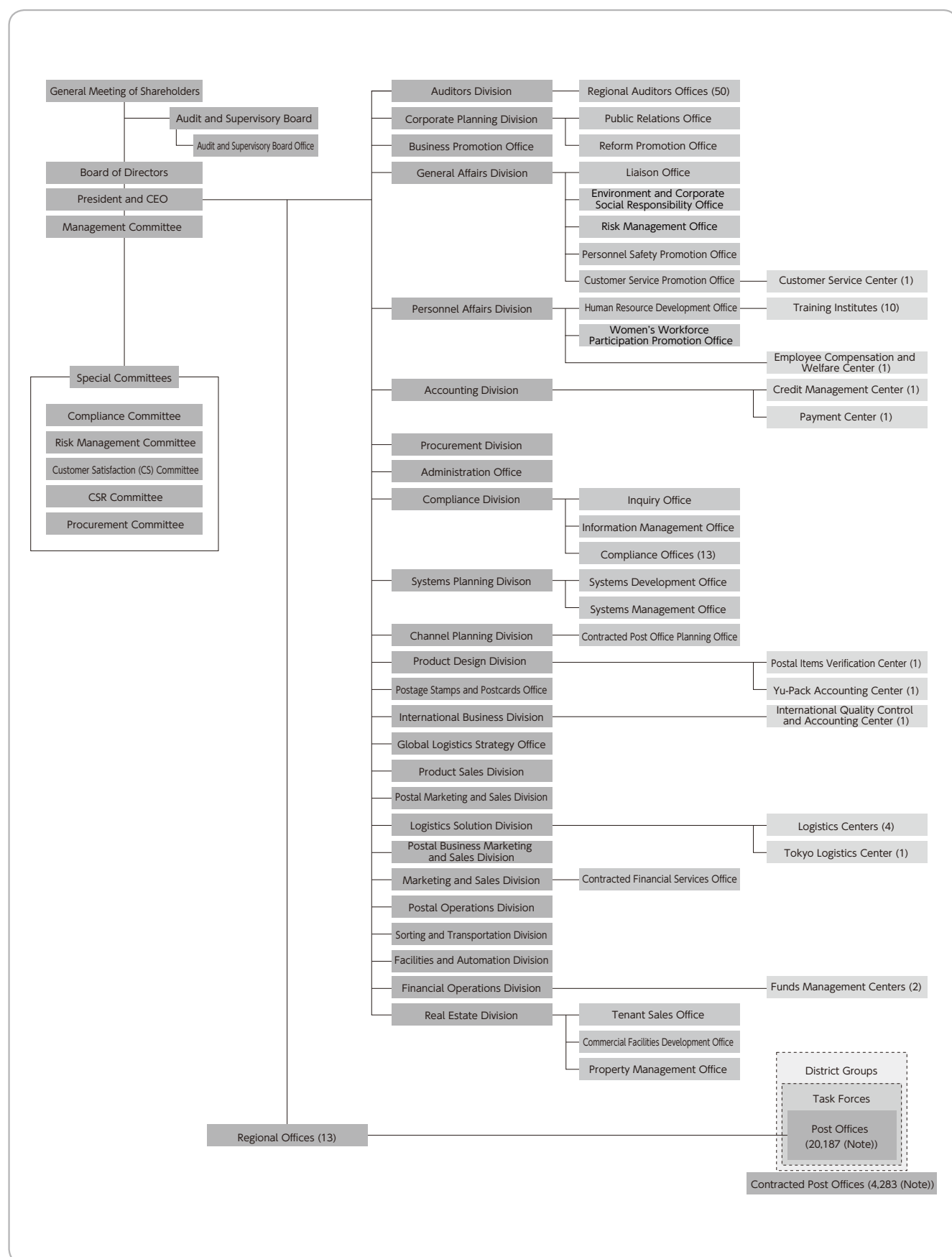
2. Audit and Supervisory Board Member

Hisamitsu Gannyo
Toshiyuki Takano
Hiroshi Shidehara
Yoshio Haibara

3. Executive Officers

Vice President	Chikashi Isayama	Executive Officer	Kazuaki Daikaku
First Executive Officer	Kenji Sasaki	Executive Officer	Keiichi Yano
First Executive Officer (Concurrently holds the position of Managing Executive Officer of Japan Post Holdings Co., Ltd.)	Toru Inasawa	Executive Officer (Concurrently holds the position of Executive Officer of Japan Post Holdings Co., Ltd.)	Susumu Inoue
Senior Executive Officer	Manabu Kawamura	Executive Officer	Hiroaki Kawamoto
Senior Executive Officer	Naoki Nakashima	Executive Officer	Hitoshi Arawaka
Senior Executive Officer	Shuzo Inoue	Executive Officer	Toshiyuki Yazaki
Senior Executive Officer	Tsunehiko Matsuyama	Executive Officer	Nobuo Tsuruda
Senior Executive Officer	Ryutaro Yamamoto	Executive Officer	Kazuya Hino
Senior Executive Officer	Keiichi Shirato	Executive Officer	Masahiko Metoki
Senior Executive Officer	Yoshiyuki Higuchi	Executive Officer	Masayuki Tokushige
Senior Executive Officer (Concurrently holds the position of Managing Executive Officer of Japan Post Holdings Co., Ltd.)	Satoru Tatebayashi	Executive Officer	Katsuhiko Tsuyama
Senior Executive Officer	Norio Wakasa	Executive Officer	Atsushi Fuchie
		Executive Officer	Satoshi Higashikozono
		Executive Officer	Ichiro Mio
		Executive Officer	Kimikazu Sano
		Executive Officer	Kanako Asami
		Executive Officer	Katsuhiko Sato

(As of July 1, 2015)



Note: The number of directly managed post offices and contracted post offices is as of March 31, 2015.

7

Names and Locations of Regional Offices

(As of July 1, 2015)

Name of regional office	Location
Hokkaido	4-3, Kita Nijo Nishi, Chuo-ku, Sapporo, Hokkaido 060-8797
Tohoku	1-34, Ichiban-cho 1-chome, Aoba-ku, Sendai, Miyagi 980-8797
Kanto	3-1, Shintoshin, Chuo-ku, Saitama, Saitama 330-9797
Tokyo	6-19, Azabudai 1-chome, Minato-ku, Tokyo 106-8797
Minami Kanto	1-2, Enoki-cho, Kawasaki-ku, Kawasaki, Kanagawa 210-8797
Shinetsu	801, Kurita, Nagano, Nagano 380-8797
Hokuriku	1-15, Kamitsutsumi-cho, Kanazawa, Ishikawa 920-8797
Tokai	2-5, Marunouchi 3-chome, Naka-ku, Nagoya, Aichi 469-8797
Kinki	3-9, Kitahama Higashi, Chuo-ku, Osaka, Osaka 530-8797
Chugoku	19-8, Higashi Hakushima-cho, Naka-ku, Hiroshima, Hiroshima 730-8797
Shikoku	8-5, Miyata-cho, Matsuyama, Ehime 790-8797
Kyushu	1-1, Joto-machi, Chuo-ku, Kumamoto, Kumamoto 860-8797
Okinawa	26-29, Higashi-machi, Naha, Okinawa 900-8797

(As of March 31, 2015)

Prefecture	Post offices in service				Post offices out of service				Grand total
	Directly managed post offices		Contracted post offices	Total	Directly managed post offices		Contracted post offices	Total	
	Regular post offices	Post office branches			Regular post offices	Post office branches			
Hokkaido	1,208	1	282	1,491	0	0	13	13	1,504
Aomori	267	0	93	360	0	0	2	2	362
Iwate	299	1	120	420	8	0	5	13	433
Miyagi	345	0	85	430	17	0	8	25	455
Akita	273	0	127	400	0	0	1	1	401
Yamagata	289	0	108	397	0	0	1	1	398
Fukushima	410	0	110	520	21	0	6	27	547
Ibaraki	465	0	53	518	0	0	3	3	521
Tochigi	312	0	42	354	0	0	5	5	359
Gunma	301	0	39	340	0	0	0	0	340
Saitama	626	0	19	645	0	0	0	0	645
Chiba	689	0	33	722	1	0	1	2	724
Kanagawa	751	0	13	764	0	0	1	1	765
Yamanashi	202	0	63	265	0	0	2	2	267
Tokyo	1,478	0	6	1,484	21	0	0	21	1,505
Niigata	534	0	138	672	0	0	10	10	682
Nagano	444	0	196	640	0	0	18	18	658
Toyama	212	0	75	287	0	0	4	4	291
Ishikawa	254	0	70	324	0	0	4	4	328
Fukui	210	0	32	242	0	0	1	1	243
Gifu	355	0	91	446	0	0	10	10	456
Shizuoka	484	0	101	585	0	0	12	12	597
Aichi	837	3	78	918	0	0	14	14	932
Mie	372	0	85	457	0	0	9	9	466
Shiga	230	0	31	261	0	0	1	1	262
Kyoto	441	0	32	473	1	0	2	3	476
Osaka	1,085	4	29	1,118	0	0	1	1	1,119
Hyogo	839	2	118	959	0	0	6	6	965
Nara	241	0	78	319	0	0	4	4	323
Wakayama	263	0	54	317	0	0	0	0	317
Tottori	147	0	97	244	0	0	3	3	247
Shimane	257	0	114	371	0	0	8	8	379
Okayama	417	2	104	523	0	0	9	9	532
Hiroshima	582	0	114	696	0	0	6	6	702

Prefecture	Post offices in service				Post offices out of service				Grand total
	Directly managed post offices		Contracted post offices	Total	Directly managed post offices		Contracted post offices	Total	
	Regular post offices	Post office branches			Regular post offices	Post office branches			
Yamaguchi	353	0	58	411	0	0	6	6	417
Tokushima	201	0	31	232	0	0	6	6	238
Kagawa	188	0	28	216	0	0	9	9	225
Ehime	317	0	76	393	0	0	7	7	400
Kochi	229	0	90	319	0	0	4	4	323
Fukuoka	715	0	95	810	0	0	1	1	811
Saga	166	0	40	206	0	0	1	1	207
Nagasaki	309	0	137	446	0	0	2	2	448
Kumamoto	389	0	175	564	1	0	2	3	567
Oita	305	0	95	400	0	0	2	2	402
Miyazaki	195	0	111	306	0	0	3	3	309
Kagoshima	436	2	277	715	0	0	5	5	720
Okinawa	180	0	22	202	0	0	0	0	202
Nationwide total	20,102	15	4,065	24,182	70	0	218	288	24,470

Note: Contracted post offices operate under consignment contracts.

"Post offices out of service" are post offices for which customers have been informed of a temporary closure and postal counter operations have been ceased.

Other emergency services are as follows.

Number of instances where services are provided by personnel dispatched to the location	Number of instances where services are provided by 2 mobile post offices
8	3

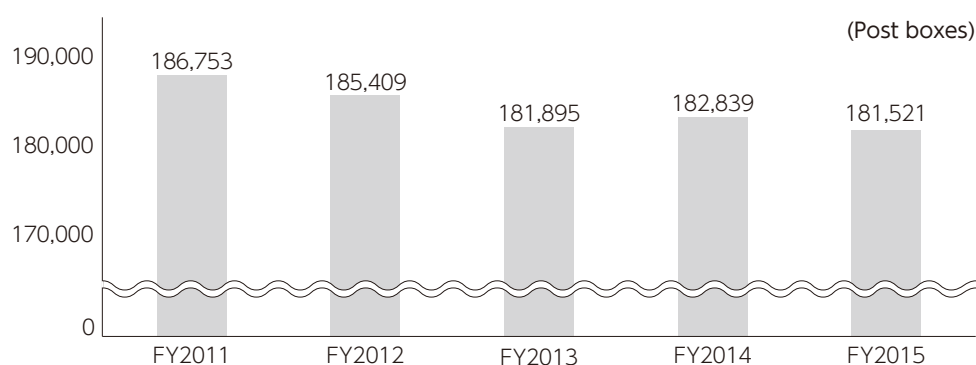
One of the mobile post offices has been dispatched to the disaster-affected regions and therefore its service has been temporality suspended at the moment.

Post offices out of service are as follows.

	Closed due to the Great East Japan Earthquake	Closed for reasons other than the Great East Japan Earthquake	Total
Directly managed post offices	46	24	70
Contracted post offices	14	204	218

(As of March 31, 2015)

Affiliation	Company name	Location	Paid-in capital (millions)	Line of business	Date of establishment	Japan Post ownership	Ownership of voting shares
Consolidated Subsidiaries	Japan Post Office Support Co., Ltd.	Minato-ku, Tokyo	¥180	Merchandise sales Facilities management	March 16, 1971	84.9%	84.9%
	Japan Post Sankyu Global Logistics Co., Ltd.	Chuo-ku, Tokyo	¥300	International air freight forwarding	July 1, 2008	60.0%	60.0%
	Japan Post International Logistics Co., Ltd.	Shanghai, China	CNY50	International logistics	September 6, 2013	100.0%	100.0%
	Japan Post Trading Service Co., Ltd.	Koto-ku, Tokyo	¥100	Merchandise business, contracting business for merchandise operations	September 11, 2007	100.0%	100.0%
	Japan Post Communications Co., Ltd.	Minato-ku, Tokyo	¥350	Operations related to posting advertisements in post offices	August 8, 2014	100.0%	100.0%
	JP Logi Service Co., Ltd.	Osaka-shi, Osaka	¥34	Preparation and posting of postal items, parcels and mail items	October 15, 1968	67.6%	67.6%
	JP Media Direct Co., Ltd.	Minato-ku, Tokyo	¥300	Planning, development and sales of direct media and contracted shipment of merchandise	February 29, 2008	51.0%	51.0%
	Japan Post Finance Co., Ltd.	Shinjuku-ku, Tokyo	¥400	Settlement service business	April 1, 2014	85.1%	85.1%
	JP Biz Mail Co., Ltd.	Adachi-ku, Tokyo	¥100	Preparation and posting of postal items	February 1, 2006	51.0%	58.5%
	Japan Post Delivery Co., Ltd.	Chuo-ku, Tokyo	¥400	Collection and delivery of Yu-Pack and other items	April 1, 2014	100.0%	100.0%
	Japan Post Transport Co., Ltd.	Minato-ku, Tokyo	¥18,250	Truck cargo transportation	November 30, 2007	100.0%	100.0%
	Japan Post Building Management Co., Ltd.	Chiyoda-ku, Tokyo	¥150	Property management for commercial buildings	April 1, 2011	100.0%	100.0%



Japan Post outsources some of its business activities as prescribed by law.

■ Outsourcing of Transport of Postal Materials or others

The following table shows the status for the outsourcing of the collection, transport and delivery operations to transport companies and other parties as prescribed in the Law for Outsourcing Postal Material Transport (1949 Law No. 284).

(Millions of yen)			
Category	FY2013	FY2014	FY2015
Collection, delivery and transport outsourcing expenses	172,044	173,568	187,701

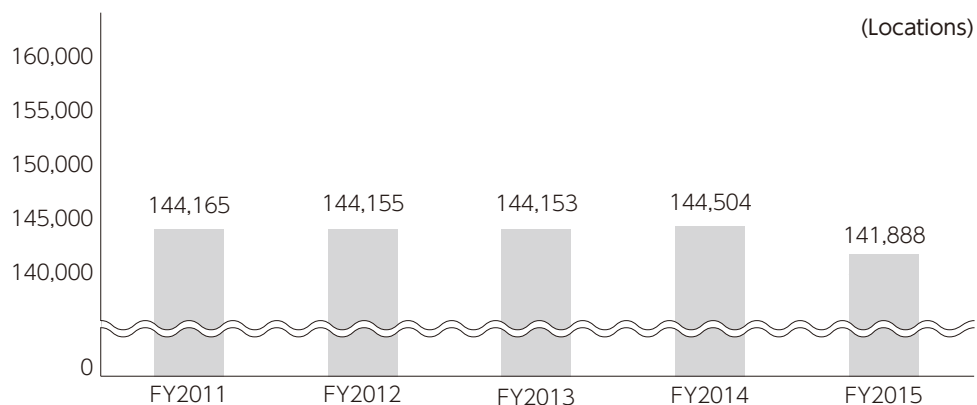
■ Outsourcing of Sale of Postage Stamps or others

The following table shows the status of outsourcing of the sale of postage stamps, etc., as prescribed in the Law Concerning Locations for the Sale of Postage Stamps (1949 Law No. 91).

(Millions of yen)			
Category	FY2013	FY2014	FY2015
Fees paid to locations selling postage stamps	18,960	18,713	17,443

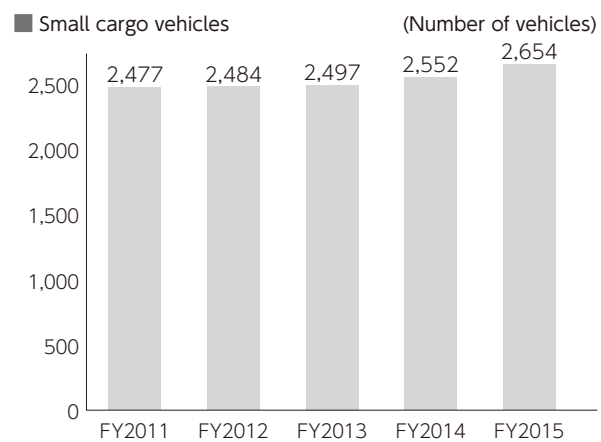
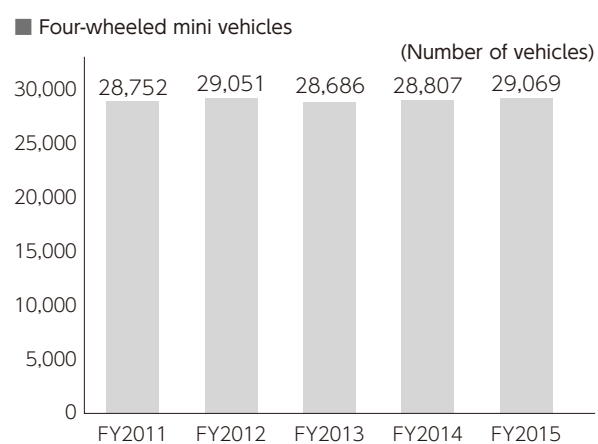
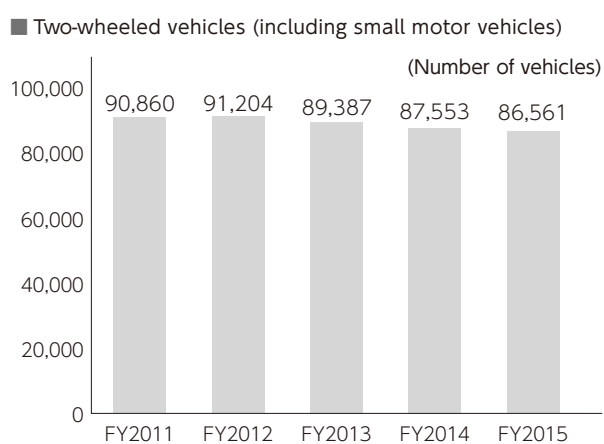
12

Number of Locations Selling Postage Stamps and Documentary Stamps



13

Number of Postal Service Vehicles Owned



3. Outline of Japan Post Bank Co., Ltd.

1 Company Outline

Company name (in Japanese):	Kabushiki Kaisha Yucho Ginko
Company name:	JAPAN POST BANK Co., Ltd.
Head office location:	3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo 100-8798, Japan
Telephone:	03-3504-4411 (Japan Post Group main number)
Paid-in capital:	¥3,500 billion
Date of establishment:	September 1, 2006 (On October 1, 2007, the name was changed from Yucho Co., Ltd. to Japan Post Bank Co., Ltd.)
Line of business:	Banking
Financial institution code number:	9900

2 Management Philosophy

Management Philosophy

Japan Post Bank is dedicated to serving as "the most accessible and trustworthy bank in Japan," with operations that are guided by the needs and wishes of our customers.

Trustworthy:	We will comply with laws regulations and other standards of behavior in order to earn the trust of markets, shareholders and employees and consistently serve as a responsible corporate citizen.
Innovation:	We will constantly use innovative ideas to improve our management and business activities in response to input from customers and changes in market conditions.
Efficiency:	We will pursue improvements in speed and efficiency in order to be a source of products and services that match our customers' requirements.
Expertise:	We will work continually on upgrading expertise in specialized fields with the aim of meeting the high expectations of our customers.

3 Information on Shares

(as of March 31, 2015)

1. Number of Shares

Total shares issued	150,000,000
---------------------	-------------

2. Shareholder

Japan Post Holdings Co., Ltd.	Condition of holdings	
	Shares owned	Percentage of total issued
	124,982,500	100%

Note: Shareholding percentage is calculated by excluding the number of treasury stock (25,017,500 shares).

4 Number of Employees

12,889* (as of March 31, 2015)

* The number of employees excludes employees assigned to other companies by the Bank but includes employees assigned to the Bank by other companies. The figures do not include short-term contract and part-time employees.

(As of July 1, 2015)

1. Board of Directors

Representative Executive Officer (President & CEO).....	Masatsugu Nagato (Concurrently holds the position of Director of Japan Post Holdings Co., Ltd.)
Representative Executive Vice President	Susumu Tanaka (Concurrently holds the position of Managing Executive Officer of Japan Post Holdings Co., Ltd.)
Executive Vice President.....	Tomohisa Mase
Director	Taizo Nishimuro (Concurrently holds the position of Representative Executive Officer and President & CEO of Japan Post Holdings Co., Ltd.)
Outside Director	Tomoyoshi Arita (Attorney-at-Law)
Outside Director	Yoshifumi Iwasaki (Formerly held the position of President & CEO of Mitsui Fudosan Realty Co., Ltd.)
Outside Director	Yoshizumi Nezu (Concurrently holds the position of President & Representative Director of Tobu Railway Co., Ltd.)
Outside Director	Sawako Nohara (Concurrently holds the position of President & Representative Director of IPSe Marketing, Inc.)
Outside Director	Tetsu Machida (Economics Journalist)
Outside Director	Nobuko Akashi (Concurrently holds the position of Chairperson of Japan Manners & Protocol Association)
Outside Director	Toshihiro Tsuboi (Formerly held the position of Representative Director and Executive Vice President of Japan Post Co., Ltd.)

2. Executive Officers (Excludes persons with concurrent posts in the above 1. Board of Directors)

Executive Vice President	Katsunori Sago	Executive Officer	Yoko Makino
Senior Managing Executive Officer	Masahiro Murashima	Executive Officer	Kunihiko Amaha
Senior Managing Executive Officer	Hiroshi Yamada	Executive Officer	Yoichi Uno
Managing Executive Officer	Riki Mukai	Executive Officer	Harumi Yano
Managing Executive Officer	Hiroichi Shishimi	Executive Officer	Makoto Shinmura
Managing Executive Officer	Yasuyuki Hori	Executive Officer	Suzunori Hayashi
Managing Executive Officer	Masahiro Nishimori	Executive Officer	Satoru Ogata
Managing Executive Officer	Masaya Aida	Executive Officer	Minoru Kotouda
		Executive Officer	Fujie Kawasaki
		Executive Officer	Toshiharu Ono
		Executive Officer	Shigeyuki Sakurai
		Executive Officer	Masatoshi Ishii

3. Nomination Committee

Chairman	Taizo Nishimuro
Member	Yoshifumi Iwasaki
Member	Yoshizumi Nezu

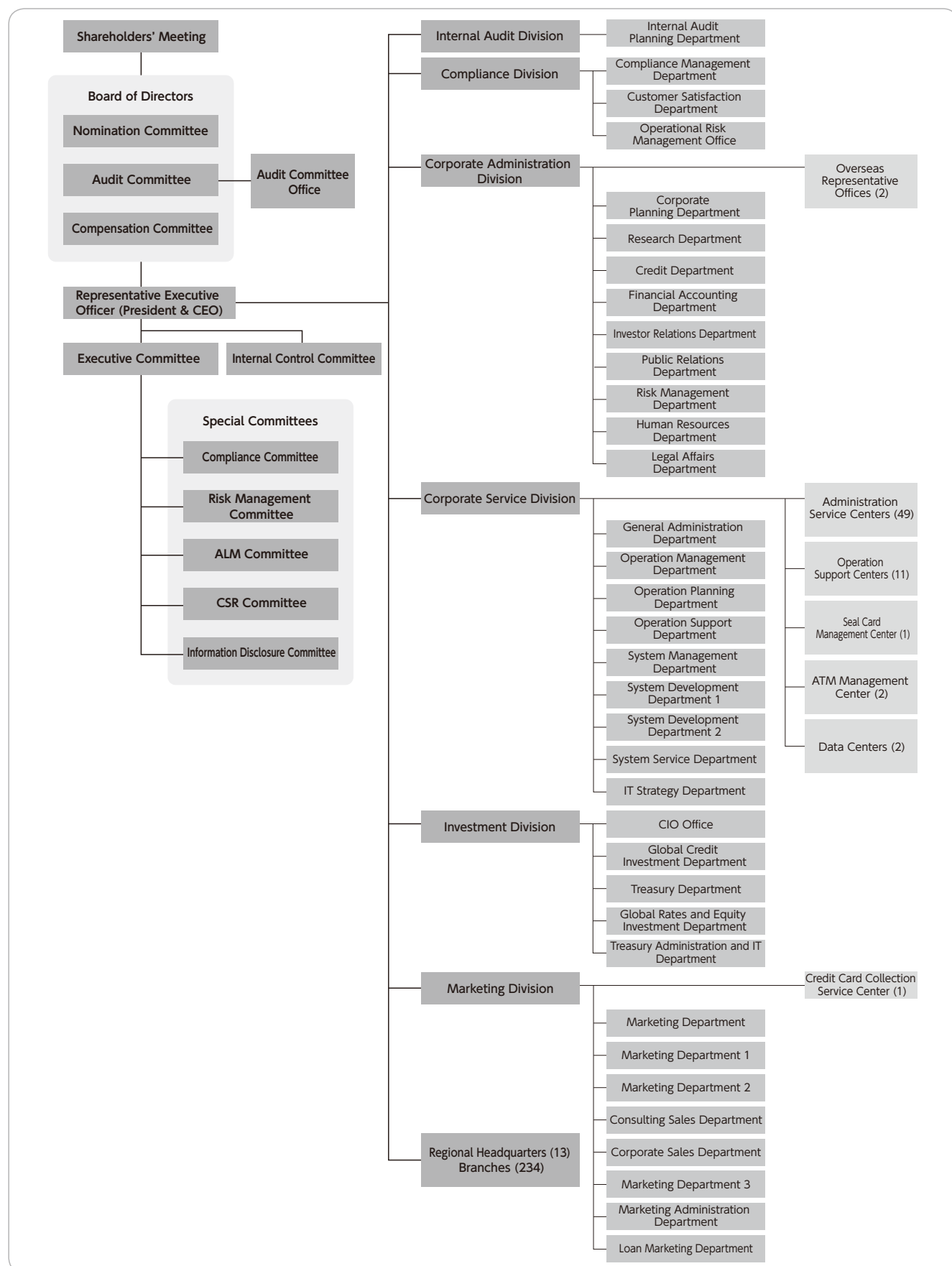
5. Compensation Committee

Chairman	Taizo Nishimuro
Member	Yoshifumi Iwasaki
Member	Yoshizumi Nezu

4. Audit Committee

Chairman	Tomoyoshi Arita
Member	Sawako Nohara
Member	Tetsu Machida
Member	Toshihiro Tsuboi

(As of July 1, 2015)



7

Principal Business Locations

Head Office and 234 Branches

(As of March 31, 2015)

Name of branch	Location	Telephone number
Sapporo Branch	4-3, Kita Nijo Nishi, Chuo-ku, Sapporo, Hokkaido 060-0002	011-214-4300
Sendai Branch	1-3-3, Ichibancho, Aoba-ku, Sendai, Miyagi 980-8711	022-267-8275
Saitama Branch	7-1-12, Bessho, Minami-ku, Saitama, Saitama 336-8799	048-864-7317
Central Branch	2-7-2, Marunouchi, Chiyoda-ku, Tokyo 100-8996	03-3284-9618
Nagano Branch	1085-4, Minami Agata-machi, Nagano, Nagano 380-8799	026-226-2550
Kanazawa Branch	1-1, Sanja-machi, Kanazawa, Ishikawa 920-8799	076-224-3844
Nagoya Branch	3-1-10, Osu, Naka-ku, Nagoya, Aichi 460-8799	052-261-6728
Osaka Branch	3-2-4, Umeda, Kita-ku, Osaka, Osaka 530-0001	06-6347-8112
Hiroshima Branch	6-36, Moto-machi, Naka-ku, Hiroshima, Hiroshima 730-0011	082-222-1315
Matsuyama Branch	3-5-2, Sanban-cho, Matsuyama, Ehime 790-8799	089-941-0820
Kumamoto Branch	1-1, Joto-machi, Chuo-ku, Kumamoto, Kumamoto 860-0846	096-328-5163
Naha Branch	1-1-1, Kumoiji, Naha, Okinawa 900-0015	098-867-8802

8

Japan Post Bank Offices by Prefecture

(As of March 31, 2015) (Branches/Post offices)

Prefecture	Head Office/Principal prefectural offices	Sub-branches	Japan Post Bank agents		Total
			Post offices	Contracted post offices	
Hokkaido	1	4	1,188	281	1,474
Aomori	0	2	265	93	360
Iwate	0	1	306	121	428
Miyagi	1	1	359	85	446
Akita	0	1	273	127	401
Yamagata	0	1	288	108	397
Fukushima	0	3	429	115	547
Ibaraki	0	3	462	54	519
Tochigi	0	2	309	43	354
Gunma	0	3	298	39	340
Saitama	1	16	608	18	643
Chiba	0	13	676	33	722
Kanagawa	0	31	718	13	762
Yamanashi	0	1	200	62	263
Tokyo	1	40	1,450	6	1,497
Niigata	0	3	531	138	672
Nagano	1	2	440	194	637
Toyama	0	2	209	74	285
Ishikawa	1	0	251	70	322
Fukui	0	1	209	31	241
Gifu	0	2	353	85	440
Shizuoka	0	5	478	90	573
Aichi	1	13	823	75	912
Mie	0	2	370	83	455
Shiga	0	1	229	31	261
Kyoto	0	4	437	32	473
Osaka	1	23	1,059	29	1,112
Hyogo	0	12	827	118	957
Nara	0	2	239	78	319

Prefecture	Head Office/Principal prefectural offices	Sub-branches	Japan Post Bank agents		Total
			Post offices	Contracted post offices	
Wakayama	0	1	262	54	317
Tottori	0	1	146	96	243
Shimane	0	1	256	114	371
Okayama	0	2	415	104	521
Hiroshima	1	3	578	115	697
Yamaguchi	0	3	350	58	411
Tokushima	0	1	200	31	232
Kagawa	0	2	186	26	214
Ehime	1	1	314	75	391
Kochi	0	1	228	88	317
Fukuoka	0	4	709	94	807
Saga	0	1	165	38	204
Nagasaki	0	2	307	137	446
Kumamoto	1	1	387	175	564
Oita	0	2	303	95	400
Miyazaki	0	1	194	111	306
Kagoshima	0	1	437	277	715
Okinawa	1	0	177	21	199
Total	12	222	19,898	4,035	24,167

Note 1: The number of post offices refers to the number of sales offices and branches handling bank agency services (including sub-offices).

2: The number of contracted post offices refers to the number of sales offices or branches commissioned to handle bank agency services by Japan Post Co., Ltd. on behalf of Japan Post Bank Co., Ltd.

3: The number of mobile post offices in Tokushima and Kumamoto Prefectures is not included in the above totals.

9

Number of ATMs by Prefecture

Prefecture	Number of ATMs
Hokkaido	1,663
Aomori	318
Iwate	348
Miyagi	515
Akita	314
Yamagata	323
Fukushima	502
Ibaraki	582
Tochigi	369
Gunma	358
Saitama	982
Chiba	1,009
Kanagawa	1,241
Yamanashi	224
Tokyo	2,839
Niigata	646

Prefecture	Number of ATMs
Nagano	534
Toyama	253
Ishikawa	321
Fukui	243
Gifu	410
Shizuoka	585
Aichi	1,149
Mie	426
Shiga	294
Kyoto	593
Osaka	1,649
Hyogo	1,152
Nara	298
Wakayama	298
Tottori	166
Shimane	289

(As of March 31, 2015)

Prefecture	Number of ATMs
Okayama	517
Hiroshima	787
Yamaguchi	434
Tokushima	232
Kagawa	239
Ehime	403
Kochi	274
Fukuoka	1,020
Saga	214
Nagasaki	378
Kumamoto	470
Oita	352
Miyazaki	238
Kagoshima	503
Okinawa	261
Total	27,215

10

Outline of Affiliated Companies

(As of March 31, 2015)

Company name	Location	Paid-in capital (Millions of yen)	Line of business	Date of establishment	Japan Post Bank ownership	Ownership of voting shares
SDP Center Co., Ltd.	Chuo-ku, Tokyo	2,000	Bank agency operations	May 28, 1980	45.0%	45.0%
ATM Japan Business Service, Ltd.	Minato-ku, Tokyo	100	ATM cash loading and collection as well as ATM management	August 30, 2012	35.0%	35.0%

4. Outline of Japan Post Insurance Co., Ltd.

1

Company Outline

Company name (in Japanese) : Kabushiki Kaisha Kanpo Seimei Hoken
Company name: JAPAN POST INSURANCE Co., Ltd.
Head office location: 3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo 100-8798, Japan
Telephone: 03-3504-4411 (Japan Post Group main number)
Paid-in capital: ¥500 billion
Date of establishment: September 1, 2006
(The name of the company was changed from Kanpo Co., Ltd. to Japan Post Insurance Co., Ltd., on October 1, 2007.)
Line of business: Life insurance

2

Management Philosophy

Management Philosophy

Moving forward with our customers while serving as "Japan's most familiar and trusted insurance company"

1. Promises to our customers

- (1) We will place importance on each contact with customers.
- (2) We will offer products and services that are easy to understand and use.
- (3) We will provide accurate information so that customers can use our products and services with confidence.

2. Promises to our shareholders

- (1) We will meet commitments to shareholders and aim to continuously enhance corporate value.
- (2) We will realize sound management through proper risk management.
- (3) We will strive to keep shareholders and investors closely informed.

3. Promises to society

- (1) We will make compliance one of the most important elements of our business activities.
- (2) We will actively contribute to people's health.
- (3) We will operate in a manner that is friendly to people and the environment.

4. Promises to our business partners

- (1) We will build relationships that support mutual growth through close cooperation and meticulous support.
- (2) We will work in concert with our business partners in the provision of our products and services and in improving their quality.
- (3) As a member of the Japan Post Group we will aim to boost the Group's brand value.

5. Promises to our employees

- (1) We will create pleasant and rewarding workplaces for our employees.
- (2) We will respect each employee as an individual and will provide equal opportunities.
- (3) We will actively support efforts for employees to upgrade their skills.

3

Information on Shares

(as of March 31, 2015)

1. Number of Shares

Total shares issued	20,000,000
---------------------	------------

2. Shareholder

Japan Post Holdings Co., Ltd.	Condition of holdings	
	Shares owned	Percentage of total issued
	20,000,000	100%

4

Number of Employees

7,153* (as of March 31, 2015)

* The number of employees excludes employees assigned to other companies by Japan Post Insurance Co., Ltd. but includes employees assigned to Japan Post Insurance Co., Ltd. by other companies. The figures do not include short-term contract and part-time employees.

5

List of Directors, Executive Officers and Management Committees

1. Directors

(As of July 1, 2015)

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

2. Executive Officers (Excludes persons holding concurrent posts in addition to the above. 1. Directors)

Senior Managing Executive Officer	Kiyoshi Ido	Executive Officer	Tomoaki Nara
Senior Managing Executive Officer	Kazuhide Kinugawa	Executive Officer	Shinji Ando
Senior Managing Executive Officer	Masaaki Horigane	Executive Officer	Nobuyasu Kato
Senior Managing Executive Officer	Mitsuhiko Uehira	Executive Officer	Yasutaka Nishikawa
Managing Executive Officer	Kiyotaka Fujimoto	Executive Officer	Osamu Kubo
Managing Executive Officer	Yoshito Horie	Executive Officer	Yasuaki Hironaka
Managing Executive Officer	Tetsuya Senda (Concurrently holds the position of Managing Executive Officer, Japan Post Holdings Co., Ltd.)	Executive Officer	Hiromichi Udagawa
Managing Executive Officer	Yasuhiro Sadayuki	Executive Officer	Hiroshi Nagaso
Managing Executive Officer	Yoshihiko Ido	Executive Officer	Hisao Nishikawa
Managing Executive Officer	Yoshio Inoue	Executive Officer	Masato Kawagoe
		Executive Officer	Yasumi Suzukawa
		Executive Officer	Kieko Onoki
		Executive Officer	Toru Onishi

3. Nomination Committee

Chairman	Taizo Nishimuro
Member	Masaharu Hino
Member	Shinji Hattori

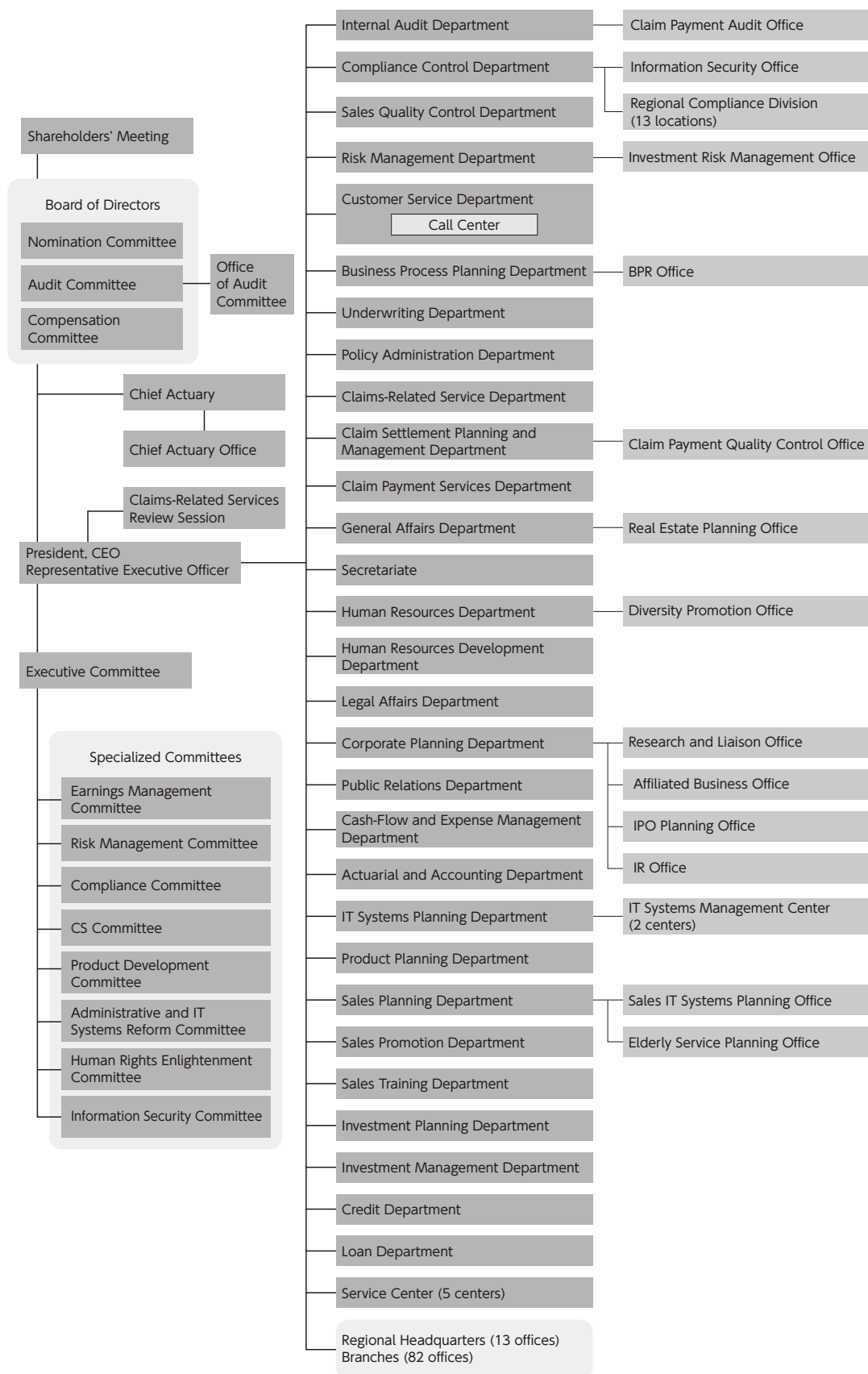
4. Audit Committee

Chairman	Masaharu Hino
Member	Akira Anzai
Member	Kiyomi Saito
Member	Shin Yoshidome

5. Compensation Committee

Chairman	Taizo Nishimuro
Member	Fumiaki Furuya
Member	Shinji Hattori

(As of July 1, 2015)



7

Principal Branches

(As of July 1, 2015)

Name of branch	Location	Telephone number
Sapporo	4-1, Kita Nijo Nishi, Chuo-ku, Sapporo, Hokkaido 060-8534	011-221-6375
Sendai	1-1-34, Ichibancho, Aoba-ku, Sendai, Miyagi 980-8797	022-267-7851
Saitama	3-1, Shintoshin, Chuo-ku, Saitama, Saitama 330-9797	048-600-2073
Tokyo Central Corporate	3-17-1, Toranomom, Minato-ku, Tokyo 105-0001	03-6402-6515
Tokyo-Shintoshin Corporate	1-26-2, Nishishinjuku, Shinjuku-ku, Tokyo 163-0513	03-5990-5348
East Tokyo Corporate	1-10-14, Kitaueno, Taito-ku, Tokyo 110-0014	03-6802-8353
South Tokyo Corporate	6-7-29, Kitashinagawa, Shinagawa-ku, Tokyo 141-0001	03-5422-7654
Yokohama	5-3, Nihon Odori, Naka-ku, Yokohama, Kanagawa 231-8799	045-212-3967
Nagano	801, Kurita, Nagano, Nagano 380-8797	026-231-2348
Kanazawa	1-15, Kamitsutsumi-cho, Kanazawa, Ishikawa 920-8797	076-220-3178
Nagoya Corporate	3-20-27, Nishiki, Naka-ku, Nagoya, Aichi 460-0003	052-228-6742
Osaka Corporate	1-7-31, Otemae, Chuo-ku, Osaka, Osaka 540-6591	06-6948-8062
Hiroshima	19-8, Higashi Hakushima-cho, Naka-ku, Hiroshima, Hiroshima 730-8797	082-224-5165
Matsuyama	8-5, Miyata-machi, Matsuyama, Ehime 790-8797	089-936-5274
Kumamoto	1-1, Joto-machi, Chuo-ku, Kumamoto, Kumamoto 860-8797	096-328-5419
Naha	3-3-8, Tsubogawa, Naha, Okinawa 900-8799	098-833-5518

In addition to the above, there are 66 other branches.

8

Outline of Subsidiary

(As of July 1, 2015)

Company name	Location	Paid-in capital (Millions of yen)	Line of business	Date of establishment	Japan Post Insurance Ownership	Ownership of voting shares
Japan Post Insurance System Solutions Co., Ltd.	Shinagawa-ku, Tokyo	60	Commissioned design, de- velopment, maintenance and operations of infor- mation systems	March 8, 1985	100.0%	100.0%

Financial Data

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1. Transition of Significant Management Indicators, etc.

Japan Post Group (Consolidated)

(Millions of yen)

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015
Consolidated ordinary income	17,468,947	16,661,440	15,849,185	15,240,126	14,258,842
Consolidated net ordinary income	956,917	1,176,860	1,225,094	1,103,603	1,115,823
Consolidated net income	418,929	468,907	562,753	479,071	482,682
Consolidated comprehensive income	410,132	973,067	1,551,771	717,123	2,212,035
Consolidated net assets	9,999,952	10,935,358	12,448,197	13,388,650	15,301,561
Consolidated total assets	292,933,013	292,126,555	292,892,975	292,246,440	295,849,794
Consolidated capital adequacy ratio (domestic standard)	61.30%	57.70%	57.38%	49.23%	40.40%
Consolidated solvency margin ratio	—	1,592.5%	1,804.8%	1,791.8%	1,621.1%

Notes:

1. The consolidated capital adequacy ratio (domestic standard) is calculated in line with provisions of Article 52-25 of the Banking Act and on the basis of criteria for judging whether a bank holding company's capital adequacy ratio and that of its subsidiaries are appropriate in light of assets held (Financial Services Agency Notice No. 20, 2006). From the fiscal year ended March 31, 2014, the Company has adopted a domestic standard based on Basel III.
2. The consolidated solvency margin ratio is calculated in accordance with Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Notification No. 23 issued by the Financial Services Agency in 2011.

Japan Post Holdings Co., Ltd. (Non-consolidated)

(Millions of yen)

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015
Operating income	305,878	287,633	265,304	272,988	251,919
Net operating income	140,752	133,264	121,207	146,002	147,187
Net ordinary income	143,466	135,773	125,666	147,837	149,298
Net income	153,622	151,404	145,228	155,090	131,181
Net assets	8,382,804	8,496,547	8,602,843	8,719,384	8,744,456
Total assets	9,648,973	9,747,186	9,711,170	9,740,129	9,107,178

Japan Post Co., Ltd. (Non-consolidated) (Note)

(Millions of yen)

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015
Operating income	1,256,349	1,208,447	2,054,124	2,773,958	2,819,144
Net operating income	49,548	33,417	91,219	46,999	10,650
Net ordinary income	58,260	42,745	100,299	52,532	22,010
Net income	30,661	18,826	83,012	32,911	15,423
Net assets	289,538	300,700	543,076	560,972	978,711
Total assets	3,249,823	3,120,978	4,806,509	4,801,764	5,441,962

Note:

On October 1, 2012, Japan Post Network Co., Ltd. merged with Japan Post Service Co., Ltd. and the name of the merged entity was changed to Japan Post Co., Ltd. Therefore, figures for Japan Post Network Co., Ltd. are listed for fiscal year 2012 and prior fiscal years. For fiscal 2013, the combined figures for Japan Post Network during the period (April-September 2012) prior to the merger and for Japan Post Co., Ltd. during the period (October 2012-March 2013) following the merger between Japan Post Network Co., Ltd. and Japan Post Service Co., Ltd. are listed.

[Postal and logistics business segment] (Note)

(Millions of yen)

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015
Operating income	1,779,870	1,764,861	1,754,426	1,777,635	1,823,902
Net operating income	(103,473)	(22,354)	37,405	9,454	(10,319)

Note:

As for the term prior to the merger, the figures for Japan Post Service Co., Ltd. are listed, and after the merger, the figures for the postal and logistics business segment are listed.

[Post office business segment] (Note)

(Millions of yen)

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015
Operating income	1,256,349	1,208,447	1,187,938	1,183,528	1,184,044
Net operating income	49,548	33,417	27,216	37,545	20,969

Note:

As for the term prior to the merger, the figures for Japan Post Network Co., Ltd. are listed, and after the merger, the figures for the post office business segment are listed.

Japan Post Bank Co., Ltd. (Non-consolidated)

(Millions of yen)

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015
Ordinary income	2,205,344	2,234,596	2,125,888	2,076,397	2,078,179
Net ordinary income	526,550	576,215	593,535	565,095	569,489
Net income	316,329	334,850	373,948	354,664	369,434
Net assets	9,093,634	9,818,162	10,997,558	11,464,524	11,630,212
Total assets	193,443,350	195,819,898	199,840,681	202,512,882	208,179,309
Capital adequacy ratio (non-consolidated domestic standard)	74.82%	68.39%	66.04%	56.81%	38.42%

Note:

Capital adequacy ratio (non-consolidated, domestic standard) is calculated based on standards stipulated by Article 14-2 of the Banking Act for the purpose of determining whether banks have sufficient equity capital given their holdings of assets and other instruments (Notification No. 19, the Financial Services Agency of Japan, 2006). The Bank has applied Japanese domestic Basel III capital adequacy standards since the year ended March 2014.

Japan Post Insurance Co., Ltd. (Non-consolidated)

(Millions of yen)

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015
Ordinary income	13,375,468	12,538,618	11,834,920	11,233,925	10,169,236
Net ordinary income	422,207	531,388	529,375	463,506	493,169
Net income	77,276	67,734	91,000	63,428	81,758
Net assets	1,207,690	1,292,077	1,464,771	1,534,457	1,969,143
Total assets	96,786,765	93,688,672	90,462,364	87,088,626	84,911,946
Solvency margin ratio	1,821.6% (1,153.9%)	1,336.1%	1,467.9%	1,623.4%	1,641.4%

Note:

In accordance with Cabinet Office Ordinance No. 23 of 2010 and Financial Services Agency Public Notice No. 48 of 2010, part of the calculation standard for the total amount of solvency margin and the total amount of risk has been changed (tightening of margin calculations, tightening and refining of risk measurements, etc.). As a result of this change, the above results for the fiscal 2011 has been calculated using a different standard from the results for fiscal 2012 to fiscal 2015.

Moreover, the figure given in brackets for the fiscal 2011 is calculated by the fiscal 2012 standard.

2. JAPAN POST GROUP COMPANIES —CONSOLIDATED FINANCIAL DATA

The consolidated balance sheets as of March 31, 2015 and 2014 and the consolidated statements of income and changes in net assets for the years then ended ("consolidated financial statements") of Japan Post Group Companies were audited by KPMG AZSA LLC in accordance with Article 396, Paragraph 1 of the Companies Act of Japan.

(The following are translations into English of the audited financial statements in Japanese.)

CONSOLIDATED BALANCE SHEETS MARCH 31, 2015 AND 2014

			(Millions of yen)		
	2015 (As of March 31, 2015)	2014 (As of March 31, 2014)		2015 (As of March 31, 2015)	2014 (As of March 31, 2014)
ASSETS:			LIABILITIES:		
Cash and due from banks (Notes 3, 5 and 20)	¥ 36,406,491	¥ 21,994,452	Deposits (Notes 5 and 20)	¥ 175,697,196	¥ 175,291,979
Call loans (Note 20)	2,406,954	2,073,594	Policy reserves and others		
Receivables under securities borrowing transactions (Note 20)	11,094,941	10,034,958	Reserve for outstanding claims (Note 8)	718,156	831,690
Monetary claims bought (Note 20)	571,100	169,721	Policy reserve (Notes 8 and 14)	75,112,601	77,745,490
Trading account securities (Note 20)	104	278	Reserve for policyholder divi- dends (Note 10)	2,074,919	2,222,759
Money held in trust (Notes 4 and 20)	4,926,581	3,500,631	Total policy reserves and others	77,905,677	80,799,941
Securities (Notes 4, 5 and 20)	222,593,945	235,623,120	Payables under securities lending transactions (Notes 5 and 20)	17,228,691	14,370,767
Loans (Notes 6 and 20)	12,761,331	14,096,911	Foreign exchanges	266	249
Foreign exchanges	49,332	30,659	Other liabilities (Notes 11 and 12)	5,091,074	3,678,082
Other assets (Note 5)	1,296,577	1,083,760	Reserve for bonuses	93,528	93,649
Tangible fixed assets (Note 7)			Liability for retirement benefits (Note 13)	2,269,094	2,884,827
Buildings	1,025,981	1,036,110	Reserve for price fluctuations (Note 14)	712,167	614,233
Land	1,513,334	1,445,909	Deferred tax liabilities (Note 15)	1,455,537	1,009,058
Construction in progress	61,211	27,838	Acceptances and guarantees (Note 5)	95,000	115,000
Other tangible fixed assets	189,769	155,384	Total liabilities	¥ 280,548,232	¥ 278,857,789
Total tangible fixed assets	2,790,296	2,665,243	NET ASSETS (Note 16):		
Intangible fixed assets			Capital stock	¥ 3,500,000	¥ 3,500,000
Software	287,246	253,935	Capital surplus	4,503,856	4,503,856
Other intangible fixed assets	16,607	16,623	Retained earnings	3,149,937	2,967,703
Total intangible fixed assets	303,854	270,559	Total shareholders' equity	11,153,793	10,971,559
Asset for retirement benefits (Note 13)	10,653	—	Net unrealized gains (losses) on available-for-sale securities	4,389,261	2,750,463
Deferred tax assets (Note 15)	547,743	592,844	Net deferred gains (losses) on hedges	(666,430)	(596,892)
Customers' liabilities for acceptances and guarantees	95,000	115,000	Foreign currency translation adjustments	160	66
Reserve for possible loan losses	(5,113)	(5,295)	Accumulated adjustments for retirement benefits	422,048	261,879
			Total accumulated other comprehensive income	4,145,039	2,415,517
			Non-controlling interests	2,728	1,573
Total assets	¥ 295,849,794	¥ 292,246,440	Total net assets	15,301,561	13,388,650
			Total liabilities and net assets	¥ 295,849,794	¥ 292,246,440

See the accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED MARCH 31, 2015 AND 2014

(Millions of yen)

	2015 (From April 1, 2014 to March 31, 2015)	2014 (From April 1, 2013 to March 31, 2014)
INCOME:		
Postal business income	¥ 1,806,955	¥ 1,761,145
Banking business income	2,077,038	2,075,516
Life insurance business income	10,168,044	11,233,998
Other income (Note 17)	216,244	171,276
Total income	14,268,281	15,241,937
EXPENSES:		
Operating expenses	10,634,972	11,640,717
Personnel expenses	2,319,195	2,300,355
Depreciation and amortization	180,580	175,682
Other expenses (Note 18)	353,213	384,715
Total expense	13,487,962	14,501,470
Income before income taxes	780,319	740,466
Income taxes (Note 15):		
Current	376,289	381,825
Deferred	(78,484)	(120,582)
Total income taxes	297,805	261,242
Net income	482,514	479,224
Net income (loss) attributable to non-controlling interests	(168)	152
Net income attributable to Japan Post Holdings	¥ 482,682	¥ 479,071

(yen)

	2015 (From April 1, 2014 to March 31, 2015)	2014 (From April 1, 2013 to March 31, 2014)
Per share of common stock (Note 27):		
Basic net income	¥ 107.26	¥ 106.46
Diluted net income	—	—

See the accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED MARCH 31, 2015 AND 2014

(Millions of yen)

	2015 (From April 1, 2014 to March 31, 2015)	2014 (From April 1, 2013 to March 31, 2014)
Net Income	¥ 482,514	¥ 479,224
Other comprehensive income (Note 19)		
Net unrealized gains (losses) on available-for-sale securities	1,638,786	457,899
Net deferred gains (losses) on hedges	(69,537)	(220,069)
Foreign currency translation adjustments	94	66
Adjustments for retirement benefits	160,168	—
Share of other comprehensive income of affiliates	9	2
Total other comprehensive income	1,729,521	237,899
Comprehensive income	¥ 2,212,035	¥ 717,123
Total comprehensive income attributable to:		
Japan Post Holdings	¥ 2,212,205	¥ 716,970
Non-controlling interests	(169)	152

See the accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS YEARS ENDED MARCH 31, 2015 AND 2014

2014 (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
BALANCE, APRIL 1, 2013	¥ 3,500,000	¥ 4,503,856	¥ 2,527,181	¥ 10,531,037
Changes in the fiscal year:				
Cash dividends			(38,350)	(38,350)
Net income attributable to Japan Post Holdings			479,071	479,071
Net changes in items other than shareholders' equity in the fiscal year				
Net changes in the fiscal year	—	—	440,521	440,521
BALANCE, MARCH 31, 2014	¥ 3,500,000	¥ 4,503,856	¥ 2,967,703	¥ 10,971,559

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
BALANCE, APRIL 1, 2013	¥ 2,292,561	¥ (376,823)	¥ —	¥ —	¥ 1,915,738	¥ 1,421	¥ 12,448,197
Changes in the fiscal year:							
Cash dividends							(38,550)
Net income attributable to Japan Post Holdings							479,071
Net changes in items other than shareholders' equity in the fiscal year	457,902	(220,069)	66	261,879	499,778	152	499,931
Net changes in the fiscal year	457,902	(220,069)	66	261,879	499,778	152	940,452
BALANCE, MARCH 31, 2014	¥ 2,750,463	¥ (596,892)	¥ 66	¥ 261,879	¥ 2,415,517	¥ 1,573	¥ 13,388,650

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

(Millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
BALANCE, APRIL 1, 2014	¥ 3,500,000	¥ 4,503,856	¥ 2,967,703	¥ 10,971,559
Cumulative effects of changes in accounting policies			(256,948)	(256,948)
RESTATED BALANCE, APRIL 1, 2014	3,500,000	4,503,856	2,710,754	10,714,611
Changes in the fiscal year:				
Cash dividends			(43,500)	(43,500)
Net income attributable to Japan Post Holdings			482,682	482,682
Net changes in items other than shareholders' equity in the fiscal year				
Net changes in the fiscal year	—	—	439,182	439,182
BALANCE, MARCH 31, 2015	¥ 3,500,000	¥ 4,503,856	¥ 3,149,937	¥ 11,153,793

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
BALANCE, APRIL 1, 2014	¥ 2,750,463	¥ (596,892)	¥ 66	¥ 261,879	¥ 2,415,517	¥ 1,573	¥ 13,388,650
Cumulative effects of changes in accounting policies							(256,948)
RESTATED BALANCE, APRIL 1, 2014	2,750,463	(596,892)	66	261,879	2,415,517	1,573	13,131,701
Changes in the fiscal year:							
Cash dividends							(43,500)
Net income attributable to Japan Post Holdings							482,682
Net changes in items other than shareholders' equity in the fiscal year	1,638,797	(69,537)	94	160,168	1,729,522	1,154	1,730,677
Net changes in the fiscal year	1,638,797	(69,537)	94	160,168	1,729,522	1,154	2,169,859
BALANCE, MARCH 31, 2015	¥ 4,389,261	¥ (666,430)	¥ 160	¥ 422,048	¥ 4,145,039	¥ 2,728	¥ 15,301,561

See the accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED MARCH 31, 2015 AND 2014

(Millions of yen)

	2015 (From April 1, 2014 to March 31, 2015)	2014 (From April 1, 2013 to March 31, 2014)		2015 (From April 1, 2014 to March 31, 2015)	2014 (From April 1, 2013 to March 31, 2014)
CASH FLOWS FROM OPERATING ACTIVITIES:			CASH FLOWS FROM INVESTING ACTIVITIES:		
Income before income taxes	¥ 780,319	¥ 740,466	Purchases of call loans	¥ (33,053,228)	¥ (32,758,125)
Income taxes paid	(405,633)	(394,466)	Proceeds from redemption of call loans	32,837,825	32,731,552
Policyholder dividends paid	(349,687)	(420,523)	Purchases of monetary claims bought	(3,417,540)	(2,746,495)
Depreciation and amortization	180,580	175,682	Proceeds from sale and redemption of monetary claims bought	3,131,989	3,066,421
Losses on impairment of fixed assets	5,390	13,655	Net change in receivables under securities borrowing transactions	101,332	(490,901)
Equity in (earnings) losses of affiliates	561	(12)	Net change in payables under securities lending transactions	(44,684)	588,617
Gains on negative goodwill	(2,680)	—	Purchases of securities	(29,457,673)	(41,594,073)
Net change in reserve for outstanding claims	(113,534)	(115,432)	Proceeds from sale of securities	4,069,483	4,029,294
Net change in policy reserves	(2,632,889)	(3,656,490)	Proceeds from redemption of securities	41,071,899	46,827,862
Provision for interest on policyholder dividends	1,497	4,627	Purchases of money held in trust	(710,000)	(459,900)
Provision for reserve for policyholder dividends	200,722	242,146	Proceeds from sale of money held in trust	145,159	564,939
Net change in reserve for possible loan losses	(579)	(1,470)	Payments for loans	(1,354,617)	(1,610,723)
Net change in reserve for bonuses	(187)	(2,367)	Proceeds from collection of loans	2,397,830	3,273,670
Net change in asset and liability for retirement benefits	(250,106)	(374,374)	Purchases of tangible fixed assets	(183,547)	(76,047)
Contribution of retirement benefit trust	(639,944)	—	Proceeds from sale of tangible fixed assets	12,165	1,437
Net change in reserve for price fluctuations	97,934	91,360	Purchases of intangible fixed assets	(97,719)	(84,912)
Interest income (accrual basis)	(1,893,273)	(1,827,610)	Purchases of stocks of subsidiaries and affiliates	(1,768)	(63)
Interest expenses (accrual basis)	356,061	361,245	Proceeds from purchases of stocks of subsidiaries resulting in change in scope of consolidation	1,420	—
Net (gains) losses on securities	(52,405)	(66,359)	Other, net	73,450	(82,362)
Net (gains) losses on money held in trust	(75,914)	(113,593)	Net cash provided by investing activities	15,521,777	11,180,189
Net (gains) losses on foreign exchanges	(520,124)	(281,267)	CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (gains) losses on sales and disposal of fixed assets	1,601	13,354	Proceeds from borrowings	6,100	4,050
Net change in loans	291,104	890,310	Repayment of borrowings	(3,610)	(4,489)
Net change in deposits	405,236	434,761	Dividends paid	(43,500)	(38,550)
Net change in negotiable certificates of deposit	(90,000)	20,000	Dividends paid to non-controlling interests	(28)	—
Net change in call loans	(177,681)	(9,577)	Other, net	(1,062)	(1,415)
Net change in receivables under securities borrowing transactions	(1,161,315)	928,763	Net cash used in financing activities	(42,101)	(40,405)
Net change in payables under securities lending transactions	2,902,607	1,224,351	Effect of exchange rate changes on cash and cash equivalents	587	661
Net change in foreign exchanges (assets)	(18,672)	(27,608)	Net change in cash and cash equivalents	14,275,707	11,159,277
Net change in foreign exchanges (liabilities)	16	(23)	Cash and cash equivalents at the beginning of the year	21,529,671	10,370,394
Interest received (cash basis)	2,060,574	2,012,796	Cash and cash equivalents at the end of the year (Note 3)	¥ 35,805,379	¥ 21,529,671
Interest paid (cash basis)	(211,511)	(205,712)			
Other, net	107,375	362,197			
Total adjustments	(1,984,875)	(721,634)			
Net cash provided by (used in) operating activities	¥ (1,204,555)	¥ 18,831			

See the accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2015 AND 2014

1. BASIS OF PRESENTATION

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

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

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and mainly operates.

2. SIGNIFICANT ACCOUNTING POLICIES

(1) Consolidation and Equity Method

1) Scope of consolidation

Under Japanese GAAP, a company is required to consolidate any subsidiary when the company substantially controls the operations of the subsidiary, even if it is not majority-owned. Control is defined as the power to govern the decision-making body of an enterprise. The consolidated financial statements as of and for the years ended March 31, 2015 and 2014 include the accounts of the Company and its significant subsidiaries (collectively, the "Group").

A) Consolidated subsidiaries

The Company has 23 (16 in 2014) consolidated subsidiaries. Principal consolidated subsidiaries are Japan Post Co., Ltd., Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd.

During the year ended March 31, 2015, Japan Post Delivery Co., Ltd. and 3 other companies were included in the scope of the consolidation due to the establishment of the company. In addition, Japan Post Office Support Co., Ltd. and 2 other companies were included in the scope of the consolidation due to the acquisition of their stock.

During the year ended March 31, 2014, Japan Post International Logistics Co., Ltd. was included in the scope of consolidation due to the establishment of the company.

B) Non-consolidated subsidiaries

The Company has 3 (2 in 2014) non-consolidated subsidiaries, namely, Tokyo Beiyu Co., Ltd., Japan Post Maintenance Co., Ltd., and Daito Setsubi Kogyo Co., Ltd. for the year ended March 31, 2015 and Tokyo Beiyu Co., Ltd. and Nittei Butsuryu Gijutsu Co., Ltd. for the year ended March 31, 2014, respectively.

These companies are excluded from the scope of consolidation because their assets, net income (loss), retained earnings, accumulated other comprehensive income and others are immaterial.

2) Application of the equity method

A) Non-consolidated subsidiaries accounted for by the equity method

There were no non-consolidated subsidiaries accounted for by the equity method for all periods presented.

B) Affiliates accounted for by the equity method

The Company has 5 (3 in 2014) affiliates accounted for by the equity method, namely, JA Foods-Oita Co., Ltd., Ringbell Co., Ltd., Saison Asset Management Co., Ltd., SDP Center Co., Ltd. and ATM Japan Business Service, Ltd. for the year ended March 31, 2015, JA Foods-Oita Co., Ltd., SDP Center Co., Ltd. and ATM Japan Business Service, Ltd. for the year ended March 31, 2014, respectively.

During the year ended March 31, 2015, Ringbell Co., Ltd., and Saison Asset Management Co., Ltd. became affiliates accounted for by the equity method due to the acquisition of their stock.

During the year ended March 31, 2014, JA Foods-Oita Co., Ltd. became an affiliate accounted for by the equity method due to the acquisition of its stock by a subsidiary of the Company.

C) Non-consolidated subsidiaries that are not accounted for by the equity method

The Company has 3 (2 in 2014) non-consolidated subsidiaries that

are not accounted for by the equity method, namely, Tokyo Beiyu Co., Ltd., Japan Post Maintenance Co., Ltd., and Daito Setsubi Kogyo Co., Ltd. for the year ended March 31, 2015 and Tokyo Beiyu Co., Ltd. and Nittei Butsuryu Gijutsu Co., Ltd. for the year ended March 31, 2014.

These companies are excluded from the scope of the equity method because their net income (loss), retained earnings, accumulated other comprehensive income and others are immaterial, and the exclusion of these companies from the scope of companies accounted for by the equity method does not hinder a reasonable understanding of the Group's financial position and results of operations.

D) Affiliates that are not accounted for by the equity method

There were no affiliates not accounted for by the equity method for all periods presented.

3) Fiscal year-end dates of consolidated subsidiaries

A) The fiscal year-end dates of consolidated subsidiaries are as follows:

Years ended March 31	2015	2014
December 31	1 company	1 company
March 31	22 companies	15 companies

B) The subsidiary with a fiscal year-end date of December 31 is consolidated using the financial statements as of and for the year ended December 31.

Appropriate adjustments were made for material transactions during the period between its fiscal year-end date and the consolidated fiscal year-end date.

(2) Trading Account Securities

Trading account securities are carried at fair value.

(3) Securities

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.

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.

Investments in non-consolidated subsidiaries and affiliates that are not accounted for by the equity method are carried at cost and the cost of these securities sold is calculated using the moving-average method.

Available-for-sale securities are carried at their fiscal year-end market price, of which average market prices during the final month of the fiscal year is used to value stocks and stock mutual funds. Cost of securities sold is calculated using the moving-average method. Available-for-sale securities with no available market prices are carried at cost using the moving-average method or amortized cost (the straight-line method) as it is extremely difficult to determine fair value for these securities. Net unrealized gains (losses) on available-for-sale securities (including net unrealized gains (losses) arising from fluctuations in foreign exchange), net of income taxes, are included in net assets, after deducting the amount that is reflected in the fiscal year's earnings by applying fair value hedge accounting.

Securities included in money held in trust are carried using the same method used for securities mentioned above. Net unrealized gains (losses) on money held in trust classified as other than trading and held-to-maturity, net of income taxes, are included in net assets.

(4) Derivative Transactions

All derivative transactions are valued at fair value.

(5) Hedge Accounting

1) Hedge accounting for interest rate risks

The Company and its consolidated subsidiaries apply deferred hedge accounting to account for transactions they enter into to hedge interest rate risks on financial assets and liabilities.

As for portfolio hedges on groups of large-volume, small value monetary debts, the Company applies deferred hedge accounting stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (JICPA Industry Audit Committee Report No. 24).

For portfolio hedges on groups of large volume, small-value monetary debts, the effectiveness of hedges that offset market fluctuations are assessed by identifying hedged deposits and the corresponding hedging instruments such as interest rate swaps that

are grouped into each prescribed residual time maturity period.

The Company and its consolidated subsidiaries design its hedges such that the nature of the hedged items and hedging instruments are highly correlated to ensure that the hedges are highly effective. This design is consistent with the requirements for the exceptional treatment, under which eligible interest rate swap contracts are accounted for on an accrual basis. In addition, the Company and its consolidated subsidiaries apply the exceptional treatment for certain interest swap contracts that meet the criteria for the exceptional accrual method for interest rate swaps.

2) Hedge accounting for foreign exchange risks

The Company and its consolidated subsidiaries apply deferred hedge accounting, fair value hedges, or the accounting method translating foreign currency receivables at forward rates to reduce its exposure to foreign exchange rates for the net unrealized gains (losses) on available-for-sale securities.

In order to hedge risks arising from volatility of exchange rates for securities denominated in foreign currencies, the Company and its subsidiaries apply portfolio hedges, on the conditions that the hedged foreign securities are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged foreign securities denominated in the same foreign currencies.

For individual hedges, the Company designs its hedges such that the nature of the hedged items and hedging instruments are highly correlated to ensure that the hedges are highly effective.

(6) Depreciation

1) Tangible fixed assets (excluding leased assets)

Depreciation of tangible fixed assets is computed using the straight-line method.

Useful lives of principal assets are as follows:

Buildings: 2-50 years

Others: 2-75 years

2) Intangible fixed assets (excluding leased assets)

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

3) Leased assets

The Group leases mainly tangible fixed assets excluding land and buildings and software under finance lease arrangements that do not transfer the ownership of leased property to the lessee.

Finance lease transactions that do not transfer ownership, which are recorded in tangible fixed assets and intangible fixed assets, are depreciated to the residual value of zero or guaranteed value using the straight-line method over the lease term.

(7) Amortization of Goodwill

Goodwill is amortized for a period up to 5 years. Goodwill deemed immaterial, however, is expensed as incurred.

(8) Reserve for Possible Loan Losses

1) For reserve for possible loan losses of the Company and its consolidated subsidiaries other than Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd., allowance is provided for general accounts receivable using a rate determined based on past bad debt experience. In addition, a reserve is provided for specific loans such as loans to bankrupt or effectively/substantially bankrupt borrowers at the estimated amount considered uncollectible based on review of the respective nature of loans.

2) Reserve for possible loan losses of Japan Post Bank Co., Ltd. is provided for in accordance with the write-off and provision standards as described below:

In accordance with "Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions" JICPA, Special Committee for Audits of Banks, etc., Report No. 4), loans to normal borrowers and borrowers with collectability risks are classified into certain groups, and an allowance is provided for each group based on the estimated rate of loan losses.

For loans to borrowers with collectability risks, an allowance is provided for based on an amount net of amounts expected to be collected through disposal of collateral or through execution of guarantees, and the amount considered to be necessary based on a solvency assessment. For loans to bankrupt or substantially bankrupt borrowers, an allowance is provided for based on an amount net of amounts expected to be collected through disposal of collateral or through execution of guarantees.

All loans are assessed initially by the marketing and other departments based on internal rules for self-assessment of asset

quality. The asset evaluation department, which is independent from the marketing and other departments, reviews these self-assessments. The above allowances are made based on the result of this assessment.

3) Reserve for possible loan losses of Japan Post Insurance Co., Ltd. is provided pursuant to its standards for self-assessment of asset quality, and general allowance is provided using a rate determined by past bad debt experience. In addition, specific allowances, which are determined after reviewing individual collectability of accounts, are 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 allowances are made based on the result of this assessment.

(9) Policy Reserves

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

1) Reserves for contracts subject to the standard policy reserve 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 the other contracts are computed based on the net level premium method.

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

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

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

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

(10) Reserve for Bonuses

A reserve for the employee bonus payments is provided based on the amount expected to be incurred at the end of the fiscal year based on the projected obligations as of the end of the fiscal year.

(11) Retirement Benefits

1) In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit to respective service period. Treatment of prior service cost and actuarial difference are accounted for as follows.

Prior service cost is amortized using the straight-line method over a fixed period (8-14 years) within the estimated average remaining service period for employees in the fiscal year in which the difference is incurred.

Actuarial difference is amortized based on a proportional amount using the straight-line method over a fixed period (8-14 years) within the estimated average remaining service period for employees from the fiscal year following the respective fiscal year in which the difference is incurred.

Effective from April 1, 2015, the Company and its principal consolidated subsidiaries have revised their retirement programs and their lump-sum severance indemnity plans from a final salary formula to a point system. As a result, projected benefit obligation decreased and prior service cost of ¥184,859 million is recognized for the year

ended March 31, 2015.

- 2) Charges for the pension program of national public service personnel associated with pension benefits for the service period until December 1958 of those personnel who had worked in postal services for the former Ministry of Communications and the former Ministry of Posts and Telecommunications and retired after January 1959 (hereinafter referred to as "share of public service pension") are recognized as part of asset or liability for retirement benefits. The Company has established retirement benefit trusts for the above pension program.

The actuarial difference is amortized using the straight-line method over a fixed period (10 years) within the estimated average remaining payment periods for eligible personnel from the fiscal year after the difference incurred.

The prior service cost is amortized using the straight-line method over a fixed period (10 years) within the estimated average remaining payment periods of eligible personnel as incurred.

Effective from August 1, 2013, the pension benefits for the service period until December 1958 have been reduced pursuant to the "Act for Partial Amendment of Employees' Pension Insurance Act and others due to the Unification of Employees' Pension Plans, etc." (Act No. 63 of 2012). In conjunction with this change, prior service cost in the amount of ¥117,175 million has been recognized due to reduction in retirement benefit obligations, and this prior service cost is amortized using the straight-line method over a fixed period (10 years) within the eligible persons' average remaining payment period.

- 3) Charges for the pension program of national public service personnel associated with pension benefits for those personnel who had worked in postal services for the former Ministry of Communications and the former Ministry of Posts and Telecommunications and retired by December 1958 (hereinafter referred to as "share of another public service pension") are recognized as part of liability for retirement benefits. The Company has established retirement benefit trusts for the above mutual aid pension program.

The actuarial difference is amortized using the straight-line method over a fixed period (5 years) within the estimated average remaining payment periods for eligible personnel from the fiscal year after the difference is incurred.

At the meeting of the Board of Directors held on September 22, 2014, the Company resolved to establish retirement benefit trusts for share of public service pension and share of another public service pension for the purpose of improving financial soundness of retirement benefits. Based on the resolution, cash and due from banks of ¥639,944 million were contributed on January 29, 2015.

- (12) 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.
- (13) Reserve for Price Fluctuations
Reserve for price fluctuations in security investments is computed based on Article 115 of the Insurance Business Act.
- (14) Statement of Cash Flows
Cash and cash equivalents consists of cash on hand, deposits that can be withdrawn at any time, and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value (excluding negotiable certificates of deposit held by the banking subsidiary included in "cash and due from banks").
- (15) Consumption Taxes
All figures are net of consumption taxes.
- (16) Consolidated Tax Payment System
The Company and certain consolidated subsidiaries adopt the consolidated tax payment system, under which Japan Post Holdings Co., Ltd. is the parent company.
- (17) Changes in Accounting Policies
For the Year Ended March 31, 2015

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

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

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

As a result, liability for retirement benefits increased by ¥263,412 million while retained earnings decreased by ¥256,948 million at the beginning of the year ended March 31, 2015. In addition, income before income taxes for the year ended March 31, 2015 increased by ¥10,561 million.

The effects of this change on per share data are described in Note 26 "PER SHARE DATA."

For the Year Ended March 31, 2014

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

Since the Retirement Benefits Accounting Standard and Guidance on Accounting Standard for Retirement Benefits are being applied transitionally as provided for in Paragraph 37 of the Retirement Benefits Accounting Standard, unrecognized actuarial differences and unrecognized prior service cost after tax effect adjustment are recognized as accumulated adjustments for retirement benefits in accumulated other comprehensive income.

As a result, liability for retirement benefits of ¥2,884,827 million was recognized at the end of the year ended March 31, 2014. In addition, deferred tax assets decreased by ¥1,020 million while deferred tax liabilities and accumulated other comprehensive income increased by ¥2,548 million and ¥261,879 million, respectively.

The effects of this change on per share data are described in Note 26 "PER SHARE DATA."

- (18) New Accounting Pronouncements

Business Combinations and Other Pronouncements

Accounting Standard for Business Combinations (ASBJ Statement No. 21, revised on September 13, 2013), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, revised on September 13, 2013), Accounting Standard for Business Divestitures (ASBJ Statement No. 7, revised on September 13, 2013), Accounting Standard for Earnings Per Share (ASBJ Statement No. 2, revised on September 13, 2013), Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, revised on September 13, 2013) and Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No. 4, revised on September 13, 2013) were issued as new accounting pronouncements.

These accounting standards have been revised mainly in relation to (i) the accounting treatment for changes in a parent's ownership interest in a subsidiary when the parent retains control over the subsidiary, (ii) the corresponding accounting for acquisition-related costs, and (iii) provisional accounting treatments.

The Company intends to apply the revised accounting standards from the beginning of the year commencing on April 1, 2015, and is currently evaluating the effects of this application.

3. CASH AND CASH EQUIVALENTS

The reconciliation of cash and cash equivalents as of March 31, 2015 and 2014 and cash and due from banks in the consolidated balance sheets as of March 31, 2015 and 2014 is as follows:

Millions of Yen		
March 31	2015	2014
Cash and due from banks	¥ 36,406,491	¥ 21,994,452
Negotiable certificates of deposit included in cash and due from banks of the banking subsidiary	(705,000)	(615,000)
Negotiable certificates of deposit included in securities	105,160	151,000
Deposits with maturities of more than three months	(912)	(781)
Negotiable certificates of deposit with maturities of more than three months	(360)	—
Cash and cash equivalents at the end of the year	¥ 35,805,379	¥ 21,529,671

4. SECURITIES

(1) Securities

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

Millions of Yen		
March 31	2015	2014
Stocks	¥ 28,336	¥ 22,374
Japanese government bonds ¹	154,868,356	178,928,806
Japanese local government bonds	15,080,974	14,724,159
Japanese corporate bonds	17,635,511	17,825,975
Other	34,980,766	24,121,802
Total	¥ 222,593,945	¥ 235,623,120

Notes:

1. Secured loan securities for which borrowers have the right to sell or pledge in the amount of ¥301,181 million and ¥100,660 million were included in Japanese government bonds in securities as of March 31, 2015 and 2014, respectively.

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

The amounts shown in the following tables include trading account securities, negotiable certificates of deposit included in cash and due from banks, and monetary claims bought, in addition to securities.

1) Held-to-maturity bonds

Millions of Yen					
March 31	2015				
	Consolidated balance sheet amount	Fair value	Difference	Amount for which fair value exceeds consolidated balance sheet amount	Amount for which fair value does not exceed consolidated balance sheet amount
Japanese government bonds	¥ 93,418,463	¥ 99,419,865	¥ 6,001,402	¥ 6,001,402	¥ —
Japanese local government bonds	8,820,050	9,275,993	455,942	456,466	(523)
Japanese corporate bonds	7,711,889	8,004,022	292,133	292,183	(49)
Other	234,597	291,352	56,754	56,754	—
Total	¥ 110,185,001	¥ 116,991,234	¥ 6,806,232	¥ 6,806,806	¥ (573)

Millions of Yen					
March 31	2014				
	Consolidated balance sheet amount	Fair value	Difference	Amount for which fair value exceeds consolidated balance sheet amount	Amount for which fair value does not exceed consolidated balance sheet amount
Japanese government bonds	¥ 117,547,318	¥ 122,484,558	¥ 4,937,240	¥ 4,940,548	¥ (3,308)
Japanese local government bonds	8,834,843	9,239,380	404,536	405,436	(899)
Japanese corporate bonds	8,229,686	8,527,891	298,204	298,458	(253)
Other	263,235	329,613	66,378	66,378	—
Total	¥ 134,875,084	¥ 140,581,444	¥ 5,706,359	¥ 5,710,821	¥ (4,461)

Unsecured borrowed securities and securities borrowed with cash collateral for which the Group has the right to sell or pledge amounted to ¥11,078,662 million and ¥10,031,422 million as of March 31, 2015 and 2014, respectively.

2. The above includes investments in non-consolidated subsidiaries and affiliates of ¥2,283 million, ¥1,067 million and as of March 31, 2015 and 2014, respectively.

(2) Policy-Reserve-Matching Bonds

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

Millions of Yen		
March 31	2015	2014
Consolidated balance sheet amount	¥ 15,493,208	¥ 17,953,667
Fair value	16,668,447	19,052,820

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

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

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

2) Policy-reserve-matching bonds

Millions of Yen

March 31	2015				
	Consolidated balance sheet amount	Fair value	Difference	Amount for which fair value exceeds consolidated balance sheet amount	Amount for which fair value does not exceed consolidated balance sheet amount
Japanese government bonds	¥ 14,660,267	¥ 15,804,449	¥ 1,144,181	¥ 1,144,212	¥ (31)
Japanese local government bonds	699,889	724,154	24,264	24,444	(179)
Japanese corporate bonds	133,050	139,843	6,792	6,797	(4)
Total	¥ 15,493,208	¥ 16,668,447	¥ 1,175,238	¥ 1,175,453	¥ (214)

Millions of Yen

March 31	2014				
	Consolidated balance sheet amount	Fair value	Difference	Amount for which fair value exceeds consolidated balance sheet amount	Amount for which fair value does not exceed consolidated balance sheet amount
Japanese government bonds	¥ 17,016,812	¥ 18,093,716	¥ 1,076,904	¥ 1,077,940	¥ (1,036)
Japanese local government bonds	752,737	770,927	18,189	18,431	(241)
Japanese corporate bonds	184,117	188,175	4,058	4,081	(23)
Total	¥ 17,953,667	¥ 19,052,820	¥ 1,099,152	¥ 1,100,453	¥ (1,300)

3) Available-for-sale securities

Millions of Yen

March 31	2015				
	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
Stocks	¥ 24,177	¥ 14,553	¥ 9,623	¥ 9,623	¥ —
Bonds	62,141,229	60,403,565	1,737,664	1,743,222	(5,558)
Japanese government bonds	46,789,624	45,406,419	1,383,204	1,384,984	(1,779)
Japanese local government bonds	5,561,033	5,440,252	120,780	121,534	(753)
Japanese short-term corporate bonds	226,986	226,986	—	—	—
Japanese corporate bonds	9,563,584	9,329,906	233,678	236,703	(3,025)
Other	37,297,269	33,531,867	3,765,402	3,810,374	(44,971)
Total	¥ 99,462,677	¥ 93,949,986	¥ 5,512,690	¥ 5,563,220	¥ (50,530)

Millions of Yen

March 31	2014				
	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
Stocks	¥ 21,222	¥ 17,214	¥ 4,007	¥ 4,085	¥ (78)
Bonds	58,913,425	57,389,023	1,524,402	1,536,830	(12,428)
Japanese government bonds	44,364,675	43,188,152	1,176,523	1,176,674	(150)
Japanese local government bonds	5,136,578	5,014,369	122,209	122,621	(411)
Japanese short-term corporate bonds	333,979	333,979	—	—	—
Japanese corporate bonds	9,078,191	8,852,521	225,669	237,535	(11,865)
Other	25,207,588	22,891,752	2,315,836	2,328,001	(12,164)
Total	¥ 84,142,236	¥ 80,297,989	¥ 3,844,246	¥ 3,868,917	¥ (24,671)

4) Held-to-maturity bonds sold for the years ended March 31, 2015 and 2014

There were no held-to-maturity bonds sold for the year ended March 31, 2015 and 2014.

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

Millions of Yen

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

Millions of Yen

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

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

Millions of Yen

March 31	2015		
	Sales	Gains	Losses
Stocks	¥ 4,484	¥ 1,793	¥ —
Bonds	1,947,642	287	(5,393)
Japanese government bonds	1,945,276	287	(4,855)
Japanese corporate bonds	2,365	—	(538)
Other	411,885	6,295	(5,050)
Total	¥ 2,364,012	¥ 8,376	¥ (10,444)

Millions of Yen

March 31	2014		
	Sales	Gains	Losses
Stocks	¥ 2,983	¥ 1,226	¥ (7)
Bonds	1,582,285	8,974	(11,344)
Japanese government bonds	1,560,117	8,484	(8,277)
Japanese corporate bonds	22,168	489	(3,066)
Other	369,797	340	(13,592)
Total	¥ 1,955,066	¥ 10,541	¥ (24,944)

(4) Money Held in Trust

Money Held in Trust Classified as Other than Trading and Held-to-Maturity

Millions of Yen

March 31	2015				
	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
Money held in trust classified as other than trading and held-to-maturity	¥ 4,926,581	¥ 3,400,444	¥ 1,526,137	¥ 1,530,218	¥ (4,081)

Millions of Yen

March 31	2014				
	Consolidated balance sheet amount	Cost	Difference	Amount for which consolidated balance sheet amount exceeds cost	Amount for which consolidated balance sheet amount does not exceed cost
Money held in trust classified as other than trading and held-to-maturity	¥ 3,500,631	¥ 2,762,362	¥ 738,268	¥ 747,393	¥ (9,124)

5. ASSETS PLEDGED AS COLLATERAL

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

Millions of Yen

March 31	2015	2014
Assets pledged as collateral:		
Securities	¥ 37,335,206	¥ 38,315,526
Liabilities corresponding to assets pledged as collateral:		
Deposits	22,088,270	26,038,039
Payables under securities lending transactions	17,228,691	14,370,767
Acceptances and guarantees	95,000	115,000

In addition to the above, the following assets are pledged as collateral for overdraft transactions with the Bank of Japan, exchange settlements, derivative transactions and other transactions, deposits for variation margins of future market transactions, and other purposes as of March 31, 2015 and 2014:

Millions of Yen

March 31	2015	2014
Assets pledged as collateral:		
Securities	¥ 4,907,981	¥ 5,960,168
Cash and due from banks	30	30
Other assets	129	129

6. LOANS

There were no insolvent loans, non-accrual loans, past due loans (3 months or more), and restructured loans as of March 31, 2015 and 2014.

Commitment line contracts on overdrafts and loans are agreements under which the banking subsidiary has obligations to lend to customers up to a prescribed amount based on the conditions established in the contracts. The amounts of unused commitments and the amounts of unused commitments whose original contract terms are within 1 year or unconditionally cancelable at any time as of March 31, 2015 and 2014 were as follows:

Millions of Yen

March 31	2015	2014
Amount of unused commitments	¥ —	¥ 2,735
Of which, original contract terms are within 1 year or unconditionally cancelable at any time	—	—

Since many of these contracts are expected to expire without being drawn down, the total amount of unused commitments does not necessarily represent actual future cash requirements. These contracts include clauses which allow the banking subsidiary to decline customer requests for disbursement or reduce the contract amounts in the event that financial conditions change, the banking subsidiary needs to secure claims, or other events occur, as necessary. In addition, the banking subsidiary may request the customers to pledge assets such as properties and securities as collateral upon signing of the contracts, and take necessary measures such as monitoring the customers' financial positions in accordance with the banking subsidiary's internal procedures, revising contracts when such need arises and securing claims after the contracts are made.

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

Millions of Yen

March 31	2015	2014
Amount of unused commitments	¥ 1,250	¥ 1,250

7. TANGIBLE FIXED ASSETS

(1) Accumulated Depreciation

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

Millions of Yen

March 31	2015	2014
Accumulated depreciation	¥ 957,443	¥ 910,337

(2) Deferred Gains on Tangible Fixed Assets Not Recognized for Tax Purposes

Deferred gains on tangible fixed assets not recognized for tax purposes as of March 31, 2015 and 2014 were as follows:

Millions of Yen

March 31	2015	2014
Deferred gains on tangible fixed assets not recognized for tax purposes	¥ 62,252	¥ 62,214
Of which, recognized during the fiscal year	6,119	55,799

(3) Real Estate for Rent

The Company and certain consolidated subsidiaries own land and commercial buildings for rental purposes in Tokyo and other areas.

Millions of Yen

Years ended March 31	2015	2014
Net rental income ¹	¥ 3,178	¥ 2,567
Net gains (losses) on sales ²	3,811	303
Losses on impairment ³	3,747	3,788
Other losses	156	293

Notes:

- Majority of rental income is recorded under other income, and majority of rental expenses are recorded under depreciation for the years ended March 31, 2015 and 2014.
- Net gains on sales are recorded under other income, and net losses on sales are recorded under operating expenses and other expenses.
- Losses on impairment are recorded under other expenses.

The consolidated balance sheet amount, net change during the year and fair value of real estate for rental purposes were as follows:

Millions of Yen

Years ended March 31	2015	2014
Consolidated balance sheet amount		
Balance at the beginning of the year	¥ 398,234	¥ 399,541
Net change during the year	13,808	(1,306)
Balance at the end of the year	¥ 412,043	¥ 398,234
Fair value at the end of the year	¥ 409,655	¥ 365,358

Notes:

- The consolidated balance sheet amount represents acquisition costs less accumulated depreciation and accumulated losses on impairment.
- The fair value is calculated primarily based on the real estate appraisal standard.
- Real estate under construction such as commercial buildings is not included in the above table since it is extremely difficult to determine its fair value. The consolidated balance sheet amounts as of March 31, 2015 and 2014 were ¥70,683 million and ¥62,534 million, respectively.

8. REINSURANCE

Reserve for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Regulations were ¥285 million and ¥82 million as of March 31, 2015 and 2014, respectively.

Policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations were ¥314 million and ¥183 million as of March 31, 2015 and 2014, respectively.

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

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

10. RESERVE FOR POLICYHOLDER DIVIDENDS

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

Millions of Yen

Years ended March 31	2015	2014
Balance at the beginning of the year	¥ 2,222,759	¥ 2,396,947
Policyholder dividends paid	(349,687)	(420,523)
Interest accrual	1,497	4,627
Reduction due to the acquisition of additional annuity	(372)	(438)
Provision for reserve for policyholder dividends	200,722	242,146
Balance at the end of the year	¥ 2,074,919	¥ 2,222,759

11. BORROWINGS AND LEASE OBLIGATIONS

Borrowings and lease obligations as of March 31, 2015 and 2014 were as follows:

March 31	Millions of Yen		Average interest rate	Due
	2015	2014	2015	2015
Borrowings	¥ 3,415	¥ 925	0.38%	April 2015 - September 2019
Lease obligations	4,212	3,643	—	April 2015 - August 2024

Notes:

- The interest rates above are calculated using the weighted-average method based on the interest rate and balance at the fiscal year-end date.
- In certain consolidated subsidiaries, the average interest rate of lease obligations is not presented above because interest included in the total amount of lease payments is allocated to each period using the straight-line method.
- Borrowings and lease obligations are included in other liabilities in the accompanying consolidated balance sheets.

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

March 31	Millions of Yen
Within 1 year	¥ 3,220
Due after 1 year through 2 years	70
Due after 2 years through 3 years	70
Due after 3 years through 4 years	45
Due after 4 years through 5 years	10
Thereafter	—
Total	¥ 3,415

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

March 31	Millions of Yen
Within 1 year	¥ 918
Due after 1 year through 2 years	796
Due after 2 years through 3 years	748
Due after 3 years through 4 years	647
Due after 4 years through 5 years	511
Thereafter	590
Total	¥ 4,212

12. ASSET RETIREMENT OBLIGATIONS

(1) Outline of Asset Retirement Obligations

The Group recorded asset retirement obligations with respect to asbestos removal costs during demolition of the Company's and subsidiaries' buildings, and restoration costs based on the real estate contracts of their business locations, company-owned housing and others.

The Group's network, comprised mainly of post offices, is required under the Postal Services Privatization Act to be maintained without fail from the perspective of public services provision. Therefore, restoration costs based on the real estate contracts related to facilities essential to the said network maintenance are recorded as asset retirement obligations only when their settlements are clearly expected due to reasons such as planned contract termination.

(2) Calculation Method of Asset Retirement Obligations

The Group calculated the asset retirement obligations by estimating the period of service between 1 and 40 years and applying discount rates ranging from 0.0% to 2.3%.

(3) Changes in Asset Retirement Obligations

	Millions of Yen	
Years ended March 31	2015	2014
Balance at the beginning of the year	¥ 9,895	¥ 4,895
Obligations incurred due to acquisition of tangible fixed assets	—	101
Time progress adjustments	45	57
Obligations settled	(485)	(312)
Other	1,152	5,153
Balance at the end of the year	¥ 10,608	¥ 9,895

13. RETIREMENT BENEFITS

For the Years Ended March 31, 2015 and 2014

(1) Outline of Retirement Benefits

The Company and major consolidated subsidiaries have lump-sum severance indemnity plans as a defined benefit plan. Certain consolidated subsidiaries adopt the simplified method in calculating their retirement benefit obligations. Under the simplified method, the amount to be required for voluntary termination at the fiscal year-end is recorded as projected benefit obligations. The charges concerning share of public service pension and share of another public service pension (as defined in Note 2(11)) are included in the Company's retirement benefit obligations.

Effective from April 1, 2015, the Company and its principal consolidated subsidiaries have revised their retirement programs and their lump-sum severance indemnity plans have been changed from a final salary formula to a point system. In addition, the Company contributed ¥639,944 million from cash and due from banks on January 29, 2015 and established retirement benefit trusts for the charges concerning share of public service pension and share of another public service pension for the purpose of improving financial condition of retirement benefits.

(2) Defined Benefit Plans

1) Changes in retirement benefit obligations

	Millions of Yen	
Years ended March 31	2015	2014
Balance at the beginning of the year	¥ 2,895,530	¥ 3,113,194
Cumulative effects of changes in accounting policies	263,412	—
Restated balance at the beginning of the year	3,158,943	3,113,194
Service cost	127,742	111,364
Interest cost	19,243	51,105
Actuarial differences	(10,552)	(15,368)
Benefits paid	(213,843)	(247,589)
Prior service cost	(184,859)	(117,175)
Other	247	—
Balance at the end of the year	¥ 2,896,921	¥ 2,895,530

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

2) Changes in plan assets

	Millions of Yen	
Years ended March 31	2015	2014
Balance at the beginning of the year	¥ 10,702	¥ 10,669
Expected return on plan assets	449	220
Actuarial differences	(336)	437
Contributions paid by the employer	640,910	1,267
Benefits paid	(13,244)	(1,891)
Balance at the end of the year	¥ 638,481	¥ 10,702

Note: The Company contributed ¥639,944 million from cash and due from banks on January 29, 2015 and has established retirement benefit trusts.

3) Balance of retirement benefit obligations, plan assets and liability (asset) for retirement benefits

	Millions of Yen	
March 31	2015	2014
Funded retirement benefit obligations	¥ 628,054	¥ 11,905
Share of public service pension	616,162	—
Share of another public service pension	1,257	—
Corporate pension plan	10,634	11,905
Plan assets	(638,481)	(10,702)
Share of public service pension	(626,576)	—
Share of another public service pension	(1,030)	—
Corporate pension plan	(10,874)	(10,702)
	(10,426)	1,202
Unfunded retirement benefit obligations	2,268,867	2,883,624
Lump-sum severance indemnity	2,268,867	2,251,384
Share of public service pension	—	630,724
Share of another public service pension	—	1,515
Net liability (asset) for retirement benefits	¥ 2,258,440	¥ 2,884,827
Liability for retirement benefits	¥ 2,269,094	¥ 2,884,827
Asset for retirement benefits	(10,653)	—
Net liability (asset) for retirement benefits	¥ 2,258,440	¥ 2,884,827

4) Retirement benefit costs

Millions of Yen

Years ended March 31	2015	2014
Service cost	¥ 127,742	¥ 111,364
Interest cost	19,243	51,105
Expected return on plan assets	(449)	(220)
Amortization of actuarial differences	(17,192)	(15,904)
Amortization of prior service cost	(13,309)	(8,304)
Other	335	29
Total	¥ 116,370	¥ 138,069

5) Adjustments for retirement benefits (before tax effect)

Millions of Yen

Years ended March 31	2015	2014
Prior service cost	¥ 171,549	¥ —
Actuarial differences	(6,976)	—
Total	¥ 164,572	¥ —

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

Millions of Yen

March 31	2015	2014
Unrecognized prior service cost	¥ 282,212	¥ 110,663
Unrecognized actuarial differences	147,808	154,785
Total	¥ 430,021	¥ 265,448

7) Plan assets

March 31	2015	2014
Bonds	71%	52%
Stocks	0	21
Cash and deposits	—	1
Loans	28	—
Other	0	26
Total	100%	100%

Note: Total plan assets is comprised 98% of retirement benefit trusts, which were set up for share of public service pension and share of another public service pension for the year ended March 31, 2015.

Current and target asset allocations, historical and expected returns on various categories of plan assets have been taken into consideration in determining the long-term expected rate of return.

8) Actuarial assumptions

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

Years ended March 31	2015	2014
Discount rate	0.2% - 0.7%	0.6% - 1.7%
Long-term expected rate of return on plan assets	0.1% - 2.0%	2.0%

14. RESERVES RELATED TO REINSURANCE CONTRACTS

Policy reserves, excluding contingency reserve, related to reinsurance contracts with Management Organization for Postal Savings and Postal Life Insurance, are provided at amounts calculated based on the statement of calculation procedures for the insurance subsidiary'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 fluctuation are provided for the category of insurance.

The policy reserves, excluding contingency reserve, contingency reserve and reserve for price fluctuations provided for the category of reinsurance as of March 31, 2015 and 2014 were as follows:

Millions of Yen

March 31	2015	2014
Policy reserves (excluding contingency reserve)	¥ 52,156,724	¥ 57,879,628
Contingency reserve	2,182,885	2,350,030
Reserve for price fluctuations	626,849	554,723

15. DEFERRED TAX ASSETS AND LIABILITIES

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

Millions of Yen

March 31	2015	2014
Deferred tax assets:		
Liability for retirement benefits	¥ 933,407	¥ 1,025,771
Policy reserves	559,683	485,089
Reserve for outstanding claims	49,850	53,823
Reserve for bonuses	30,856	33,250
Reserve for price fluctuations	134,860	106,845
Deferred losses on hedges	317,483	330,528
Other	146,810	163,924
Subtotal	2,172,952	2,199,234
Valuation allowance	(998,131)	(1,090,571)
Total deferred tax assets	1,174,820	1,108,662
Deferred tax liabilities:		
Unrealized gains on available-for-sale securities	(2,058,998)	(1,505,332)
Other	(23,616)	(19,545)
Total deferred tax liabilities	(2,082,614)	(1,524,877)
Net deferred tax assets (liabilities)	¥ (907,793)	¥ (416,214)

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes, which, in aggregate, would result in an effective statutory tax rate of approximately 35.6% for the year ended March 31, 2015, and 38.0% for the year ended March 31, 2014.

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

Years ended March 31	2015	2014
Statutory tax rate	35.6%	38.0%
Permanent non-taxable differences (e.g. non-taxable dividend income)	(0.8)	(0.6)
Changes in valuation allowance	(3.3)	(5.1)
Reduction in deferred tax assets resulting from tax rate changes	7.5	1.0
Effect of difference between tax rate for the current fiscal year and those for the following and subsequent fiscal years	—	1.6
Other	(0.8)	0.4
Effective income tax rate	38.2%	35.3%

During the year ended March 31, 2015, the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 9 of 2015) and Act for Partial Amendment of the Local Tax Act, etc. (Act No. 2 of 2015) were promulgated on March 31, 2015 and, as a result, income tax rate, etc. was reduced effective from the year beginning on or after April 1, 2015. As a result, deferred tax assets and liabilities decreased by ¥36,609 million and ¥146,543 million, respectively. In addition, net unrealized gains (losses) on available-for-sale securities increased by ¥199,825 million and net deferred gains (losses) on hedges decreased by ¥32,199 million, and deferred income taxes increased by ¥58,418 million.

During the year ended March 31, 2014, the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 10 of 2014) was promulgated on March 31, 2014 and, as a result, the Special Reconstruction Corporation Tax was abolished effective from the year beginning on or after April 1, 2014. As a result, deferred tax assets and liabilities decreased by ¥5,233 million and ¥2,927 million, respectively, and deferred income taxes increased by ¥7,354 million.

16. NET ASSETS

(1) Type and Number of Shares Issued

Thousands of shares

Year ended March 31, 2015	2015			
	April 1, 2014	Increase	Decrease	March 31, 2015
Shares issued:				
Common stock	150,000	—	—	150,000

Thousands of shares

Year ended March 31, 2014	2014			
	April 1, 2013	Increase	Decrease	March 31, 2014
Shares issued:				
Common stock	150,000	—	—	150,000

(2) Information on Dividends

Dividends from retained earnings require approval from the Minister of Internal Affairs and Communications pursuant to the provisions of Article 11 of the Act on Japan Post Holdings Co., Ltd.

1) Dividends paid

Dividend paid for the year ended March 31, 2015

Resolution	Class of shares	Total amount (Millions of Yen)	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 21, 2014	Common stock	¥ 43,500	¥ 290.00	March 31, 2014	June 25, 2014

Dividend paid for the year ended March 31, 2014

Resolution	Class of shares	Total amount (Millions of Yen)	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 22, 2013	Common stock	¥ 38,550	¥ 257.00	March 31, 2013	June 20, 2013

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

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

Resolution	Class of shares	Total amount (Millions of Yen)	Source of dividends	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 15, 2015	Common stock	¥ 50,100	Retained earnings	¥ 334.00	March 31, 2015	June 26, 2015

17. OTHER INCOME

Other income for the years ended March 31, 2015 and 2014 consisted of the following:

Millions of Yen

Years ended March 31	2015	2014
Gains on sales of fixed assets	¥ 4,316	¥ 371
Gains on negative goodwill	2,680	—
Compensation for transfer	474	495
Gains on liquidation of subsidiaries and affiliates	—	—
Compensation income	369	932
Reversal of accounts payable	1,567	—
Other	206,836	169,477
Total	¥ 216,244	¥ 171,276

18. OTHER EXPENSES

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

Millions of Yen

Years ended March 31	2015	2014
Losses on sales and disposal of fixed assets	¥ 6,061	¥ 13,706
Losses on impairment of fixed assets	5,390	13,655
Provision for reserve for price fluctuations	97,934	91,360
Group restructuring expenses	—	—
Post office refurbishment expenses ¹	22,071	974
Provision for reserve for policyholder dividends ²	200,722	242,146
Other	21,031	22,871
Total	¥ 353,213	¥ 384,715

Notes:

1. In order to prevent further deterioration of facilities and other assets, the Group has invested in construction work and prioritized spending on assets exceeding their economical useful lives.
2. Provision for reserve for policyholder dividends, which is provided for Management Organization for Postal Savings and Postal Life Insurance based on gains or losses and others arising in the category of reinsurance due to the reinsurance contracts with Management Organization for Postal Savings and Postal Life Insurance, was ¥190,363 million, ¥222,812 million for the years ended March 31, 2015 and 2014, respectively.

19. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2015 and 2014 were as follows:

Millions of Yen

Years ended March 31	2015	2014
Net unrealized gains (losses) on available-for-sale securities:		
Amount arising during the fiscal year	¥ 2,431,516	¥ 813,880
Reclassification adjustments	(236,039)	(114,528)
Before tax effect adjustments	2,195,476	699,352
Tax effect	(556,689)	(241,453)
Net unrealized gains (losses) on available-for-sale securities	1,638,786	457,899
Net deferred gains (losses) on hedges:		
Amount arising during the fiscal year	(369,756)	(494,241)
Reclassification adjustments	321,616	156,509
Adjustments of assets' acquisition costs	(5,985)	(4,199)
Before tax effect adjustments	(54,125)	(341,931)
Tax effect	(15,411)	121,862
Net deferred gains (losses) on hedges	(69,537)	(220,069)
Foreign currency translation adjustments:		
Amount arising during the fiscal year	94	66
Adjustments for retirement benefits:		
Amount arising during the fiscal year	195,074	—
Reclassification adjustments	(30,501)	—
Before tax effect adjustments	164,572	—
Tax effect	(4,404)	—
Adjustments for retirement benefits	160,168	—
Share of other comprehensive income of affiliates:		
Amount arising during the fiscal year	9	2
Total other comprehensive income	¥ 1,729,521	¥ 237,899

20. FINANCIAL INSTRUMENTS

(1) Policy for Handling Financial Instruments

The Group is required to manage financial assets and liabilities owned by Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. in order to avoid volatility due to future interest rate risk and foreign exchange risk, since these assets and liabilities are generally subject to changes in value due to fluctuations in interest.

For this purpose, both companies endeavor to properly manage income and risk by using an asset liability management (ALM) framework, under which the companies enter into derivative transactions such as interest rate swaps and foreign exchange futures.

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

(2) Features and Risks of Financial Instruments

In the Group, financial assets owned by Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. consist mainly of securities such as domestic and overseas securities, in particular Japanese government bonds, loans, stock investments through money held in trust and others. Such financial assets are exposed to risks including the credit risk of their issuing bodies, interest rate risk, and market price fluctuation risk.

From an ALM viewpoint, interest rate swaps are used as a means of hedging future price volatility risk and interest rate risk of securities, loans, fixed term deposits, and others in interest rate-related transactions. For currency-related transactions, currency swaps and foreign exchange contracts are used as a means of hedging foreign exchange risk in connection with the translation of foreign currency-denominated assets held by Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. and related yen translation amounts of redemption of principal and interest.

In hedging risk using derivative transactions, the Group applies hedge accounting for transactions meeting certain prescribed requirements in order to limit impacts on financial accounting.

(3) Risk Management Framework for Financial Instruments

The Group has a basic policy for group risk management whereby basic principles regarding risk management as well as basic matters for which compliance is mandatory for risk management including risk categories to be managed by Group companies are prescribed, and risk management is carried out on a group basis.

The current status of Group company risk management is periodically reported to the management meeting in which the Group's risk management policies and risk management systems are discussed.

For risks such as market risk, credit risk and other types of risk, each company identifies risks that can be quantified and then uses value at risk (VaR), a measure of the maximum expected loss that could occur due to events with a certain probability, and other methods to measure these risks. The Company manages risk by confirming that the amount of risk measured at each of these two companies is suitable in relation to each company's equity capital.

1) Credit risk management

Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. use the VaR method to quantify credit risk exposure, in accordance with the respective rules of the companies on credit risk management. Moreover, to control credit concentration risk, the companies provide credit limits and other criteria for individual companies and corporate groups and supervise these limits during each fiscal year.

2) Management of market risk

A) Banking subsidiary

The banking subsidiary invests in domestic and foreign bonds and stocks and others based on the policy of ALM as a banking operation, and these are affected by fluctuations in interest rates, foreign exchange, stock price and others. Therefore the banking

subsidiary quantitatively measures market risk using VaR, which is a statistical method, based on its market risk management regulations, and monitors and manages risk by setting limits for market risk and loss so that market risk is within an appropriate amount of capital allocation, as determined by taking into account corporate financial strength such as equity capital.

The major financial instruments affected by fluctuations in risk variables (interest rates, foreign exchange, and stock prices) related to major market risks are call loans, monetary claims bought, money held in trust, securities, loans, deposits, and derivative transactions.

The banking subsidiary uses the historical simulation method (holding period — 240 business days (equivalent to 1 year); one-sided confidence interval — 99%; and observation period — 1,200 business days (equivalent to 5 years)). An internal model is used for measurement for liabilities. The amount of the market risk (estimated loss) as a whole was ¥1,866,712 million and ¥2,692,520 million as of March 31, 2015 and 2014, respectively. The VaR calculates the market risk quantity at a fixed probability calculated statistically based on past market fluctuations, and accordingly, it may not be able to capture the risk under certain abnormal market fluctuations. In order to provide for such risk, sensitivity testing is implemented using various scenarios.

Matters related to the design and operation of market risk management systems, and implementation of market risk management are reported and discussed regularly at the risk management committee, ALM committee, and management meeting.

In addition, taking into account features of assets with mainly market operation (Japanese government bonds) and liabilities with mainly fixed amount of postal savings, and recognizing the importance of interest rate risk sufficiently, the banking subsidiary implements interest rate risk management using a multifaceted approach, whereby profit or loss simulations are carried out based on various scenarios using ALM, and risks are managed.

The policy of ALM is discussed and determined at the management meeting, and the status of the implementation is reported to the ALM committee and management meeting.

With respect to derivative transactions, the banking subsidiary has created separate departments for the execution of transactions, assessment of hedge effectiveness, and administration, and has established an internal checks and balances function, in accordance with its derivative transaction regulations.

B) Insurance subsidiary

The insurance subsidiary categorizes market risk into interest rate risk and market price fluctuation risk in managing market risk. The insurance subsidiary manages interest rate risk by promoting cash flow matching of interest-bearing assets and liabilities denominated in yen and other measures. For market price fluctuation risk, risk of foreign bonds, stocks, and others is managed by setting a reference value (market price fluctuation risk is categorized by aggregating credit risk and real estate investment risk) 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 VaR, and reports to the risk management committee regularly.

3) Management of liquidity risk related to fund raising activities

The banking subsidiary and insurance subsidiary manage liquidity risk related to fund raising activities through the establishment of indexes of fund raising, etc. in accordance with their respective rules.

(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. In calculating prices, certain premises and assumptions are adopted, and the use of different assumptions may lead to changes in pricing.

(5) Fair Values of Financial Instruments

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

Millions of Yen

March 31	2015		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and due from banks	¥ 36,406,491	¥ 36,406,491	¥ —
2) Call loans	2,406,954	2,406,954	—
3) Receivables under securities borrowing transactions	11,094,941	11,094,941	—
4) Monetary claims bought	571,100	571,100	—
5) Trading account securities			
Trading securities	104	104	—
6) Money held in trust	4,926,581	4,926,581	—
7) Securities			
Held-to-maturity bonds	110,185,001	116,943,661	6,758,660
Policy-reserve-matching bonds	15,493,208	16,668,447	1,175,238
Available-for-sale securities	96,891,576	96,891,576	—
8) Loans	12,761,331		
Reserve for possible loan losses ¹	(200)		
	12,761,130	13,767,761	1,006,630
Total assets	¥ 290,737,091	¥ 299,677,620	¥ 8,940,529
1) Deposits	175,697,196	176,219,929	522,733
2) Payables under securities lending transactions	17,228,691	17,228,691	—
Total liabilities	¥ 192,925,887	¥ 193,448,620	¥ 522,733
Derivative transactions ²			
Hedge accounting not applied	¥ 500	¥ 500	¥ —
Hedge accounting applied	(961,309)	(961,309)	—
Total derivative transactions	¥ (960,809)	¥ (960,809)	¥ —

Millions of Yen

March 31	2014		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and due from banks	¥ 21,994,452	¥ 21,994,452	¥ —
2) Call loans	2,073,594	2,073,594	—
3) Receivables under securities borrowing transactions	10,034,958	10,034,958	—
4) Monetary claims bought	169,721	169,721	—
5) Trading account securities			
Trading securities	278	278	—
6) Money held in trust	3,500,631	3,500,631	—
7) Securities			
Held-to-maturity bonds	134,875,084	140,527,456	5,652,372
Policy-reserve-matching bonds	17,953,667	19,052,820	1,099,152
Available-for-sale securities	82,653,215	82,653,215	—
8) Loans	14,096,911		
Reserve for possible loan losses ¹	(208)		
	14,096,702	15,138,720	1,042,017
Total assets	¥ 287,352,306	¥ 295,145,848	¥ 7,793,542
1) Deposits	175,291,979	175,946,708	654,728
2) Payables under securities lending transactions	14,370,767	14,370,767	—
Total liabilities	¥ 189,662,747	¥ 190,317,476	¥ 654,728
Derivative transactions ²			
Hedge accounting not applied	¥ 141	¥ 141	¥ —
Hedge accounting applied	(1,001,481)	(1,001,481)	—
Total derivative transactions	¥ (1,001,339)	¥ (1,001,339)	¥ —

Notes:

- General reserve for possible loan losses corresponding to loans has been deducted.
- Derivative transactions recorded in Other assets/Other liabilities are expressed as lump sums. Net receivables and payables arising from derivative transactions are stated at net values, and if the values are negative, they are indicated in parentheses. Additionally, those subject to exceptional treatment for interest rate swaps and the allocation method for forward exchange contracts which requires recognized foreign currency assets or liabilities to be translated using the corresponding foreign exchange contract rates are jointly disclosed with hedged loans and securities. Therefore, their fair values are included in the relevant loans and securities.

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

Assets

- 1) Cash and due from banks
For funds due from banks with no maturity date, fair value approximates book value, which is therefore used as fair value. For funds due from banks with a maturity date where the contract period is short (within a year), fair value approximates book value, which is therefore used as fair 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, which is therefore used as fair value.
- 4) Monetary claims bought
Pricing offered by the broker and other third parties serves as fair value.
- 5) Trading account securities
The purchase price of the Bank of Japan serves as fair value.
- 6) Money held in trust
The fair value of securities invested in money held in trust, which is solely entrusted for security trading purposes, is based on the price quoted by the exchange for shares and on the price quoted by the exchange, price of over-the-counter transactions, or prices rationally calculated mutatis mutandis on the basis of market quotations for bonds.
Notes to money held in trust are provided in Note 4 (4) "Money Held in Trust" in accordance with the purpose of the holdings.
- 7) Securities
The fair value of securities are based on the price quoted by the exchange, price of over-the-counter transactions, or prices rationally calculated mutatis mutandis on the basis of market quotations.
Notes on securities by categories based on holding purposes are presented in Note 4 "SECURITIES."
- 8) Loans
For loans with variable interest rates, which follow market interest rates only over the short-term, fair value is close to book value unless the obligor's credit standing does not significantly differ after the transaction. In such cases, book value serves as fair value. For loans with fixed interest rates, fair value is based on a net present value of discounted future cash flows.

For loans where amounts are limited to the values of corresponding collateral and which have no fixed date of repayments, book values are used as fair values, because their fair value approximates book value considering the loan terms and conditions.

Liabilities

- 1) Deposits
For demand deposits, the payment amount (book value) if demanded on the consolidated balance sheet date is deemed to be the fair value of such demand deposits. For fixed-term deposits, fair value is based on the net present value of discounted future cash flows, following a division into certain periods. The interest rate applicable to new savings is used as the discount rate.
- 2) Payables under securities lending transactions
Payables under securities lending transactions are settled within a short-term (one year) and their fair value approximates book value. Accordingly, book value is used as fair value.

Derivatives

Derivatives consist of interest rate-related transactions (interest rate swaps) and currency-related transactions (exchange contracts, currency swaps and currency options). Fair value is based on the price quoted by the exchange or values obtained from net present value calculations.

The consolidated balance sheet amounts of financial instruments for which fair values are deemed extremely difficult to determine are as shown below; they are not included in "Assets (7) Securities" under information concerning fair values of financial instruments.

Millions of Yen

March 31	2015	2014
Unlisted stocks	¥ 24,158	¥ 141,152
Total	¥ 24,158	¥ 141,152

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

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

Millions of Yen

March 31	2015					
	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Due from banks	¥ 35,387,648	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans	2,406,954	—	—	—	—	—
Receivables under securities borrowing transactions	11,094,941	—	—	—	—	—
Monetary claims bought	419,007	24,768	47,139	15,113	5,224	56,624
Securities	31,116,002	54,167,918	33,030,767	25,554,115	29,957,931	31,390,906
Held-to-maturity bonds	17,313,507	27,145,011	14,840,900	12,022,926	14,488,099	23,854,900
Japanese government bonds	15,595,800	22,606,740	11,170,045	9,369,700	11,637,400	22,527,900
Japanese local government bonds	477,285	1,797,792	1,762,530	2,060,555	1,788,557	926,550
Japanese corporate bonds	1,200,568	2,676,167	1,875,892	494,671	1,062,142	400,450
Other	39,853	64,311	32,433	98,000	—	—
Policy-reserve-matching bonds	1,911,429	4,288,547	1,762,786	1,444,146	2,168,753	3,809,900
Japanese government bonds	1,729,360	4,262,100	1,653,400	1,355,800	1,845,000	3,711,700
Japanese local government bonds	182,069	26,447	86,149	64,313	267,014	70,400
Japanese corporate bonds	—	—	23,237	24,033	56,739	27,800
Available-for-sale securities with maturities	11,891,065	22,734,359	16,427,080	12,087,041	13,301,078	3,726,106
Japanese government bonds	7,032,518	13,963,878	5,829,696	7,068,912	9,492,924	1,887,000
Japanese local government bonds	777,112	1,042,155	1,787,231	1,232,179	510,673	31,608
Japanese short-term corporate bonds	227,000	—	—	—	—	—
Japanese corporate bonds	1,257,525	2,063,884	2,767,354	1,031,755	566,700	1,604,945
Other	2,596,909	5,664,441	6,042,797	2,754,194	2,730,780	202,553
Loans	2,384,422	2,538,616	2,204,470	1,698,606	1,950,641	1,980,256
Total	¥ 82,808,976	¥ 56,731,303	¥ 35,282,376	¥ 27,267,835	¥ 31,913,797	¥ 33,427,788

Millions of Yen

March 31	2014					
	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Due from banks	¥ 20,935,334	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans	2,073,594	—	—	—	—	—
Receivables under securities borrowing transactions	10,034,958	—	—	—	—	—
Monetary claims bought	81,063	1,378	13,761	10,000	7,000	54,400
Securities	39,360,521	55,843,874	36,307,817	24,341,200	38,320,312	30,266,476
Held-to-maturity bonds	27,338,868	33,550,436	19,485,905	9,829,264	21,284,129	22,847,540
Japanese government bonds	25,846,800	29,870,340	14,895,445	7,138,500	17,693,900	21,574,200
Japanese local government bonds	496,522	1,441,641	1,878,440	1,827,595	2,310,376	873,590
Japanese corporate bonds	966,909	2,166,769	2,679,542	732,736	1,279,853	399,750
Other	28,637	71,686	32,478	130,433	—	—
Policy-reserve-matching bonds	1,014,401	4,830,421	3,605,125	1,583,792	2,732,196	4,056,700
Japanese government bonds	775,100	4,640,560	3,535,900	1,492,300	2,484,100	3,962,400
Japanese local government bonds	163,575	189,861	50,394	73,312	205,885	66,500
Japanese corporate bonds	75,726	—	18,831	18,180	42,211	27,800
Available-for-sale securities with maturities	11,007,251	17,463,015	13,216,786	12,928,143	14,303,986	3,362,236
Japanese government bonds	6,852,740	9,834,080	5,086,566	7,779,879	11,697,389	1,788,000
Japanese local government bonds	510,063	1,112,685	1,239,611	1,545,805	514,243	33,706
Japanese short-term corporate bonds	334,000	—	—	—	—	—
Japanese corporate bonds	1,326,122	1,998,408	2,119,191	1,425,378	440,520	1,508,662
Other	1,984,325	4,517,841	4,771,416	2,177,080	1,651,834	31,867
Loans	2,579,870	2,801,100	2,183,133	1,899,461	2,136,635	2,492,467
Total	¥ 75,065,341	¥ 58,646,353	¥ 38,504,713	¥ 26,250,661	¥ 40,463,948	¥ 32,813,344

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

Millions of Yen

March 31	2015					
	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits	¥ 72,843,879	¥ 25,572,162	¥ 20,968,406	¥ 28,693,665	¥ 27,619,083	¥ —
Payables under securities lending transactions	17,228,691	—	—	—	—	—
Total	¥ 90,072,570	¥ 25,572,162	¥ 20,968,406	¥ 28,693,665	¥ 27,619,083	¥ —

Millions of Yen

March 31	2014					
	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits	¥ 74,709,231	¥ 11,218,546	¥ 32,951,793	¥ 22,382,440	¥ 34,029,968	¥ —
Payables under securities lending transactions	14,370,767	—	—	—	—	—
Total	¥ 89,079,998	¥ 11,218,546	¥ 32,951,793	¥ 22,382,440	¥ 34,029,968	¥ —

Note: Demand deposits are included in "Within 1 year."

21. DERIVATIVE TRANSACTIONS

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

The following tables set forth the contract amount or the amount equivalent to the principal, fair value, and valuation gains (losses) at the end of the fiscal year by transaction type, and calculation method of fair value with respect to derivative transactions to which the hedge accounting method is not applied. Contract amount does not indicate the market risk related to derivative transactions.

Currency-Related Derivatives

March 31	2015			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Forward foreign exchange:				
Sold	¥ 7,230	¥ —	¥ (16)	¥ (16)
Bought	120,403	—	516	516
Total			¥ 500	¥ 500

March 31	2014			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Forward foreign exchange:				
Bought	¥ 10,267	¥ —	¥ 141	¥ 141
Total			¥ 141	¥ 141

Notes:

1. The above transactions are valued at fair value and the related valuation gains (losses) are accounted for in the consolidated statements of income.
2. Fair value is calculated using discounted present value or other methods.

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

The following tables set forth the contract amount or the amount equivalent to the principal and fair value at the end of the fiscal year by transaction type and hedge accounting method, and calculation method of fair value with respect to derivative transactions to which the hedge accounting method is applied. Contract amount does not indicate the market risk related to derivative transactions.

1) Interest rate-related derivatives

March 31	Type of derivative	Major hedged item	2015		
			Contract amount	Contract amount due after 1 year	Fair value
Deferral hedge method	Interest rate swaps: Receivable fixed rate / Payable floating rate Receivable floating rate / Payable fixed rate	Securities Loans	¥ 13,750 2,940,067	¥ 13,750 2,940,067	¥ 32 (295,168)
Exceptional treatment for interest rate swaps	Interest rate swaps: Receivable fixed rate / Payable floating rate	Loans	88,200	65,500	— ³
Total					¥ (295,135)

March 31	Type of derivative	Major hedged item	2014		
			Contract amount	Contract amount due after 1 year	Fair value
Deferral hedge method	Interest rate swaps: Receivable fixed rate / Payable floating rate Receivable floating rate / Payable fixed rate	Securities Loans	¥ 9,950 2,913,747	¥ 9,950 2,913,747	¥ 16 (201,753)
Exceptional treatment for interest rate swaps	Interest rate swaps: Receivable fixed rate / Payable floating rate	Loans	102,780	85,400	— ³
Total					¥ (201,737)

Notes:

1. In principle, these derivatives are accounted for using deferred hedge accounting.
2. Fair value of over-the-counter transactions is calculated using discounted present value, option pricing models and other methods.
3. 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 in Note 20 "FINANCIAL INSTRUMENTS."

2) Currency-related derivatives

Millions of Yen

March 31	Type of derivative	Major hedged item	2015		
Hedge accounting method			Contract amount	Contract amount due after 1 year	Fair value
Deferral hedge method	Currency swaps	Securities	¥ 2,913,732	¥ 2,118,969	¥ (676,266)
	Forward foreign exchange	Foreign currency-denominated transactions	340,621	80,937	(50,157)
	Currency options		413,350	—	6,130
Allocation method	Currency swaps	Securities	59,220	59,220	— ³
	Forward foreign exchange		82,388	39,121	
Recognition of gain or loss on the hedged item	Forward foreign exchange	Securities	1,916,428	—	54,120
Total					¥ (666,173)

Millions of Yen

March 31	Type of derivative	Major hedged item	2014		
Hedge accounting method			Contract amount	Contract amount due after 1 year	Fair value
Deferral hedge method	Currency swaps	Securities	¥ 2,721,308	¥ 2,175,135	¥ (718,218)
	Forward foreign exchange		244,301	153,648	(62,151)
Allocation method	Currency swaps	Securities	59,220	59,220	— ³
	Forward foreign exchange		115,726	82,388	
Recognition of gain or loss on the hedged item	Forward foreign exchange	Securities	1,518,394	—	(19,374)
Total					¥ (799,744)

Notes:

1. In principle, these derivatives are accounted for using deferred hedge accounting.

2. Fair value is calculated using discounted present value and other methods.

3. Forward foreign exchange amounts measured by the allocation method are disclosed with the available-for-sale securities that are subject to the hedge. Therefore such fair value is included in the fair value of the relevant available-for-sale securities in Note 20 "FINANCIAL INSTRUMENTS."

22. CONTRACTS

Future payments under system service contracts, which are compound contracts combining hardware, software, communication services, and maintenance, as of March 31, 2015 and 2014 were as follows:

Millions of Yen

March 31	2015	2014
Due within 1 year	¥ 3,928	¥ 4,332
Due after 1 year	3,439	6,742

23. LEASE TRANSACTIONS

Operating Leases

(1) As lessee

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

Millions of Yen

March 31	2015	2014
Due within 1 year	¥ 846	¥ 967
Due after 1 year	860	96
Total	¥ 1,706	¥ 1,064

(2) As lessor

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

Millions of Yen

March 31	2015	2014
Due within 1 year	¥ 12,239	¥ 10,633
Due after 1 year	47,499	45,459
Total	¥ 59,739	¥ 56,093

24. CONTINGENT LIABILITIES

In the event that the Company's consolidated subsidiaries cancel all or part of their lease contracts for post offices, the lessors shall be entitled to seek compensation for the cancellation. The amounts of compensation are calculated based on the amounts of uncollectible investment. The possible amounts of compensation as of March 31, 2015 and 2014 were ¥104,372 million and ¥113,858 million, respectively.

Compensation shall not be made in full in the case where the offices are used for purposes other than originally intended, regardless of whether the contracts were cancelled on the side of the Company's subsidiaries.

25. SEGMENT INFORMATION

(1) Outline of Reportable Segments

The Group's reportable segments are categorized based on certain criteria for which discrete financial information is available and reviewed regularly by the management in order to make decisions about resources to be allocated to the segment and assess its performance.

The Group assesses business performance primarily by assessing the performance of each individual consolidated subsidiary and as such recognizes each consolidated subsidiary as an identifiable business segment unit except for Japan Post Co., Ltd., which is classified into postal and logistics business segment and post office business segment. The Group determines its reportable segments by aggregating business segment units with similar economic characteristics, market selling products and services, customer type and other factors.

The Group's reportable segments are (1) postal and logistics business and (2) post office business operated mainly by Japan Post Co., Ltd., (3) banking business operated mainly by Japan Post Bank Co., Ltd., and (4) life insurance business operated mainly by Japan Post Insurance Co., Ltd.

(2) Method of Calculating Income, Profit and Loss, and Assets and Other Items by Reportable Segment

Accounting policies applied to the reportable segments are the same as those described in Note 2 "SIGNIFICANT ACCOUNTING POLICIES." Intersegment income is determined based on market prices or total cost.

(3) Selected Financial Information on Reportable Segment

Millions of Yen

Year ended March 31	2015						
	Reportable segment					Other	Total
	Postal and logistics	Post office	Banking	Life insurance	Total		
Income:							
Income from third parties	¥ 1,816,551	¥ 139,979	¥ 2,077,038	¥ 10,168,044	¥ 14,201,613	¥ 57,228	¥ 14,258,842
Intersegment income	54,752	1,162,106	1,260	1,197	1,219,317	243,148	1,462,465
Total	¥ 1,871,304	¥ 1,302,086	¥ 2,078,298	¥ 10,169,241	¥ 15,420,930	¥ 300,376	¥ 15,721,307
Segment profit	¥ 1,820	¥ 22,832	¥ 569,609	¥ 492,625	¥ 1,086,888	¥ 150,221	¥ 1,237,110
Segment assets	2,403,390	3,123,755	208,179,406	84,915,012	298,621,565	9,143,925	307,765,491
Other items:							
Depreciation and amortization	60,708	35,023	34,601	35,224	165,557	15,121	180,679
Amortization of goodwill	—	8	—	—	8	0	8
Interest and dividend income	1,100	606	1,893,273	1,365,796	3,260,776	244	3,261,020
Interest expenses	42	14	356,780	4,298	361,136	3	361,139
Equity in earnings (losses) of affiliates	—	(681)	119	—	(561)	—	(561)
Gains on sales of fixed assets	660	175	3,008	—	3,845	471	4,316
Gains on negative goodwill	—	2,680	—	—	2,680	—	2,680
Losses on disposal of fixed assets	1,485	1,205	1,446	1,432	5,569	858	6,427
Losses on impairment of fixed assets	203	3,601	17	—	3,822	1,573	5,395
Provision for reserve for price fluctuations	—	—	—	97,934	97,934	—	97,934
Post office refurbishment expenses	—	—	—	—	—	22,071	22,071
Provision for reserve for policyholder dividends	—	—	—	200,722	200,722	—	200,722
Income taxes	(5,021)	5,023	201,599	111,213	312,814	(15,008)	297,805
Investments in affiliates accounted for by the equity method	—	1,168	1,031	—	2,200	—	2,200
Increase in tangible fixed assets and intangible fixed assets	84,628	62,339	61,973	107,262	316,204	33,080	349,284

Year ended March 31	2014						
	Reportable segment					Other	Total
	Postal and logistics	Post office	Banking	Life insurance	Total		
Income:							
Income from third parties	¥ 1,767,818	¥ 104,203	¥ 2,075,516	¥ 11,233,998	¥ 15,181,537	¥ 58,588	¥ 15,240,126
Intersegment income	54,103	1,169,984	897	106	1,225,092	229,210	1,454,303
Total	¥ 1,821,922	¥ 1,274,188	¥ 2,076,414	¥ 11,234,105	¥ 16,406,630	¥ 287,799	¥ 16,694,429
Segment profit	¥ 18,540	¥ 39,236	¥ 565,084	¥ 462,748	¥ 1,085,610	¥ 148,144	¥ 1,233,755
Segment assets	2,017,207	2,893,901	202,512,860	87,092,800	294,516,769	9,753,351	304,270,121
Other items:							
Depreciation and amortization	63,904	34,095	33,480	34,074	165,555	10,211	175,766
Amortization of goodwill	—	—	—	—	—	4	4
Interest and dividend income	926	559	1,827,610	1,458,190	3,287,286	148	3,287,434
Interest expenses	37	0	361,747	4,963	366,748	6	366,755
Equity in earnings (losses) of affiliates	—	23	(11)	—	12	—	12
Gains on sales of fixed assets	179	188	—	—	367	3	371
Gains on negative goodwill	—	—	—	—	—	—	—
Losses on disposal of fixed assets	1,993	1,111	562	8,670	12,338	1,374	13,712
Losses on impairment of fixed assets	374	3,375	65	—	3,815	9,836	13,652
Provision for reserve for price fluctuations	—	—	—	91,360	91,360	—	91,360
Post office refurbishment expenses	331	679	—	—	1,011	—	1,011
Provision for reserve for policyholder dividends	—	—	—	242,146	242,146	—	242,146
Income taxes	(865)	12,294	209,802	57,769	279,000	(17,757)	261,242
Investments in affiliates accounted for by the equity method	—	90	912	—	1,002	—	1,002
Increase in tangible fixed assets and intangible fixed assets	38,687	25,011	17,700	58,915	140,315	27,114	167,429

Notes:

1. Income is presented instead of net sales, which is the typical method of presentation for companies in other industries.
2. Other business includes the hotel business and the hospital business. Segment profit in other business includes dividend income from subsidiaries and affiliates recorded by the Company in the amount of ¥119,517 million and ¥131,253 million for the years ended March 31, 2015 and 2014, respectively.

(4) Reconciliation of Amounts Reported on Reportable Segments and Consolidated Financial Statements

1) Reconciliation of amounts reported on reportable segments and on the consolidated statements of income

Years ended March 31	Millions of Yen	
	2015	2014
Total income of reportable segments	¥ 15,420,930	¥ 16,406,630
Income of other business	300,376	287,799
Eliminations of intersegment transactions	(1,462,465)	(1,454,303)
Gains on sales of fixed assets	4,316	371
Gains on negative goodwill	2,680	—
Compensation for transfer	474	495
Compensation income	369	932
Reversal of accounts payable	1,567	—
Other	31	12
Total income on the consolidated statements of income	¥ 14,268,281	¥ 15,241,937

Note: Income is presented instead of net sales, which is the typical method of presentation for companies in other industries.

2) Reconciliation between total segment profit of reportable segments and income before income taxes on the consolidated statements of income

Millions of Yen		
Years ended March 31	2015	2014
Total segment profit of reportable segments	¥ 1,086,888	¥ 1,085,610
Segment profit in other business	150,221	148,144
Eliminations of intersegment transactions	(121,286)	(130,151)
Subtotal	¥ 1,115,823	¥ 1,103,603
Gains on sales of fixed assets	4,316	371
Gains on negative goodwill	2,680	—
Compensation for transfer	474	495
Compensation income	369	932
Reversal of accounts payable	1,567	—
Losses on sales and disposal of fixed assets	(6,061)	(13,706)
Losses on impairment of fixed assets	(5,390)	(13,655)
Provision for reserve for price fluctuations	(97,934)	(91,360)
Post office refurbishment expenses	(22,071)	(974)
Provision for reserve for policyholder dividends	(200,722)	(242,146)
Other	(12,730)	(3,092)
Income before income taxes on the consolidated statements of income	¥ 780,319	¥ 740,466

3) Reconciliation between total segment assets of reportable segments and total assets on the consolidated balance sheets

Millions of Yen		
March 31	2015	2014
Total segment assets of reportable segments	¥ 298,621,565	¥ 294,516,769
Segment assets in other business	9,143,925	9,753,351
Eliminations of intersegment transactions	(11,915,696)	(12,023,681)
Total assets on the consolidated balance sheets	¥ 295,849,794	¥ 292,246,440

4) Reconciliation between other items on reportable segments and the amounts of items equivalent to those items on the consolidated financial statements

Millions of Yen				
Year ended March 31	2015			Amount on consolidated financial statements
	Total of reportable segments	Other	Reconciliations	
Depreciation and amortization	¥ 165,557	¥ 15,121	¥ (98)	¥ 180,580
Amortization of goodwill	8	0	—	8
Interest and dividend income	3,260,776	244	(719)	3,260,301
Interest expenses	361,136	3	(719)	360,420
Equity in earnings (losses) of affiliates	(561)	—	—	(561)
Gains on sales of fixed assets	3,845	471	—	4,316
Gains on negative goodwill	2,680	—	—	2,680
Losses on disposal of fixed assets	5,569	858	(365)	6,061
Losses on impairment of fixed assets	3,822	1,573	(4)	5,390
Provision for reserve for price fluctuations	97,934	—	—	97,934
Post office refurbishment expenses	—	22,071	—	22,071
Provision for reserve for policyholder dividends	200,722	—	—	200,722
Income taxes	312,814	(15,008)	—	297,805
Investments in affiliates accounted for by the equity method	2,200	—	—	2,200
Increase in tangible fixed assets and intangible fixed assets	316,204	33,080	(567)	348,717

Millions of Yen

Year ended March 31	2014			
	Total of reportable segments	Other	Reconciliations	Amount on consolidated financial statements
Depreciation and amortization	¥ 165,555	¥ 10,211	¥ (84)	¥ 175,682
Amortization of goodwill	—	4	—	4
Interest and dividend income	3,287,286	148	(501)	3,286,933
Interest expenses	366,748	6	(501)	366,253
Equity in earnings (losses) of affiliates	12	—	—	12
Gains on sales of fixed assets	367	3	—	371
Gains on negative goodwill	—	—	—	—
Losses on disposal of fixed assets	12,338	1,374	(5)	13,706
Losses on impairment of fixed assets	3,815	9,836	3	13,655
Provision for reserve for price fluctuations	91,360	—	—	91,360
Post office refurbishment expenses	1,011	—	(37)	974
Provision for reserve for policyholder dividends	242,146	—	—	242,146
Income taxes	279,000	(17,757)	—	261,242
Investments in affiliates accounted for by the equity method	1,002	—	—	1,002
Increase in tangible fixed assets and intangible fixed assets	140,315	27,114	(198)	167,231

(5) Information on Gains on Negative Goodwill by Reportable Segment

The post office business segment recorded gains on negative goodwill of ¥2,680 million for the year ended March 31, 2015 due to the acquisition of the stock of Japan Post Office Support Co., Ltd. and other companies.

Gains on negative goodwill have not been recognized for the year ended March 31, 2014.

(6) Supplemental Information

1) Information by services

This information is omitted because similar information has been presented above for the years ended March 31, 2015 and 2014.

2) Information by geographic region

A) Income

This information is omitted because income to customers in Japan exceeded 90% of income in the consolidated statements of income for the years ended March 31, 2015 and 2014.

B) Tangible fixed assets

This information is omitted because the balance of tangible fixed assets in Japan exceeded 90% of the total balance on the consolidated balance sheets for the years ended March 31, 2015 and 2014.

3) Information by major customer

This information is omitted because no customer accounted for 10% or more of income in the consolidated statements of income for the years ended March 31, 2015 and 2014.

26. PER SHARE DATA

Yen

March 31	2015	2014
Net assets per share	¥ 3,399.74	¥ 2,974.91

Yen

Years ended March 31	2015	2014
Net income per share	¥ 107.26	¥ 106.46

Notes:

- Diluted net income per share is not presented for the years ended March 31, 2015 and 2014 as potential common stock did not exist.
- The Company implemented a 30:1 stock split effective August 1, 2015, and net assets per share and net income per share for the years ended March 31, 2015 and 2014 have been calculated assuming the stock split was implemented on April 1, 2013.
- Net assets per share is calculated based on the following:

Millions of Yen

March 31	2015	2014
Net assets	¥ 15,301,561	¥ 13,388,650
Amount deducted from net assets:		
Non-controlling interests	2,728	1,573
Net assets attributable to common stock at the fiscal year-end	¥ 15,298,833	¥ 13,387,076

Thousands of shares

March 31	2015	2014
Number of common stock at the fiscal year-end used for the calculation of net assets per share	4,500,000	4,500,000

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

Millions of Yen		
Years ended March 31	2015	2014
Net income attributable to Japan Post Holdings	¥ 482,682	¥ 479,071
Amount not attributable to common stockholders	—	—
Net income attributable to common stock	¥ 482,682	¥ 479,071

Thousands of shares		
Years ended March 31	2015	2014
Average number of common stock outstanding during the year	4,500,000	4,500,000

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

As a result, net assets per share decreased by ¥57.10 at the beginning of the year ended March 31, 2015 while net income per share increased by ¥2.32 for the year ended March 31, 2015.

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

As a result, net assets per share increased by ¥58.20 as of March 31, 2014.

27. SUBSEQUENT EVENTS

(1) Acquisition of Toll

Japan Post Co., Ltd., a consolidated subsidiary of the Company, acquired 100% of the shares issued (717,437,878 shares) of Toll Holdings Limited, which is an Australian leading logistics company, with an acquisition cost of A\$6,486 million through its own fund on hand on May 28, 2015 by way of a scheme of arrangement in accordance with the Corporations Act of Australia.

Japan Post Co., Ltd. is aiming to grow as a general logistics company which undertakes global logistics business, comprised mainly of business development in the fast-growing Asian market, as well as strengthening domestic business. With respect to global logistics business, Japan Post Co., Ltd. began international delivery services upon the conclusion of capital and business partnership contracts with GeoPost S.A. (France) and Lenton Group Ltd. (Hong Kong) in October 2014.

Toll Holdings Limited is a holding company located in Melbourne, Australia with capital stock of A\$2,977 million and engages in businesses including forwarding business, 3PL business, and express business through its subsidiaries. Revenue and net income amounted to A\$8,811 million and A\$293 million for the year ended June 30, 2014, respectively, and total assets and net assets amounted to A\$5,902 million and A\$2,733 million as of June 30, 2014, respectively. These figures are on a consolidated basis in accordance with the International Financial Reporting Standards.

(2) Stock split

The Company implemented a 30:1 stock split effective August 1, 2015 for common stock held by common stockholders in the final stockholders registry as of the record date of July 31, 2015 in order to increase stock liquidity and its investor base. As a result, the number of common stock increased by 4,350,000,000 shares.

The effects of this stock split are described in Note 26 "PER SHARE DATA."

Capital Adequacy

Matters for Disclosure Concerning Composition of Capital

Capital structure

Consolidated capital adequacy ratio (domestic standard)

(Millions of yen)

Item	2015 (As of March 31, 2015)	Amounts excluded under transitional ar- rangements	2014 (As of March 31, 2014)	Amounts excluded under transitional ar- rangements
Core Capital: Instruments and reserves				
Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings	¥ 10,692,093		¥ 10,577,196	
of which: capital and capital surplus	8,003,856		8,003,856	
of which: retained earnings	2,738,337		2,616,840	
of which: treasury share (deduction)	—		—	
of which: earning to be distributed (deduction)	50,100		43,500	
of which: other than those above	—		—	
Accumulated other comprehensive income (amount allowed to be included in Core Capital)	83,442		66	
of which: foreign currency translation adjustments	160		66	
of which: remeasurements of defined benefit plans	83,282		—	
Subscription rights to common shares and preferred shares with a compulsory conversion clause	—		—	
Adjusted minority interests (amount allowed to be included in Core Capital)	—		—	
Allowance included in Core Capital: Instruments and reserves	418		428	
of which: general allowance for loan losses	418		428	
of which: eligible provisions to expected losses	—		—	
Eligible noncumulative perpetual preferred shares subject to transitional arrangements (amount allowed to be included in Core Capital)	—		—	
Eligible capital instruments subject to transitional arrangements (amount allowed to be included in Core Capital)	—		—	
Capital instruments issued through the measures for capital enhancement by public institutions (amount allowed to be included in Core Capital)	—		—	
45% of land revaluation differences (amount allowed to be included in Core Capital)	—		—	
Minority interests included in Core Capital subject to transitional arrangements	2,455		1,573	
Core Capital: instruments and reserves (A)	10,778,410		10,579,264	
Core Capital: regulatory adjustments				
Total intangible fixed assets (excluding those relating to mortgage servicing rights)	20,088	80,344	2	94,218
of which: goodwill (including those equivalent)	2	—	2	—
of which: other intangible fixed assets other than mortgage servicing rights	20,086	80,344	—	94,218
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	—	—	—	—
Shortfall of eligible provisions to expected losses	—	—	—	—
Securitization gain on sale	—	—	—	—
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—	—	—
Defined-benefit pension fund net assets	1,439	5,759	—	—
Investments in own shares (excluding those reported in the Net Assets section)	—	—	—	—
Reciprocal cross-holdings in common equity	—	—	—	—
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (hereinafter referred to as "Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	—	—	—	—

(Millions of yen)

Item	2015 (As of March 31, 2014)	Amounts excluded under transitional ar- rangements	2014 (As of March 31, 2014)	Amounts excluded under transitional ar- rangements
Amount exceeding the 10% threshold on specified items	—	—	—	—
of which: significant investments in the common share of Other Financial Institutions	—	—	—	—
of which: mortgage servicing rights	—	—	—	—
of which: deferred tax assets arising from temporary differences	—	—	—	—
Amount exceeding the 15% threshold on specified items	—	—	—	—
of which: significant investments in the common share of Other Financial Institutions	—	—	—	—
of which: mortgage servicing rights	—	—	—	—
of which: deferred tax assets arising from temporary differences	—	—	—	—
Core Capital: regulatory adjustments (B)	21,528		2	
Total capital				
Total capital ((A) - (B)) (C)	10,756,881		10,579,261	
Risk weighted assets				
Total amount of credit risk weighted assets	22,963,929		17,886,576	
of which: total amount included in risk weighted assets subject to transitional ar- rangements	(216,386)		(562,511)	
of which: intangible fixed assets other than goodwill and mortgage servicing rights	80,344		94,218	
of which: deferred tax assets	—		—	
of which: Defined-benefit pension fund net assets	5,759		—	
of which: significant investments in the capital instruments (excluding common shares) of Other Financial Institutions	(302,490)		(656,730)	
of which: other than those above	—		—	
Amount market risk equivalent divided by 8%	—		—	
Amount operational risk equivalent divided by 8%	3,661,278		3,600,180	
Credit risk weighted assets adjustments	—		—	
Amount operational risk equivalent adjustments	—		—	
Total amount of risk weighted assets (D)	26,625,208		21,486,756	
Capital adequacy ratio (consolidated)				
Capital adequacy ratio (consolidated) ((C)/(D))	40.40%		49.23%	

Note 1: The consolidated capital adequacy ratio (domestic standard) is calculated in line with provisions of Article 52-25 of the Banking Act and on the basis of criteria for judging whether a bank holding company's capital adequacy ratio and that of its subsidiaries are appropriate in light of assets held (Financial Services Agency Notice No. 20, 2006, hereinafter referred to as Holding Company Capital Adequacy Ratio Notice). The data is calculated on a consolidated basis and according to the domestic standard.

Note 2: In accordance with Article 15, Paragraph 2 of the Holding Company Capital Adequacy Ratio Notice, Japan Post Insurance Co., Ltd. is not included in the scope of consolidation.

Qualitative Disclosure

1. Scope of consolidation

- (1) Differences and the causes of the relevant differences between companies belonging to the Japan Post Group that calculate the consolidated capital adequacy ratio in accordance with Article 15 of the Financial Service Agency's (FSA) Holding Company Capital Adequacy Ratio Notice and companies that are included in the scope of consolidation in accordance with Regulations for Consolidated Financial Statements

The Company calculates its consolidated capital adequacy ratio as follows. Pursuant to Article 52-25 of the Banking Act, Consolidated capital adequacy ratio is calculated its capital adequacy in accordance with the capital adequacy ratio measurement guidelines, FSA's Notice No. 20, March 27, 2006 (hereinafter referred to as Holding Company Capital Adequacy Ratio Notice), which requires the bank holding company to calculate its capital adequacy based on assessment of the assets of the bank holding company and its subsidiaries. In accordance with Article 15, the Group is comprised of the following 22 companies (hereafter the "Group") for the purpose of the calculation of the consolidated capital ratio: Japan Post Co., Ltd., Japan Post Bank Co., Ltd., Japan Post Staff Co., Ltd., Yusei Challenged Co., Ltd., Japan Post Hotel Service Co., Ltd., Japan Post Information Technology Co., Ltd., Japan Post Network Trading Service Co., Ltd., Japan Post Building Management Co., Ltd., JP Logi Service Co., Ltd., JP Biz Mail Co., Ltd., JP Media Direct Co., Ltd., Japan Post Sankyu Global Logistics Co., Ltd., Japan Post Transport Co., Ltd., Japan Post Insurance System Solutions Co., Ltd., Japan Post International Logistics Co., Ltd., Japan Post Communications Co., Ltd., Japan Post Office Support Co., Ltd., JP Mitsukoshi Merchandising Company Limited, YY Gift Co., Ltd., JP Tokyo Tokusenkai Co., Ltd., Japan Post Delivery Co., Ltd. and Japan Post Finance Co., Ltd. In accordance with the provisions of Article 15, Paragraph 2 of the Holding Company Capital Adequacy Ratio Notice, Japan Post Insurance Co., Ltd., an insurance subsidiary, is not included in the scope of consolidation.

However, according to the Regulations of Consolidated Financial Statements, the scope of consolidation includes 23 companies, comprising 22 consolidated subsidiaries and Japan Post Insurance Co., Ltd., a Group company.

Further details on Japan Post Insurance Co., Ltd. are presented on pages 58 through 69.

- (2) Number of consolidated subsidiaries and names and details of main business activities of principal consolidated subsidiaries within the Group
As mentioned previously, the Group is composed of the Company and 22 companies under the Holding Company Capital Adequacy Ratio Notice.

Principal consolidated subsidiaries are Japan Post Co., Ltd. and Japan Post Bank Co., Ltd. For details of business activities of the principal consolidated subsidiaries, refer to pages 22 - 56 of this report.

- (3) Number of affiliated corporations engaged in financial businesses subject to application of Article 21 of the Holding Company Capital Adequacy Ratio Notice, names of affiliated companies engaged in the relevant financial businesses, total amounts of assets and total amounts of net assets on the balance sheets and details of principal businesses.

None

- (4) Names of companies belonging to the Group that are not included in the scope of consolidation and companies not belonging to the Group that are included in the scope of consolidation, total amounts of assets and total amounts of net assets on the balance sheets and details of principal businesses.

- 1) Companies belonging to the Group that are not included in the scope of consolidation

None

- 2) Companies not belonging to the Group that are included in the scope of consolidation

Japan Post Insurance Co., Ltd.

Refer to page 123 of this report for details on the total amount of assets and total amount of net assets for Japan Post Insurance Co., Ltd. and to pages 60 - 61 of this report for details about the company's main business activities.

- (5) Restrictions on transfer of funds and common stock among companies in the holding company group

None

2. Overview of capital instruments (This entire amount or partial amount are referred to as capital instruments and included in basic items of core capital as calculated under Article 14 of Holding Company Capital Adequacy Ratio Notice.)

The Company raises capital through equity financing (issuance of common stock). The Ministry of Finance holds 100% of the outstanding stock of the Company.

3. Overview of method for evaluating the level of capital adequacy for the Group

With regard to the current adequacy of capital, the consolidated capital adequacy ratio as of March 31, 2015 calculated in accordance with the Holding Company Capital Adequacy Ratio Notice was 40.40%. This level is substantially higher than the 4% capital adequacy ratio of the domestic standard as the Group maintains adequate management soundness and safety. When calculating the consolidated capital adequacy ratio, the standardized approach is used for credit risk and the basic indicator approach is used for operational risk. A figure for market risk is not included.

*Japan Post Bank holds most of the assets with risk exposure concerning risk categories for companies belonging to the holding company's group with regard to Holding Company Capital Adequacy Ratio Notice. Consequently, the following section covers primarily risk management at Japan Post Bank.

As a bank holding company, Japan Post Holdings monitors the overall risk management framework at Japan Post Bank. In addition, the holding company supervises risk management for the entire Group in accordance with the Basic Policy for Group Risk Management. Please refer to "5. Japan Post Group Risk and Crisis Management" on pages 88 through 89 for more information about risk management for the Japan Post Group.

4. Credit risk

- (1) Summary of risk management policy and procedures

Credit risk is the risk of incurring a loss due to a decline in the value of assets (including off-balance-sheet assets), or total loss of value due to the deteriorating financial condition of an obligor or to other factors.

Japan Post Bank uses a statistical method called value at risk (VaR) to quantify credit risk exposure. Risk is monitored and managed by establishing a credit line so that the amount of credit risk does not exceed the amount of capital allocated for credit risk, based on the Bank's equity and other resources. In addition, Japan Post Bank performs stress tests to be prepared for an increase in credit concern resulting from big recession in the economy that exceeds the range that can be statistically foreseen.

To control credit concentration risk, Japan Post Bank provides credit limits for individual companies and corporate groups and supervises these limits during each fiscal year.

To provide a system of checks and balances for credit risk management, Japan Post Bank has a Risk Management Department, positioned as a middle management unit, and a Credit Department, positioned as a credit control unit. Within the Bank's organization, these units are independent of front-office and back-office operations.

The Risk Management Department is responsible for the internal credit rating system, self-assessments of loans and other credit risk activities. The Credit Department is responsible for monitoring individual credit accounts, including the assignment of internal credit ratings, monitoring of status of borrowers and overseeing of large borrowers and screening of loans.

The Risk Management Committee, ALM Committee and Executive Committee hold discussions and reach decisions on matters concerning the establishment and operation of credit risk management programs and on credit risk management.

Moreover, Japan Post Bank conducts credit business with the fundamental principles of public welfare, financial soundness and profitability. The Bank has a "Credit Business Regulation" to underpin sound and appropriate credit

business activities by all executives and employees, in which the Bank has defined in writing its basic philosophy, behavior guidelines and other items of credit business.

Reserve for possible loan losses is provided for in accordance with the write-off and provision standards from the "Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions" (Japanese Institute of Certified Public Accountants (JICPA), Special Committee for Audits of Banks, etc. Report No. 4). In accordance with self-assessment standards for assets, all loans are categorized by marketing departments and then audited by independent credit assessment departments.

Japan Post Bank continuously monitors obligors' ability to meet the financial obligations, their financial condition and other factors affecting their credit standing in order to check obligors' credit risk in a timely and suitable manner.

(2) Portfolios where the standardized approach is applied

1) Qualified rating agencies, etc. used in making judgments on risk weights

When making judgments on risk weight, Japan Post Bank uses the credit ratings of four rating agencies and the Organisation for Economic Co-operation and Development (OECD). The four credit rating agencies are Rating and Investment Information, Inc. (R&I); Japan Credit Rating Agency, Ltd. (JCR); Moody's Investors Service, Inc. (Moody's); and Standard & Poor's Ratings Services (S&P).

For the calculation of the consolidated capital adequacy ratio, Japan Post Holdings also uses the ratings of Fitch Ratings Limited.

2) Qualified rating agencies, etc. used in making judgments on risk weight for each category of exposure

Japan Post Bank uses the following qualified rating agencies, etc. for the following credit risk exposure categories.

When there are ratings from more than one rating agency, Japan Post Bank bases risk weighting decisions on Ministerial Notification of Capital Adequacy Ratio of the FSA's Notice No. 19, March 27, 2006 (hereinafter referred to as "Capital Adequacy Ratio Notice"). Based on this standard, the Bank uses the rating corresponding to the second-smallest risk weighting from among all ratings.

Exposure		Rating agencies
Central governments and central banks	Resident	R&I, JCR, Moody's, S&P
	Non-resident	Moody's, S&P, OECD
Non-central government public sector entities		R&I, JCR, Moody's, S&P
Foreign non-central government public sector entities		Moody's, S&P, OECD
Multilateral Development Banks		Moody's, S&P
Japan Finance Organization for Municipalities		R&I, JCR, Moody's, S&P
Japanese government agencies		R&I, JCR, Moody's, S&P
Three regional public corporations under Japanese local governments		R&I, JCR, Moody's, S&P
Financial institutions and Type I Financial Instruments Business Operators	Resident	R&I, JCR, Moody's, S&P
	Non-resident	Moody's, S&P, OECD
Corporates	Resident	R&I, JCR, Moody's, S&P
	Non-resident	Moody's, S&P
Securitization transactions		R&I, JCR, Moody's, S&P

5. Summary of risk management policy and procedures for credit risk mitigation methods

When calculating the capital adequacy ratio, Japan Post Bank applies "credit risk mitigation methods" prescribed in the Capital Adequacy Ratio Notice. These methods are used to incorporate the risk mitigation effects of collateral, guarantees and other items in the capital adequacy ratio. These methods include qualified financial collateral, the netting of loans and self-deposits, and guaranties, credit derivatives.

■ Types of qualified financial collateral

Japan Post Bank accepts cash, self-deposits and securities as qualified financial collateral.

■ Summary of policy and procedures for valuation and management of

collateral

Japan Post Bank uses the "simple approach" prescribed in the Capital Adequacy Ratio Notice for application of the qualified financial collateral.

There are internal bank procedures to permit the timely disposal or acquisition of qualified financial collateral based on contracts concerning collateral as prescribed in loan agreements, etc.

■ Summary of policy and procedures for offsetting loans and self-deposits and types and scope of applicable transactions

For the use of the netting of loans and self-deposits, as prescribed in the special terms for netting in the bank transaction agreement, etc., the remaining amount after netting loans and self-deposits is used as the amount of exposure for calculating the capital adequacy ratio.

As of the end of March 2015, Japan Post Bank was not using the offsetting of loans and self-deposits.

■ Categories and credit standing of guarantors and major credit derivative counterparties

Principal guarantors are the central governments, etc. to which lower risk weightings than the guaranteed obligations are applied.

Japan Post Bank does not handle credit derivatives that use credit risk mitigation methods.

■ Summary of policy and procedures when using legally binding mutual netting contracts for derivative transactions and transactions with repurchase agreements and categories and scope of applicable transactions

Japan Post Bank considers the results of derivatives transactions, including interest swaps and currency swaps, for which it has concluded effective netting contracts in accordance with the legal systems of each country in which it carries out transactions

■ Information concerning concentrations of credit risk and market risk associated with the use of credit risk mitigation methods

The principal credit risk mitigation methods are qualified financial collateral that use cash and self-deposits and there is no concentration of credit risk and market risk.

6. Summary of risk management policy and procedures for counterparty risk concerning derivative transactions and transactions with long term settlements

(1) Policy on collateral security and reserve calculation, impact in the event of need for provision of additional collateral due to downturn in credit standing of Japan Post Bank

As required, Japan Post Bank enters into contracts for the mitigation of credit risk in which collateral is periodically submitted or received with the derivative transaction counterparty in order to cover rebuilding and other costs. Under the provision of these contracts, a decline in the financial condition of Japan Post Bank may require the provision of additional collateral to the counterparty. However, the Bank believes that the impact would be negligible.

The collateral concerning derivative transactions provided as of March 31, 2015 was ¥1,052,658 million.

The policy for calculating the allowance for derivative transaction losses is the same as for ordinary balance sheet assets.

(2) Policy for credit lines and allocation of capital for risk exposure

When conducting derivative transactions, Japan Post Bank assigns obligor ratings to all counterparties and provides credit lines in accordance with the rating of each counterparty. These limits are monitored on a daily basis. In addition, to manage credit risk, the balance of credit extended is calculated using the current exposure method, which takes into account the market value of derivatives and future price volatility risk.

The allocation of capital for taking on risk for derivative transactions is almost the same as other transactions.

7. Securitization exposure

(1) Summary of risk management policy and risk characteristics

As an investor, Japan Post Bank is exposed to risks associated with securitization. Just as with investments in other securities, for purchasing, the Bank provides credit limits based on obligor ratings assigned in accordance with the Bank's own thorough examination of underlying assets, the senior/subordinate rights structure, the nature of securitization scheme and other factors. Following a purchase, the Bank monitors any decline in the quality of and changes in the composition of the underlying assets as well as other factors. Also, credit risk with securitization exposure is included in the

calculation of credit risk and interest rate risk is included in the calculation of market risk. In addition, the Bank is also aware of market liquidity risk and reports on the state of these risks to the Management Meeting and other bodies.

The procedure concerning re-securitization exposure is the same as for securitization exposure.

- (2) Outline of the establishment and state of operation of a system prescribed by Article 227, Paragraph 4-3 to -6 of Holding Company Capital Adequacy Ratio Notice (includes cases of application pursuant to Article 232, Paragraph 2 and Article 280-4, Paragraph 1) of Holding Company Capital Adequacy Ratio Notice.

For securitization exposure risk, Japan Post Bank operates a structure that ascertains on a timely basis information concerning comprehensive risk characteristics and performance. Specifically, the Bank periodically reviews obligor ratings. Additionally, in the event that a decline in the quality of or change in the structure of underlying assets has an impact on obligor ratings, the Bank will provisionally review the obligor ratings.

The procedures concerning re-securitization exposure are the same as for securitization exposure.

- (3) Policies when using securitization transactions as a credit risk mitigation method

Japan Post Bank does not use securitization transactions as a credit risk mitigation method.

- (4) Name of method used to calculate amount of credit risk assets for securitization exposure

Japan Post Bank uses the standardized approach prescribed in the Capital Adequacy Ratio Notice for calculating the amount of credit risk assets for securitization exposure.

- (5) Name of method used for calculating an amount equivalent to market risk of securitization exposure

Not applicable

- (6) Distinguishing types of conduits for securitization and whether the Group is exposed to risks associated with securitization from securitization transactions when using conduits for securitization in executing securitization transactions for third-party assets.

The Japan Post Group does not use conduits for securitization to execute securitization transactions involving third-party assets.

- (7) Among the Group's subsidiaries (excluding consolidated subsidiaries, etc.) and affiliate companies, names of those companies exposed to risk associated with securitization transactions carried out by the Group (including securitization transactions using conduits for securitization)

Not applicable

- (8) Accounting policy on securitized transactions

For the recognition, valuation and accounting treatment of origination and extinguishment of financial assets and liabilities associated with securitized transactions, Japan Post Bank applies ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" (January 22, 1999, Business Accounting Council).

- (9) Name of qualified rating agencies used in making judgments on risk weight for securitization exposure by category

Japan Post Bank uses the ratings of the following credit rating agencies for the calculation of credit risk assets for securitization exposure: Rating and Investment Information, Inc. (R&I); Japan Credit Rating Agency, Ltd. (JCR); Moody's Investors Service, Inc. (Moody's); and Standard & Poor's Ratings Services (S&P).

8. Operational risk

- (1) Summary of risk management policy and procedures

The Japan Post Group defines operational risk as the risk of incurring losses caused by inappropriate activity involving business processes, the activities of executives and employees or computer systems, or by external events.

Japan Post Bank has seven categories of operational risk: processing risk, computer system risk, information assets risk, legal risk, human resources risk, tangible assets risk and reputational risk.

Japan Post Bank identifies, assesses, controls, monitors and mitigates risk for each risk category to manage operational risk and to maintain the soundness of operations.

To manage risk, Japan Post Bank identifies risks associated with business operations and evaluates these risks based on the frequency of their occurrence and the scale of the impact on operations. The Bank provides

controls in accordance with the importance of each risk, monitors these risks and takes actions as required.

In addition, Japan Post Bank prepares a list of operational risks associated with business processes, products, computer systems and other items. The Bank periodically uses a Risk & Control Self Assessment (RCSA) process to determine the effectiveness of management systems aimed at reducing exposure to these risks. Through RCSA, areas in which risk management needs to be improved and areas in which risk management needs to be reinforced are identified.

- (2) The name of method used for the calculation of an amount equivalent to operational risk

Japan Post Bank uses the "basic indicator approach" with regard to the calculation of an amount equivalent to operational risk.

9. Summary of risk management policy and procedures for investments, shares and other exposure in banking account

Japan Post Bank, which is a company engaged in the banking business that belongs to the Group as prescribed in Holding Company Capital Adequacy Ratio Notice, monitors and manages exposure to investments, stock, and other assets as owned by the bank based on the framework of market risk management and credit risk management. It does so by establishing market risk limits and loss limits so that the amount of market risk does not exceed the amount of capital allocated for market risk, based on the Bank's equity and other resources.

10. Interest rate risk in the banking account

- (1) Summary of risk management policy and procedures

Interest rate risk is the risk of incurring a loss due to interest rate fluctuations and the risk of a decline in earnings or loss resulting from interest rate fluctuations when there is an interest rate or maturity mismatch between assets and liabilities.

At Japan Post Bank, market investments (Japanese government bonds) account for the majority of assets and TEIGAKU deposits account for the majority of liabilities. The Bank has a market risk management system that reflects the characteristics and risk profile of these operations.

When measuring the volume of market risk, Japan Post Bank uses a statistical method called VaR to quantify the amount of market risk. Risk is monitored and managed by establishing market risk limits and loss limits so that the amount of market risk does not exceed the amount of capital allocated for market risk, based on the Bank's equity and other resources. In addition,

Japan Post Bank performs stress tests to be prepared for extreme market volatility that exceeds the range that can be statistically foreseen.

To provide a system of checks and balances for market risk management, Japan Post Bank has established the Risk Management Department, which is positioned as a middle office unit that is independent of front office and back office units.

The Risk Management Committee, ALM Committee and Executive Committee hold discussions and reach decisions concerning matters involving the establishment and operation of the market risk management system and the execution of market risk management.

For reaching proper decisions quickly, daily reports are submitted to senior management concerning the volume of market risk (VaR), compliance with limits for market risk exposure and loss limits for market risk and other items. In addition, Japan Post Bank analyzes risk on a regular basis by using back testing and stress testing and reports the results of these tests to the Executive Committee and other organizational units. These activities are aimed at consistently generating earnings while properly controlling market risk.

- (2) Summary of method for calculating banking account interest rate risk for internal management

Japan Post Bank adopts the historical simulation method for the internal model used to measure the volume of market risk (VaR). The Bank adopts a one-tailed confidence level of 99%, a holding period of 240 business days (one year) and an observation period of 1,200 business days (five years).

Among liquid deposits, for deposits that will not be withdrawn and will remain at the Bank over the long term (so-called core deposits), Japan Post Bank uses a model for estimating outstanding balances and allocation to settlement dates. For time deposits, the Bank performs measurements by using estimated future cash flows based on a model.

Quantitative Disclosure

1. Among subsidiaries that are Other Financial Institutions (referred to as Other Financial Institutions as prescribed under Article 18, Paragraph 6-1 of Holding Company Capital Adequacy Ratio Notice), names of the companies with shortage in the regulatory required capital and the total amounts of the regulatory required capital shortfall.

Not applicable as of March 31, 2015 and 2014.

2. Capital adequacy

(1) Amount of required capital for credit risk (On-balance-sheet items)

(Millions of yen)

Item	2015 (As of March 31, 2015)	2014 (As of March 31, 2014)
1 Cash	¥ —	¥ —
2 Japanese government and the Bank of Japan	—	—
3 Foreign central governments and central banks	13,774	12,803
4 Bank for International Settlements, etc.	—	—
5 Non-central government public sector entities	—	—
6 Foreign non-central government public sector entities	5,422	5,368
7 Multilateral Development Banks	15	5
8 Japan Finance Organization for Municipalities	2,863	2,697
9 Japanese government agencies	13,007	14,277
10 Three regional public corporations under Japanese local governments	213	16
11 Financial Institutions and Type I Financial Instruments Business Operators	127,761	87,233
12 Corporates	364,090	262,969
13 Small and medium-sized enterprises and individuals	4	5
14 Residential housing mortgages	—	—
15 Project finance (acquisition of real estate)	12,350	7,830
16 Past-due loans (three months or more)	31,529	13,821
17 Outstanding drafts	—	—
18 Loans guaranteed by Credit Guarantee Corporation, etc.	—	—
19 Loans guaranteed by the Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—
20 Investments in capital and others	49,491	42,919
of which, exposure to investments	49,491	42,919
of which, exposure to significant investments	—	—
21 Other than above	271,998	262,549
of which, exposure to capital instruments other than those corresponding to subject common shares among capital instruments of Other Financial Institutions	48,914	43,782
of which, exposure related to portions not included in adjustment items among specified items	111,934	113,872
of which, other exposure	111,149	104,894
22 Securitization transactions (as originator)	—	—
Re-securitization transactions	—	—
23 Securitization transactions (as investor and other)	3,748	3,040
Re-securitization transactions	59	69
24 Assets (assets comprised of pooled assets such as funds, etc.) difficult to identify specifically	27	—
25 Amount of items included in risk weighted assets through transitional arrangements	3,444	3,768
26 Amount of items not included in risk weighted assets through transitional arrangements pertaining to exposure concerning capital instruments of Other Financial Institutions	(12,099)	(26,269)
Total	¥ 887,645	¥ 693,040

Note: Required capital is calculated using the following formula:
Credit risk-weighted assets × 4%

(2) Amount of required capital for credit risk (Off-balance-sheet items)

(Millions of yen)

Item	2015 (As of March 31, 2015)	2014 (As of March 31, 2014)
1 Commitment lines that can be cancelled automatically or unconditionally at any time	¥ —	¥ —
2 Commitment lines with original contracts of one year or less	—	—
3 Short-term trade contingent liabilities	—	—
4 Contingent liabilities arising from specific transactions	—	—
(principal reimbursement trust deeds with restructuring)	—	—
5 NIF or RUF	—	—
6 Commitment lines with an original duration of one year or longer	—	54
7 Contingent liabilities arising from directly substituted credit	9,807	6,108
(of which secured with loan guarantees)	3,463	2,729
(of which secured with securities)	—	—
(of which secured with drafts)	—	—
(of which principal reimbursement trust deeds without restructuring)	—	—
(of which secured with credit derivative protection)	4,484	1,919
8 Assets sold with repurchase agreements or assets sold with right of claim (after deductions)	—	—
Assets sold with repurchase agreements or assets sold with right of claim (before deductions)	—	—
Deduction	—	—
9 Futures bought, forward delivery deposits, partially subscribed equity shares, partially subscribed bonds	—	18
10 Securities lending, cash or securities collateral, or sale of securities with repurchase agreement or purchase with resale agreement	12,493	11,010
11 Derivative transactions and long-term settlements transactions	3,431	2,091
Current exposure method	3,431	2,091
Derivative transactions	3,431	2,091
Foreign exchange related transactions	4,182	2,545
Interest rate related transactions	599	577
Gold related transactions	—	—
Equity security related transactions	—	0
Precious metal related transactions (excluding gold)	—	—
Other commodity related transactions	—	—
Credit derivative transactions (counterparty risk)	35	43
Netting effect on credit equivalent amount under close-out netting agreement (deduction)	1,386	1,075
Long-term settlements transactions	0	—
12 Outstanding transaction	32	1
13 Providing adequate liquidity related to securitization exposure and adequate servicer cash advance	—	—
14 Off-balance-sheet securitization exposure other than the above	—	—
Total	¥ 25,764	¥ 19,285

Note: Required capital is calculated using the following formula:
Credit risk-weighted assets × 4%

(3) Total amount of consolidated required capital

(Millions of yen)

Item	2015 (As of March 31, 2015)	2014 (As of March 31, 2014)
Total amount of consolidated required capital	¥ 1,065,008	¥ 859,470
Amount of required capital for credit risk	918,557	715,463
Assets (on-balance-sheet items)	887,645	693,040
Off-balance-sheet transactions, etc.	25,764	19,285
CVA risk equivalent amount	5,146	3,137
Central Counterparty risk exposure	—	—
Amount of required capital for market risk equivalent amount	—	—
Amount of required capital for operational risk equivalent amount	146,451	144,007
Basic indicator approach	146,451	144,007

Note 1: The total amount of consolidated required capital is the denominator of the consolidated capital adequacy ratio x 4%.

Note 2: The amount of required capital for credit risk is the amount of credit risk assets x 4%.

Note 3: The amount of required capital for market risk equivalent amount is not applicable since the Group, based on Article 16 of Holding Company Capital Adequacy Ratio

Notice, does not include market risk equivalent amounts in the calculation formulae prescribed under Article 14 of the Notice.

Note 4: The amount of required capital for operational risk equivalent amount is operational risk equivalent amount divided by 8% x 4%.

3. Credit risk

(1) Credit risk exposure by region, industry and customer

(Millions of yen)

Counterparts		2015 (As of March 31, 2015)				
		Loans and deposits	Bonds	Derivatives	Others	Total
Domestic	Sovereigns	¥ 37,714,526	¥ 117,375,253	¥ —	¥ 44,513	¥ 155,134,293
	Financial institutions	49,068,398	10,571,261	109,574	1,051,527	60,800,760
	Corporates	483,185	5,954,896	—	436,342	6,874,423
	Small and medium-sized enterprises and individuals	—	—	—	240	240
	Project finance (acquisition of real estate)	—	—	—	308,771	308,771
	Others	6,910,343	3,402,367	24	15,569,296	25,882,031
	Domestic total	94,176,453	137,303,778	109,598	17,410,691	249,000,522
Overseas total		900	—	—	5	905
Total		¥ 94,177,353	¥ 137,303,778	¥ 109,598	¥ 17,410,696	¥ 249,001,428

(Millions of yen)

Counterparts		2014 (As of March 31, 2014)				
		Loans and deposits	Bonds	Derivatives	Others	Total
Domestic	Sovereigns	¥ 25,454,484	¥ 135,920,684	¥ —	¥ 35,953	¥ 161,411,122
	Financial institutions	49,039,604	9,565,952	88,491	1,057,046	59,751,095
	Corporates	392,782	6,208,436	—	385,113	6,986,332
	Small and medium-sized enterprises and individuals	—	—	—	291	291
	Project finance (acquisition of real estate)	—	—	—	195,761	195,761
	Others	5,785,603	2,945,388	41	10,346,453	19,077,486
	Domestic total	80,672,474	154,640,462	88,533	12,020,619	247,422,089
Overseas total		854	—	—	4	858
Total		¥ 80,673,328	¥ 154,640,462	¥ 88,533	¥ 12,020,623	¥ 247,422,947

Note 1: All subsidiaries other than Japan Post Bank do not engage in loan operations, in principle, and therefore do not categorize credit by industry sector. Accordingly, a breakdown by customer is presented in the above table.

Note 2: "Domestic" and "overseas" refer to the domicile of the main branch (head office).

Note 3: "Loans and deposits" include loans and bills discounted, due from banks, call loans and off-balance-sheet assets, etc. other than derivatives.

Note 4: "Bonds" include Japanese government bonds, local government bonds, corporate bonds, etc.

Note 5: "Derivatives" include currency swaps and interest rate swaps, etc.

Note 6: "Sovereigns" include central governments, central banks, local governments, etc.

Note 7: "Financial institutions" include the Multilateral Development Banks, Bank for International Settlements, etc., Japan Finance Organization for Municipalities, and Financial institutions and type I financial instruments business operators.

Note 8: "Corporates" include Foreign public-sector entities other than central governments, Japanese government agencies, three regional public corporations under Japanese local governments and corporations, etc.

Note 9: The exposure amount includes balances before the deduction of specific reserve for possible loan losses and after the application of credit risk mitigation methods.

Note 10: The intangible fixed assets that are subject to calculation of credit risk asset are not included due to transitional arrangements.

(2) Credit risk exposure by maturity

(Millions of yen)

Remaining period	2015 (As of March 31, 2015)				
	Loans and deposits	Bonds	Derivatives	Others	Total
1 year or less	¥ 51,494,130	¥ 24,506,917	¥ 26,765	¥ 444,261	¥ 76,472,075
Over 1 year to 3 years	1,108,306	41,387,106	46,583	1,002	42,543,000
Over 3 years to 5 years	847,301	25,132,580	31,227	66	26,011,176
Over 5 years to 7 years	233,257	20,057,111	5,021	—	20,295,390
Over 7 years to 10 years	1,135,602	22,999,608	—	—	24,135,211
Over 10 years	968,117	3,220,453	—	—	4,188,571
No due date or perpetual	38,390,636	—	—	16,965,365	55,356,002
Total	¥ 94,177,353	¥ 137,303,778	¥ 109,598	¥ 17,410,696	¥ 249,001,428

(Millions of yen)

Remaining period	2014 (As of March 31, 2014)				
	Loans and deposits	Bonds	Derivatives	Others	Total
1 year or less	¥ 51,673,970	¥ 34,235,698	¥ 2,857	¥ 403,568	¥ 86,316,095
Over 1 year to 3 years	714,812	42,386,041	41,983	2,733	43,145,571
Over 3 years to 5 years	1,086,922	24,752,991	32,084	146	25,872,146
Over 5 years to 7 years	480,288	19,516,950	9,940	2	20,007,181
Over 7 years to 10 years	873,168	30,842,861	1,666	—	31,717,696
Over 10 years	1,439,183	2,905,918	—	—	4,345,101
No due date or perpetual	24,404,982	—	—	11,614,172	36,019,154
Total	¥ 80,673,328	¥ 154,640,462	¥ 88,533	¥ 12,020,623	¥ 247,422,947

Note 1: "Loans and deposits" include loans and bills discounted, due from banks, call loans and off-balance-sheet assets, etc. other than derivatives.

Note 2: "Bonds" include Japanese government bonds, local government bonds, corporate bonds, etc.

Note 3: "Derivatives" include currency swaps and interest rate swaps, etc.

Note 4: The exposure amount includes balances before the deduction of specific reserve for possible loan losses and after the application of credit risk mitigation methods.

Note 5: The exposure amount does not include in intangible fixed assets that are subject to calculation of credit risk assets due to transitional arrangements.

(3) Past-due loans for three months or more exposure by region, industry and customer

(Millions of yen)

Counterparts		2015 (As of March 31, 2015)					2014 (As of March 31, 2014)				
		Loans and deposits	Bonds	Derivatives	Others	Total	Loans and deposits	Bonds	Derivatives	Others	Total
Domestic	Sovereigns	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
	Financial institutions	—	—	—	—	—	—	—	—	—	—
	Corporates	—	—	—	7	7	—	—	—	8	8
	Small and medium-sized enterprises and individuals	—	—	—	84	84	—	—	—	122	122
	Project finance (acquisition of real estate)	—	—	—	—	—	—	—	—	—	—
	Others	—	—	—	2,999	2,999	—	—	—	2,995	2,995
	Domestic total	—	—	—	3,092	3,092	—	—	—	3,126	3,126
Overseas total		—	—	—	—	—	—	—	—	—	—
Total		¥ —	¥ —	¥ —	¥ 3,092	¥ 3,092	¥ —	¥ —	¥ —	¥ 3,126	¥ 3,126

Note 1: "Past-due loans for three months or more" means the payment of principal or interest is past due three months or more from the day following the scheduled payment date.

Note 2: "Domestic" and "overseas" refer to the domicile of the main branch (head office).

Note 3: "Loans and deposits" include loans and bills discounted, due from banks, call loans and off-balance-sheet assets, etc. other than derivatives.

Note 4: "Bonds" include Japanese government bonds, local government bonds, corporate bonds, etc.

Note 5: "Derivatives" include currency swaps and interest rate swaps, etc.

Note 6: "Sovereigns" includes central governments, central banks, local governments, etc.

Note 7: "Financial institutions" include the Multilateral Development Banks, Bank for International Settlements, etc., Japan Finance Organization for Municipalities, and Financial institutions and type I financial instruments business operators.

Note 8: "Corporates" include Foreign public-sector entities other than central governments, Japanese government agencies, three regional public corporations under Japanese local governments and corporations, etc.

Note 9: Exposures of certain subsidiaries are included in "Others" (exposure) under "Others" (counterparts).

Note 10: The exposure amount includes balances before the deduction of specific reserve for possible loan losses and after the application of credit risk mitigation methods.

(4) Year-end balances and changes during the period of general allowance for loan losses, specific allowance for doubtful accounts, and loan loss allowance for specific overseas countries.

Year-end balance (Millions of yen)

	2015 (As of March 31, 2015)	2014 (As of March 31, 2014)
General allowance for loan losses	¥ 146	¥ 141
Specific allowance for doubtful accounts	—	—
Loan loss allowance for specific overseas countries	—	—

Change during the period (Millions of yen)

	2015 (From April 1, 2014 to March 31, 2015)	2014 (From April 1, 2013 to March 31, 2014)
General allowance for loan losses	¥ 4	¥ (66)
Specific allowance for doubtful accounts	—	—
Loan loss allowance for specific overseas countries	—	—

Note 1: Allowance for loan losses related to loans disclosed under the Financial Revitalization Law is listed.

Note 2: General allowance for loan losses is not classified by region, industry and customer.

(5) The amount of write-off of loans by industry and customer
There were no write-offs.

(6) Amount of exposure by risk weight category

(Millions of yen)

Risk weight	2015 (As of March 31, 2015)		2014 (As of March 31, 2014)	
	Rated	Not rated	Rated	Not rated
0%	¥ 162,351,236	¥ 45,212,470	¥ 167,691,724	¥ 46,024,412
2%	—	—	—	—
4%	—	—	—	—
10%	11,588	4,239,582	941	4,470,010
20%	17,392,494	26,709	14,007,454	2,039
35%	—	—	—	—
50%	6,784,315	2,953	5,315,945	2,911
75%	—	155	—	168
100%	6,066,956	4,779,622	3,834,710	4,266,685
150%	524,328	425	229,174	214
250%	420,798	1,187,688	332,704	1,243,842
1,250%	34	20	—	—
Others	45	—	4	—
Total	¥ 193,551,798	¥ 55,449,630	¥ 191,412,660	¥ 56,010,286

Note 1: Ratings are used for those rated by qualified rating agencies in principle.

Note 2: The exposure amount includes balances before the deduction of specific reserve for possible loan losses and after the application of credit risk mitigation methods.

Note 3: Regarding assets to which the Company applies credit risk mitigation techniques for a portion of its exposure, the Group records exposure amounts in weighted categories after the application of credit risk mitigation techniques.

Note 4: Regarding assets to which the Company applied transitional arrangements, the Company records these assets in risk weighted categories in case of that transitional arrangements are not applied.

4. Credit risk mitigation methods

Exposure amount to which credit risk mitigation methods are applied

(Millions of yen)

Item	2015 (As of March 31, 2015)		2014 (As of March 31, 2014)	
	Exposure amount	Composition ratio	Exposure amount	Composition ratio
Qualified financial collateral	¥ 45,879,942	89.91%	¥ 45,096,205	88.53%
Guarantees	5,147,144	10.08%	5,841,094	11.46%
Total	¥ 51,027,087	100.00%	¥ 50,937,299	100.00%

Note 1: Japan Post Bank accepts cash, self-deposits and securities as qualified financial collateral.

Note 2: Principal guarantors are central governments, etc. to which lower risk weight than the guaranteed obligations are applied.

Note 3: The exposure amount included in funds such as investment trusts are not included herein.

5. Derivative transactions and long-term settlements transactions

Derivative transactions and long-term settlements transactions

(Millions of yen)

Item	2015 (As of March 31, 2015)	2014 (As of March 31, 2014)
Aggregate sum of amounts of gross reconstruction costs	¥ 75,998	¥ 5,407
Aggregate sum of gross add-on amounts	206,950	217,525
Gross credit equivalents	282,948	222,933
Foreign exchange related transactions	252,169	182,052
Interest rate related transactions	30,778	40,880
Long-term settlements transactions	—	—
Reduction in credit equivalents through netting (deduction)	173,350	134,399
Net credit equivalents	109,598	88,533
Collateral amount	15,928	1,312
Marketable securities	15,928	1,312
Net credit equivalents (after consideration of effectiveness of risks mitigated by collateral)	¥ 109,598	¥ 88,533

Note 1: Credit equivalents are calculated by the "current exposure method."

Note 2: Regarding derivative transactions and transactions with long-term settlements, only those transactions requiring the calculation of credit equivalents are included.

Note 3: Derivative transactions and transactions with long-term settlements included in funds such as investment trusts are not included herein.

Note 4: Limited to transactions on which gross reconstruction costs are not less than zero.

Note 5: Consideration is being given to the effectiveness of the amount of netting effect on credit equivalents under close-out netting agreements.

Note 6: Credit risk mitigation through collateral is considered through risk weighting, and credit equivalent amounts are not considered.

Note 7: Neither credit derivatives subject to credit equivalent amount calculations nor credit derivatives used to consider the effect of credit risk mitigation methods are available.

Note 8: The amount of netting effect on credit equivalents through netting is equal to an amount that subtracts credit equivalents prior to considerations of credit risk mitigation using collateral from the aggregate sum of amounts of gross reconstruction costs and aggregate sum of gross add-on amounts.

6. Securitization exposure

Securitization exposure in which the Group invests:

(1) Securitization exposure and breakdown by type of main underlying assets (excluding re-securitization exposure)

(Millions of yen)

Type of underlying assets	2015 (As of March 31, 2015)	2014 (As of March 31, 2014)
Mortgage loans	¥ 390,075	¥ 311,121
Auto loans	20,268	11,803
Leases	—	63
Accounts receivable	2,997	137
Corporate loans	94,677	94,783
Others	824	1,692
Total	¥ 508,842	¥ 419,601

Note : There are no off-balance-sheet transactions.

(2) Re-securitization exposure and breakdown by type of main underlying assets

(Millions of yen)

Type of underlying assets	2015 (As of March 31, 2015)	2014 (As of March 31, 2014)
Mortgage loans	¥ 3,726	¥ 4,346
Auto loans	—	—
Leases	—	—
Accounts receivable	—	—
Corporate loans	—	—
Others	—	—
Total	¥ 3,726	¥ 4,346

Note : There are no off-balance-sheet transactions.

(3) Balance by risk weight of securitization exposure and amount of required capital (excluding re-securitization exposure)

(Millions of yen)

Risk weight	2015 (As of March 31, 2015)		2014 (As of March 31, 2014)	
	Balance	Required capital	Balance	Required capital
Less than 20%	¥ 95,501	¥ 382	¥ 96,476	¥ 385
20%	413,341	3,306	323,124	2,584
50%	—	—	—	—
100%	—	—	—	—
350%	—	—	—	—
1,250%	—	—	—	—
Total	¥ 508,842	¥ 3,688	¥ 419,601	¥ 2,970

Note 1: There are no off-balance-sheet transactions.

Note 2: Required capital is the amount of credit risk assets × 4%.

(4) Balance by risk weight of re-securitization exposure and amount of required capital

(Millions of yen)

Risk weight	2015 (As of March 31, 2015)		2014 (As of March 31, 2014)	
	Balance	Required capital	Balance	Required capital
Less than 40%	¥ —	¥ —	¥ —	¥ —
40%	3,726	59	4,346	69
100%	—	—	—	—
225%	—	—	—	—
650%	—	—	—	—
1,250%	—	—	—	—
Total	¥ 3,726	¥ 59	¥ 4,346	¥ 69

Note 1: There are no off-balance-sheet transactions.

Note 2: There are no credit risk mitigation methods applied to re-securitization exposures.

Note 3: Required capital is the amount of credit risk assets × 4%.

7. Market risk

Not applicable since the Group, based on Article 16 of Holding Company Capital Adequacy Ratio Notice, does not include the amount of market risk equivalent in the calculation formulae prescribed under Article 14 of the Notice.

8. Equity exposure in the banking account

(1) Amount carried on the consolidated balance sheet and fair value (Millions of yen)

	2015 (As of March 31, 2015)		2014 (As of March 31, 2014)	
	Amount carried on the consolidated balance sheet	Fair value	Amount carried on the consolidated balance sheet	Fair value
Listed equities exposure	¥ —	¥ —	¥ —	¥ —
Investment or equities exposure not corresponding to listed equities exposure	1,031		935	
Total	¥ 1,031		¥ 935	

Note 1: Exposures for which it is deemed extremely difficult to identify fair value without market quotations are included and therefore these are not disclosed at fair value as well as the method of calculating the fair value of financial instruments.

Note 2: Exposure amount included in funds such as investment trusts are not included. The same applies to the following.

(3) Amounts of valuation gains and losses recognized on the Consolidated Balance Sheet not recognized on the Consolidated Statements of Income (Millions of yen)

	2015 (As of March 31, 2015)	2014 (As of March 31, 2014)
Amounts of valuation gains and losses recognized on the Consolidated Balance Sheet not recognized on the Consolidated Statements of Income	¥ —	¥ —

Note: Shares with market quotations are listed.

9. Exposures calculated by credit risk asset supervisory formulae

Not applicable, since the standardized approach is used.

10. Interest rate risk in the banking account

Gains and losses related to interest rate shock or changes in economic value used for management purposes in the Group for managing interest rate risk in the banking account

	2015 (As of March 31, 2015)	2014 (As of March 31, 2014)
Losses in economic value	¥ 770.5	¥ 1,069.1

Note 1: Interest rate shock range uses 1st and 99th percentiles for interest rate fluctuations based on a holding period of one year and an observation period of five years. The above interest rate shock range previously used government bond interest rates for assets and interbank interest rates for liabilities. However, from fiscal 2015 interbank interest rates are used for both assets and liabilities.

Note 2: Of liquid deposits, for those deposits that will not be withdrawn and will remain at the Bank over the long term (so-called core deposits), the Group uses an internal model for estimating outstanding balances and allocation to settlement dates and calculates interest risk volume.

(2) Gains and Losses on sale or write-off of investment or equity exposures (Millions of yen)

	2015 (From April 1, 2014 to March 31, 2015)	2014 (From April 1, 2013 to March 31, 2014)
Gains/Losses	¥ —	¥ —
Gains	—	—
Losses	—	—
Write-off	—	—

Note: Gains and losses on the sale of stock are listed in the Consolidated Statements of Income.

(4) Amounts of valuation gains and losses not recognized on the Consolidated Balance Sheet and the Consolidated Statements of Income (Millions of yen)

	2015 (As of March 31, 2015)	2014 (As of March 31, 2014)
Amounts of valuation gains and losses not recognized on the Consolidated Balance Sheet and the Consolidated Statements of Income	¥ —	¥ —

Note: Shares with market quotations of affiliated companies are listed.

Compensation, etc. Subject to Disclosure

1. Matters concerning the establishment of an organizational system for subject executives and employees of the Company (Group)

(1) Scope of subject executives and employees

The following describes the scope of "subject executives" and "subject employees" (collectively referred to as "subject executives and employees") who are subject to disclosure as persons having a significant impact on the operation of the banking business and state of assets as prescribed by the notification (Japan Financial Services Agency Notification No. 21 of March 29, 2012) for deciding matters determined separately by the Commissioner of the Financial Services Agency as an item concerning compensation based on provisions of the Ordinance for Enforcement of the Banking Act, Article 19-2, Paragraph 1-6.

1) Scope of "subject executives"

Subject executives are the Company's directors and executive officers. Outside directors are excluded.

2) Scope of "subject employees"

Among Company executives (other than subject executives) and employees as well as executives and employees of subsidiaries, those "persons receiving high amounts of compensation" and who have a significant impact on the management of business operations and the state of assets of the Company or its principal subsidiaries are deemed "subject employees" who are subject to disclosure. The executives and executive officers of Japan Post, Japan Post Bank and Japan Post Insurance (hereafter referred to as three business subsidiaries) shall be deemed "subject employees."

(a) Scope of "principal consolidated subsidiaries"

Principal consolidated subsidiaries are consolidated subsidiaries that have a significant impact on Group management. Specifically, the three business subsidiaries are in this category.

(b) Scope of "persons receiving high amounts of compensation"

"Persons receiving high amounts of compensation" are those persons receiving compensation exceeding standard amounts from the Company and its principal consolidated subsidiaries. The Company has set the Group standard amount at ¥20 million. The relevant standard amount is set based on the average basic compensation (excludes persons who assume positions or retire from positions during the term in each fiscal year) for the past three years for executives of the Company and Japan Post Bank and this serves as a common standard amount for the Group. However, because there are no large differences in compensation systems and levels for the Company's principal consolidated subsidiaries, these are also applied in common at principal consolidated subsidiaries.

(c) Scope of "persons having a significant impact on the management of the Group's business or the state of its assets"

"Persons having a significant impact on the management of the Group's business or the state of its assets" refers to persons who engage in regular business transactions and manage matters that have a considerably significant impact on the management of the Company, the Japan Post Group and its principal consolidated subsidiaries, or persons who would exert a significant impact on the state of assets by incurring losses from business transactions or other matters. Specifically, this refers to executives of principal consolidated subsidiaries or executive officers with authority to execute the business of business departments in accordance with resolutions by the Board of Directors.

(2) Determination of compensation for subject executives and employees

1) Determination of compensation for subject executives

The Company has established the Compensation Committee as the body for determining the details of the compensation system and compensation for executives. The Compensation Committee determines policies for deciding details of compensation for the Company's directors and executive officers as well as details of individual compensation. In accordance with the Companies Act, the Compensation Committee is composed of a majority of outside directors. The Committee is independent of the business promotion department and has the authority to decide policies for determining compensation as well as determine individual compensation.

2) Determination of compensation for subject employees

The determination of compensation for executives of principal consolidated subsidiaries who are deemed subject employees is as follows.

(a) Japan Post

Executive compensation is determined under a structure whereby

the total amount of executive compensation is determined at the Shareholders' meeting.

Individual allocation of directors' compensation is determined on a resolution by the Board of Directors, according to the total amount decided at the Shareholders' meeting.

Individual allocation of compensation for auditors is determined based on consultation by the auditors.

Compensation for executive officers is determined based on a resolution by the Board of Directors.

(b) Japan Post Bank and Japan Post Insurance

Japan Post Bank and Japan Post Insurance have respectively established a Compensation Committee as the body for determining the details of the compensation system and compensation for executives. The Compensation Committee determines policies for deciding details of compensation for each company's directors and executive officers as well as details of individual compensation. In accordance with the Companies Act, the Compensation Committee is composed of a majority of outside directors. The Committee is independent of the business promotion department and has the authority to determine policies for determining compensation as well as determine individual compensation.

(3) Determination of compensation for staff of the Risk Management Department and Compliance Department

Compensation for staff of the Risk Management Department and Compliance Department is determined based on salary rules and regulations. Specific amounts paid are decided by determining compensation separate from the sales promotion department by setting amounts based on employee performance evaluations, with the general manager of the relevant departments as the person making final decisions.

Assessment categories of employee performance evaluations encompass assessments of the execution of duties and attainment levels for targets for each job responsibility in the Risk Management Department and Compliance Department. These assessments reflect the level of contribution to the risk management structure and compliance readiness.

(4) Total amount of compensation paid to members of the Compensation Committee and number of times the Compensation Committee and other meetings convened

Company name	Name of meeting	Number of times convened (From April 2014 to March 2015)
Japan Post Holdings	Compensation Committee	4 times
Japan Post	Shareholders' meeting	0
	Board of Directors (Note 1)	5 times
	Board of Corporate Auditors (Note 1)	1 time
Japan Post Bank	Compensation Committee	3 times
Japan Post Insurance	Compensation Committee	2 times

Note 1: The total amount (upper limit) of compensation for executives of Japan Post Co., Ltd. was determined at the Shareholders' meeting of the former Japan Post Network on September 3, 2012.

Note 2: The total amount of compensation is not listed because this amount cannot be calculated separating only the portion corresponding to compensation for the execution of duties of the Compensation Committee.

2. Matters concerning evaluation of the appropriateness of the design and operation of the compensation system for subject executives and employees of the Company (Group)

(1) Policies concerning compensation for "subject executives"

The Company determines compensation for the Company's directors according to job responsibilities based on the scope and size of responsibilities for management and other areas. For executive officers, the Company has designed a compensation system that considers job content as an executive officer, personal evaluations and job performance. As a specific executive compensation system, compensation for executives consists of base compensation.

(2) Policies concerning compensation for "subject employees"

In determining compensation for Company employees, the Company

determines compensation for directors and auditors according to job responsibilities based on the scope and size of responsibilities for management and in other areas. For executive officers and executives, the Company has designed a compensation system that considers job content as an executive officer or executive, personal evaluations and job performance. As a specific compensation system, compensation consists of base compensation.

The Company determines compensation for employees based on employee evaluations to reflect the degree of attainment of targets and job behavior. As a specific compensation system for employees, compensation is determined based on salary rules and regulations.

3. Matters concerning consistency between the compensation system for subject executives and employees of the Company (Group) and risk management and the link between compensation and performance

In determining compensation for subject executives, the Compensation Committee decides on policies concerning the determination of details of compensation, after which details of compensation for each individual are determined.

In determining compensation for subject employees, compensation for directors and auditors of Japan Post is determined based on resolutions at the Shareholders' meeting, while compensation for executive officers is determined based on resolutions by the Board of Directors. Regarding executives of Japan Post Bank and Japan Post Insurance, the Compensation Committee decides on policies concerning the determination of details of compensation, after which details of compensation for each individual are determined. Compensation for employees is determined based on salary rules and regulations.

Compensation for subject executives and subject employees takes into consideration the state of employee evaluations and the appropriateness of amounts paid without excessive emphasis on performance based systems.

4. Matters concerning the types of compensation for subject executives and employees of the Company (Group), total amount paid and payment method

Total amount of compensation for subject executives and employees (From April 1, 2014 to March 31, 2015)

Classification	Number of persons	Total amount of compensation (Millions of yen)	
		Base compensation	Other
Subject executives (excluding outside executives)	32	771	0
Subject employees	29	703	0

Note 1: Compensation for subject executives is listed including compensation as executives of principal consolidated subsidiaries.

Note 2: Variable compensation (including bonuses) is not applicable.

Note 3: Stock-compensation type stock options are not applicable.

Note 4: The retirement benefits system for directors, auditors, executive officers and executives was discontinued in June 2013 and therefore retirement benefits are not applicable.

5. Other special pertinent matters for reference or other applicable matters other than those specified up to the previous item concerning the systems for compensation for subject executives and employees of the Company (Group)
None

Insurance Claims and Other Payment Abilities of Insurance Holding Companies (Consolidated Solvency Margin Ratio)

(Millions of yen)

Item	2015 (As of March 31, 2015)	2014 (As of March 31, 2014)
Total amount of consolidated solvency margin (A)	¥ 20,987,141	¥ 18,897,175
Capital stock or funds, others	11,106,419	10,929,630
Reserve for price fluctuations	712,167	614,233
Contingency reserve	2,498,711	2,588,798
Catastrophe loss reserve	—	—
General reserves for possible loan losses	495	520
Net unrealized gains (losses) on available-for-sale securities × 90% (if negative, × 100%)	5,802,768	4,124,263
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	30,289	15,746
Unrecognized actuarial differences and unrecognized prior service cost	430,021	265,448
Capital raised through debt financing, Excess (portion of) premium reserve	406,267	358,533
Excess (portion of) premium reserve	406,267	358,533
Capital raised through debt financing	—	—
Excluded amounts	—	—
Solvency margin concerning small-amount, short-term insurers	—	—
Deductions	—	—
Others	—	—
Total amount of consolidated risk $[(R_1^2+R_5^2)^{1/2}+R_8+R_9]^2+(R_2+R_3+R_7)^2)^{1/2}+R_4+R_6$ (B)	¥ 2,589,172	¥ 2,109,228
Underwriting risk R_1	163,796	168,426
General insurance risk R_5	—	—
Catastrophe risk R_6	—	—
Underwriting risk of third-sector insurance R_8	88,568	99,913
Underwriting risk of small-amount, short-term insurers R_9	—	—
Anticipated yield risk R_2	184,450	198,138
Minimum guarantee risk R_7	—	—
Investment risk R_3	2,080,203	1,586,573
Business management risk R_4	310,500	304,457
Consolidated solvency margin ratio (A)/((1/2) × (B))	1,621.1%	1,791.8%

Note: The consolidated solvency margin ratio is calculated in accordance with Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Notification No. 23 issued by the Financial Services Agency in 2011.

Data Compilation

Others

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1. Service Hours and Points of Contact for Inquiries

1

Service Hours

1. Japan Post (Post Offices)

■ Post Office Service Hours

The table below lists typical service hours of post offices. For exact service hours of individual offices, please check the Postal Office & ATM Search page on our website (<http://map.japanpost.jp/pc/>) (Japanese only).

Days of the week	Mail services	Deposit services	Insurance services
Monday through Friday	9:00 to 17:00 (Some offices remain open after 17:00)	9:00 to 16:00 (Some offices remain open after 16:00)	9:00 to 16:00 (Some offices remain open after 16:00)
Saturday	Closed (Some offices are open)	Closed	Closed
Sunday and holidays	Closed (Some offices are open)	Closed	Closed

Notes: 1. Hours of certain offices may differ from the above because of their location or other factors.

2. Offices are closed from December 31 through January 3; however, only mail services are available during this period at some offices.

■ POSTAL SERVICE COUNTER

POSTAL SERVICE COUNTER is a special counter established at certain post offices for customers to pick up undelivered mail and packages during normal post office hours. It also offers a range of after-hours services, including accepting regular mail and Yu-Pack items and selling postal stamps and revenue stamps.

Please confirm the location of post offices where POSTAL SERVICE COUNTER is available and service hours via our website (http://www.post.japanpost.jp/shiten_search/index.html) (Japanese only).

2. Japan Post Bank

■ Service Hours

Days of the week	Service hours
Monday through Friday	9:00 to 16:00 (Some offices are open until 18:00)
Weekends and national holidays	Closed

Notes: 1. Branches are closed from December 31 to January 3.

2. Service hours of some offices may differ from those listed above.

■ ATM Service Hours

ATM service hours are set according to location usual operating hours are shown in the table below.

For individual ATM service hours, please refer to "Branch-

es and ATM Information" on the Japan Post Bank website (http://www.jp-bank.japanpost.jp/access/access_index.html) (Japanese only). Service hours are also indicated at each ATM.

Days of the week	Japan Post Bank branches	Post offices (Japan Post Bank agents)	Sub-branches (ATMs located at stations and supermarkets, etc.)
Monday through Friday	8:00 to 21:00 (Longest service hours from 0:05 to 23:55 at some branches)	9:00 to 17:30 (Longest service hours from 0:05 to 23:55 at some post offices)	9:00 to 21:00 (Longest service hours from 0:05 to 23:55 at sub-branches)
Saturday	9:00 to 19:00 (Longest service hours from 0:05 to 23:55 at some branches)	9:00 to 12:30 (Longest service hours from 0:05 to 23:55 at some post offices)	9:00 to 21:00 (Longest service hours from 0:05 to 23:55 at sub-branches)
Sunday and holidays (Including January 2 and 3)	9:00 to 19:00 (Longest service hours from 0:05 to 21:00 at some branches)	9:00 to 17:00 (Service at approx. 6,700 post offices; 0:05 to 21:00 at some post offices)	9:00 to 21:00 (Longest service hours from 0:05 to 21:00 at sub-branches)

- Notes: 1. The service hours listed above are typical ATM operating hours, but actual hours may differ depending on each ATM. ATMs in FamilyMart convenience stores are usually available every day from 0:05 to 23:55.
2. Sub-branches do not handle coins or ordinary payments. ATMs in FamilyMart convenience stores do not handle passbooks.
3. The following services are not available via ATMs on (a) Monday through Friday before 7:00 and after 21:00, and (b) before 9:00 and after 17:00 on Saturday, Sunday and holidays: ordinary deposits, TEIGAKU deposits, time deposits, coin withdrawals and fund transfers.
4. Transfers (making remittances to other financial institutions) for which applications are accepted after 15:00 from Monday to Friday and/or for those accepted on Saturday, Sunday and holidays (including December 31) will be handled on the following business day. Transfers are not available from January 1 to 3.
5. Certain ATM and cash dispenser (CD) alliance services may not be available subject to service hours and the type of service provided by affiliated financial institutions.
6. The commission charged by affiliated financial institutions for using their cash card at Japan Post Bank ATMs differs according to the institution. Please inquire to the specific affiliated financial institution.

3. Japan Post Insurance

Insurance services are available at the insurance counters of post offices.

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Points of Contact for Inquiries

1. For Information and Advice Related to Japan Post Group

For inquiries please call the following phone number: 0120-23-28-86 (toll free). Follow the Interactive Voice Response (IVR) guide to be connected to the appropriate call center.

Telephone number	Select	Details of inquiries	Name	Business hours
Toll-free phone number: 0120-23-28-86 (Japanese only)	[*]+[1]	General inquiries and contact regarding postal services	Japan Post Co., Ltd. Customer Service Center	Weekdays: 8:00 to 22:00 Saturdays, Sundays and holidays: 9:00 to 22:00
	[*]+[4]	Inquiries regarding counter services besides postal, deposit and insurance services		Weekdays: 9:00 to 21:00 Saturdays, Sundays and holidays: 9:00 to 17:00 (Open from 9:00 to 17:00 from December 31 to January 3)
	[*]+[2] ▶ 1	Inquiries and consultation regarding products and services of Japan Post Bank Co., Ltd.	Japan Post Bank Call Center	Weekdays: 8:30 to 21:00 Saturdays, Sundays and holidays: 9:00 to 17:00 (Open from 9:00 to 17:00 from December 31 to January 3)
	[*]+[2] ▶ 2	Contact at the time of loss and theft of such items as passbook and cards	Japan Post Bank Card Loss Center	Available 24-hours, all year round
	[*]+[3] ▶ 1	Inquiries and consultation regarding products and services of Japan Post Insurance Co., Ltd. and postal life insurance	Japan Post Insurance Call Center	Weekdays: 9:00 to 21:00 Saturdays, Sundays and holidays: 9:00 to 17:00 (Excluding January 1 to January 3)
	[*]+[3] ▶ 2	Notification of loss and theft of Japan Post cards (limited to postal life insurance policies)	Japan Post Insurance Card Loss Center	Weekdays: 8:30 to 21:00 (Excluding Saturdays, Sundays and holidays, and December 31 to January 3)

Customers using mobile phones can make inquiries and receive advice concerning postal services and post offices via the following number.

0570-046-666

(Communications charge must be paid by the customer.)

For those who wish to use English, please call the following number.

0570-046-111

(Communications charge must be paid by the customer.)

(Calls cannot be made from overseas.)

- Notes: 1. If it is not possible to confirm the identity of the person speaking on the telephone, it may not be possible to give a detailed response to a particular inquiry.
2. In order to improve service and manage operations, effective calls to the Customer Service Center are recorded.

2. For Information and Advice Related to Japan Post Bank

* Certain telephone numbers indicated below are only available in Japan.

Unless otherwise noted, telephone numbers are available toll-free using mobile and Personal Handyphone System (PHS) phones. There are certain cases where Internet Protocol (IP) phones and other equipment cannot be used.

[Contact Information for Lost or Stolen Passbooks or Cards]

■ Card Loss Center

Contact the following to halt transactions for lost or stolen passbooks (certificates) or cash cards.

Service hours	Telephone number
Available 24 hours all year round	0120-794889 (Japanese only) Calls from overseas: +81-45-279-6201 (Communication charges required) (Japanese only)

[Contact Information for Various Types of Inquiries]

■ Japan Post Bank Call Center

Contact the following number for inquiries and consultation regarding products and services.

Service hours	Telephone number
Weekdays: 8:30 to 21:00	0120-108420 (Japanese only)
Weekends and national holidays: 9:00 to 17:00	

Note: Service is available from 9:00 to 17:00 during the period from December 31 to January 3.

■ Investment Trust Call Center

Information regarding investment trusts is also available via the call center and our investment trust website.

Investment trust website:
<http://www.jp-bank.japanpost.jp/toushin/>
(Japanese only)

Service hours	Telephone number
9:00 to 18:00	0800-800-4104 (Japanese only)

Note: Excluding weekends and national holidays and the period from December 31 to January 3

■ Defined Contribution Pension Call Center

Material requests and inquiries regarding enrollment of defined contribution pensions (individual annuities) can be made via the following number.

Service hours	Telephone number
9:00 to 21:00	0120-401034 (Japanese only)

Note: Excluding weekends and national holidays and the period from December 31 to January 3

■ Japan Post Bank Transfers Inquiry Center

Inquiries regarding transfers between other financial institutions, including branch name, deposit item and account number can be made via the following number.

Service hours	Telephone number
Interactive voice response: Available 24 hours all year round	0120-253811 (Japanese only)
Operator response: Weekdays: 8:30 to 21:00 Weekends and national holidays: 9:00 to 17:00 Note: Service is available from 9:00 to 17:00 during the period from December 31 to January 3.	

■ Designated Dispute Resolution Institution

Japan Post Bank has formed a contract with the Japanese Bankers Association as a designated dispute resolution institution. (one company)

Point of contact (Japanese Bankers Association Counseling Office) is shown on the right.

Service hours	Telephone number
9:00 to 17:00	0570-017109 or 03-5252-3772

Notes: 1. Excluding weekends and national holidays and the period from December 31 to January 3
2. For details, please visit the Japanese Bankers Association Counseling Office website (<http://www.zenginkyo.or.jp/adr/>).

3. For Information and Advice Related to Japan Post Insurance

■ Japan Post Insurance Call Center

The Japan Post Insurance Call Center handles inquiries regarding insurance products, premium rates and various types of procedure methods. Please note that in some instances immediate responses cannot be provided depending on the nature of the inquiry.

For responses following the completion of various procedures, information will be provided after the call is forwarded to the service center.

In addition, at the dedicated call center for elderly customers, operators directly answer calls from customers and respond kindly and meticulously to their inquiries.

Service hours	Telephone number
Weekdays: 9:00 to 21:00	● Japan Post Insurance Call Center 0120-552-950 (Japanese only)
Saturday, Sunday and holidays: 9:00 to 17:00	● Dedicated call center for elderly customers 0120-744-552 (Japanese only)

Note: Excluding the period from January 1 to January 3

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Online Inquiries

We can also handle inquiries via the Japan Post Holdings website (<http://www.japanpost.jp/faq/index03.html>).

Please click the button for the link to the relevant company depending on the details of the inquiry.

2. Japan Post Group Privacy Policy

1

Japan Post Group Privacy Policy

The Japan Post Group ("the Group") is dedicated to providing services that can achieve a high degree of customer satisfaction. Properly protecting and the treatment of personal information is vital to accomplishing this goal. Accordingly, the Group has established the following fundamental policy (hereinafter referred to as "the Privacy Policy") for protecting personal information.

(1) Compliance with laws and regulations

When handling personal information, the Group complies with all laws and regulations associated with protecting personal information, national government policies and the provisions of the Privacy Policy ("laws, regulations, etc.," hereafter).

(2) Purpose of using personal information

The Group specifies the purpose of using personal information and uses this information solely for achieving this purpose.

The purposes for which Group companies use personal information are listed in the privacy policies on each company's website and where applicable.

(3) Acquisition of personal information

The Group acquires personal information using methods that are legal and proper.

(4) Security measures for management of personal information

The Group uses an appropriate security management system to prevent leaks, losses or alterations of personal information. In addition, the Group properly supervises persons engaged in the business of handling personal information and outsourcing parties.

(5) Provision of personal information to third parties

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

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

(6) Procedures for requesting disclosure of personal data

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

The disclosure request procedures for each company can be found on their respective websites and where applicable.

(7) Points of contact for inquiries

Requests regarding retained personal data set forth in the preceding section and inquiries and requests regarding treatment of personal information can be made to designated points of contact.

(8) Continuous improvements

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

2

Sharing of Personal Data among Japan Post Group Companies

The Japan Post Group began with the October 2007 privatization of Japan's postal system. Japan Post Group companies consist of Japan Post Holdings Co., Ltd., Japan Post Co., Ltd., Japan Post Bank Co., Ltd., Japan Post Insurance Co., Ltd. and several other subsidiaries and affiliated companies.

Each Japan Post Group company uses its respective specialized skills to provide high-quality services. The objective is to achieve even greater customer satisfaction.

To accomplish this goal, the Japan Post Group wishes to share customers' personal data solely to the degree required and within the scope explained below. This data is used to conduct business activities performed directly by Group companies or through outsourcing parties.

The Group asks for customers' understanding and pledges that strict information management will be used during the shared use of personal data.

(1) Personal data items for shared use

Shared use covers names, birth dates, addresses, telephone numbers and other contact information, family members, occupations and data concerning business transactions with the Group. However, this excludes information about materials sent or delivered by postal mail or any sensitive information.

(2) Scope of parties involved in shared use

Shared use is limited to the Japan Post Group. However, this applies only to companies included in the consolidated financial statements, including equity-method affiliates, of Japan Post Holdings, as prescribed by laws, regulations, etc., and is limited to the following companies:

Japan Post Holdings Co., Ltd, Japan Post Co., Ltd, Japan Post Bank Co., Ltd, Japan Post Insurance Co., Ltd.

(3) Purpose of use

- 1) Distribution of information about services and research and development involving services
- 2) Decisions involving the provision of services
- 3) For the proper management of Group business operations primarily for the purpose of monitoring and managing risks

(4) Name of party with responsibility for managing personal data Japan Post Holdings Co., Ltd.

(5) Other items

- 1) Customer data from pre-privatization postal insurance policy contracts will be used for insurance sales activities only after receiving the prior consent of the applicable customers.
- 2) Prior consent of the applicable customers will be received before using data on savings transactions (private financial information) for insurance sales activities and before using data on transactions (private financial information) involving life insurance policies (including postal insurance) to sell savings products.

3. Japan Post Group Conflicts of Interest Management Policy

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

1. The following companies in the Japan Post Group ("Group companies") fall within the scope of the Conflicts of Interest Management Policy

- Japan Post Bank Co., Ltd.
- Japan Post Insurance Co., Ltd.
- Japan Post Co., Ltd.

2. The Group will manage conflicts of interest for the transactions stipulated below.

(1) Transactions that may unduly impair the interests of customers among the following transactions:

- Transaction with a customer that has an interest in one of the Group companies based on an agreement
- Transaction with a party that has conflicting interests or is competing with a customer that has an interest in one of the Group companies based on an agreement
- Transaction that makes wrongful use of information gained from a customer with an interest in one of the Group companies based on an agreement

(2) Any transaction aside from the aforementioned that may unduly impair the interests of the customer due to a conflict of interest

3. The Group will select one or a combination of the following methods and other measures to manage transactions with a conflict of interest:

- (1) Separate the business unit conducting the target transaction and the business unit conducting the secondary transaction with the customer
- (2) Amend the terms and conditions or method of the target transaction or the secondary transaction with the customer
- (3) Discontinue the target transaction or the secondary transaction with the customer
- (4) Properly disclose to the customer that the target transaction may unduly impair his or her interests

4. The Group will establish a department that handles conflicts of interest independent from business departments that will specify target transactions and properly manage conflicts of interest. In addition, the Group will educate and train executives and employees so that they comply with laws, ordinances and internal regulations set down regarding the management of conflicts of interest.

5. The Group will continuously review its management stance regarding conflicts of interest and strive to make improvements.

4. Japan Post Group Information Security Declaration

Services provided by Japan Post Holdings Co., Ltd., Japan Post Co., Ltd., Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. as the Japan Post Group are used by a large number of customers. We believe that information about these customers must be strictly managed, and the services used by customers must be absolutely safe.

We understand that information security is essential for

customers to use our services with confidence. Our activities reflect this awareness of the importance of information security. We place priority on the following items in order to manage information about customers safely and to protect this information from leaks and alterations resulting from unauthorized access and from disruptions in services caused by accidents, natural disasters and other events.

1. Japan Post Holdings Co.,Ltd., Japan Post Co.,Ltd., Japan Post Bank Co.,Ltd. and Japan Post Insurance Co., Ltd. will establish information security policies and follow the policies for the purpose of conducting information security activities.
2. We will conduct a continuous information security training program for the purpose of maintaining a strong awareness among employees of the importance of information security and reinforcing that awareness.
3. We will conduct continuous inspections of information security activities and make revisions and improvements whenever needed for the purpose of maintaining and enhancing the effectiveness of information security activities.

Guide to Websites of the Japan Post Group



<http://www.japanpost.jp/>

日本郵政
HOLDINGS
JAPAN POST HOLDINGS



<http://www.post.japanpost.jp/>

日本郵便
POST
JAPAN POST



<http://www.jp-bank.japanpost.jp/>

ゆうちょ銀行
BANK
JAPAN POST BANK



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

かんぽ生命
INSURANCE
JAPAN POST INSURANCE



<http://www.japanpost.jp/financial/index02.html>

Announcement of Financial Results

Japan Post Group Annual Report 2015 July 2015

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