Summary of Consolidated Financial Results
for the Fiscal Year Ended March 31, 2015

FASF MEMBERSHIP

May 15, 2015

Company name: Japan Post Holdings Co., Ltd. URL: http://www.japanpost.jp/
Representative: Taizo Nishimuro, President & CEO (Representative Executive Officer)
Contact: Noboru Ichikura, Managing Executive Officer
Phone: +81-3-3504-9708
Scheduled date of General Shareholders' Meeting: June 26, 2015
Trading accounts: Unestablished

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

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

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

	Ordinary income		Net ordinary income		Net income attributable to Japan Post Holdings	
	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2015	14,258,842	(6.4)	1,115,823	1.1	482,682	0.8
Fiscal year ended March 31, 2014	15,240,126	(3.8)	1,103,603	(9.9)	479,071	(14.9)

(Note) Comprehensive income: Fiscal year ended March 31, 2015: ¥2,212,035 million [208.5%]
Fiscal year ended March 31, 2014: ¥717,123 million [(53.8)%]

	Net income per share	Diluted net income per share (Note)	Return on equity	Net ordinary income to total assets	Net ordinary income to ordinary income
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2015	3,217.88	-	3.4	0.4	7.8
Fiscal year ended March 31, 2014	3,193.81	-	3.7	0.4	7.2

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

(Note) Because there was no dilution, the amount for diluted net income per share is omitted.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio (Note)	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2015	295,849,794	15,301,561	5.2	101,992.22
As of March 31, 2014	292,246,440	13,388,650	4.6	89,247.18

(Reference) Equity: As of March 31, 2015: ¥15,298,833 million
As of March 31, 2014: ¥13,387,076 million

(Note) Equity ratio = [(Net assets – Stock acquisition rights – Non-controlling interests) / Total assets] x 100

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2015	(1,204,555)	15,521,777	(42,101)	35,805,379
Fiscal year ended March 31, 2014	18,831	11,180,189	(40,405)	21,529,671

*** Notes:**

(1) Changes in significant subsidiaries during the year under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: Yes
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
4) Retrospective restatement: No
(Note) For details, please refer to [Attachment] "6. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements" on page 14.

(3) Total number of shares issued (common stock)
Total number of shares issued at the end of the year:
March 31, 2015: 150,000,000 shares
March 31, 2014: 150,000,000 shares

(Reference) Summary of non-consolidated financial results

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

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

	Operating income		Net operating income		Net ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2015	251,919	(7.7)	147,187	0.8	149,298	1.0	131,181	(15.4)
Fiscal year ended March 31, 2014	272,988	2.9	146,002	20.5	147,837	17.6	155,090	6.8

	Net income per share	Diluted net income per share (Note)
	Yen	Yen
Fiscal year ended March 31, 2015	874.55	-
Fiscal year ended March 31, 2014	1,033.94	-

(Note) Because there was no dilution, the amount for diluted net income per share is omitted.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio (Note)	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2015	9,107,178	8,744,456	96.0	58,296.38
As of March 31, 2014	9,740,129	8,719,384	89.5	58,129.23

(Reference) Equity: As of March 31, 2015: ¥8,744,456 million
As of March 31, 2014: ¥8,719,384 million

(Note) Equity ratio = [(Net assets – Stock acquisition rights) / Total assets] x 100

* These materials were prepared solely for the purpose of providing information to the general public, and should not be construed as solicitation for investment in shares of the Company or its subsidiaries, or any other securities.

[Attachment]

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1. Analysis of Results of Operations and Financial Position

(1) Analysis of Results of Operations

Looking at the economic climate in Japan during the fiscal year under review, although a downswing was seen during the first half mainly in consumer confidence due to a backlash from last-minute demand associated with the consumption tax hike, the economy recovered gradually during the second half, reflecting factors such as monetary easing by the Bank of Japan and the impact of falling crude oil prices.

The world economy is recovering gradually, mainly in developed countries, despite signs of weakness in some areas.

In the financial and capital markets, with regard to the yield rate on ten-year Japanese government bonds, historically low interest rates continued as the effects of quantitative and qualitative monetary easing by the Bank of Japan made progress, and the yield rate marked a new low when it fell below 0.2% at one point in January 2015, against the backdrop of declining interest rates in Europe and the U.S. and the drop in crude oil prices, after which it became somewhat unstable, and rose to the 0.4% range. The Nikkei Stock Average rose to the ¥16,000 level in September 2014 in response to rising stock prices in the U.S. and anticipations of an expansion in investment by public pensions, and although it later fell to the ¥14,000 level as a result of an increasingly risk-averse attitude among investors, the average reached ¥19,000 level in March 2015, backed by anticipations of an improvement in the domestic economy and corporate earnings.

In the logistics industry, the growth of the e-commerce market led to an expansion in the market for deliveries of small items, such as ordinary parcels. Meanwhile, in order to respond to increasing customer needs for service quality, companies are striving to improve service levels in a harsh competitive environment. In the postal business, mail, etc. continues to decline due to the increased penetration of the Internet, as well as the shift to web billing and other notices and a slump in the direct mailing market.

In the banking industry, real deposit at banks in Japan rose year-on-year during the fiscal year under review, and loans rose for the fourth consecutive year. The financial system overall remains stable, and under monetary easing, fund procurement by financial institutions did not present a major problem.

In the life insurance industry, competition is intensifying due to the need to strengthen sales channels and develop new products in response to the diversification of customer needs and increasingly rigorous product choice amid changing lifestyles, aging population, declining birthrate and increasing number of single-person households.

Under this business environment, consolidated net income attributable to Japan Post Holdings for the fiscal year under review was ¥482.6 billion.

Net income of Japan Post Holdings Co., Ltd., Japan Post Co., Ltd., Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd. is as below.

Company	Net income
Japan Post Holdings Co., Ltd.	¥131.1 billion
Japan Post Co., Ltd.	¥15.4 billion
Japan Post Bank Co., Ltd.	¥369.4 billion
Japan Post Insurance Co., Ltd.	¥81.7 billion

(2) Analysis of Financial Position

Consolidated total assets were ¥295,849.7 billion, an increase of ¥3,603.3 billion from the end of the previous fiscal year. Assets included securities of ¥222,593.9 billion and loans of ¥12,761.3 billion.

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

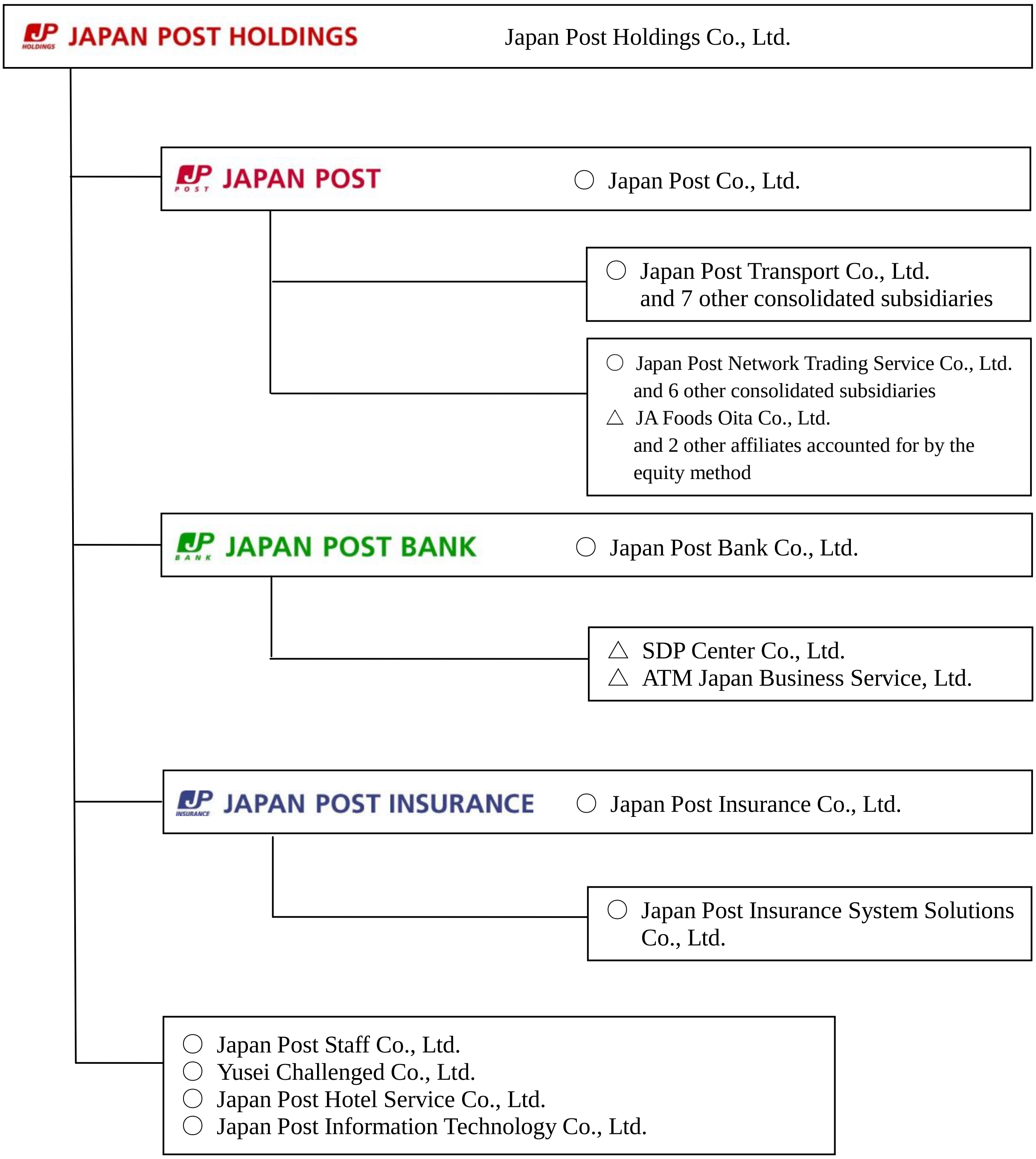
After excluding ¥43.5 billion of cash dividends and adding consolidated net income of ¥482.6 billion, net assets increased from ¥13,388.6 billion at the end of the previous fiscal year to ¥15,301.5 billion. Net assets included net unrealized gains on available-for-sale securities of ¥4,389.2 billion.

2. Overview of the Corporate Group

The Japan Post Group is composed of the Company, 26 subsidiaries (of which 23 are consolidated subsidiaries), and 5 affiliates. Its business operations include postal and logistics business, post office business, banking business and life insurance business.

The organization chart below shows the positions of the Company and its principal subsidiaries and affiliates in each business operation.

(As of March 31, 2015)



○ Consolidated subsidiaries

△ Affiliates accounted for by the equity method

3. Japan Post Group Management Philosophy and Management Policy

The management philosophy and management policy of the Japan Post Group are as below.

(1) 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.

(2) 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.

4. Issues to be Addressed

In light of factors including the scheme for stock listing of the Company, Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd., as well as changes in the business environment, the Group revised the medium-term business plan announced in February 2014. In April 2015, the Group announced its new plan for the period from fiscal 2015 to fiscal 2017, the "Japan Post Group medium-term business plan – creating a new Japan Post Group network 2017."

Under the new medium-term business plan, the Group's medium-term management policies continue to be the three points of strengthening the profitability and operating platforms of the three main businesses, fulfilling obligations to ensure universal services to customers, and enhancing the Group's corporate value in preparation for stock listing. Moreover, the Group is currently facing three new issues, namely "pursuing even greater profitability," "improving productivity," and "corporate governance and return of profit to shareholders as a listed company." In order to overcome these challenges, the Group will work as one in its efforts toward "strategies for business growth and development" including a campaign to turn around the postal and logistics business and revitalization of the post office network, and "Group strategies to support network expansion and function development" including utilization of IT and investment in facilities and equipment. In doing so, the Company aims to over the years develop as a "total lifestyle support company."

For the fiscal year ending March 31, 2016, the Company will continue to strive to formulate and ensure the implementation of the basic management policies in each Group company in order to achieve goals such as maintaining postal, banking, and insurance services as universal services and providing stable services to our customers by maintaining and leveraging the post office network.

The Company will move rapidly forward with preparations in order to enable a near-term stock listing and disposal of stock of the Company by the Japanese government, and will also make preparations based on policies concerning disposal of stock of Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd. The Company will oversee management of the Group with a view to ensuring the steady progress of Group companies' measures to enhance profitability and business efficiencies based on the Japan Post Group medium-term business plan in its efforts to raise the corporate value of the Group. At the same time, the Company, as the holding company, will engage in deeper collaboration with Group companies, and provide support as needed in order to resolve management issues of the Group.

Moreover, in order to realize the corporate governance demanded of a listed company, the Company will strive to strengthen its internal control over the entire Group. To do so, in the fiscal year ending March 31, 2016, the Company continues to position improvement of compliance of the entire Group as a critical issue, and will provide Group companies with required support and guidance, while also promoting and managing measures with regard to preventing recurrence of misconduct.

Furthermore, we will endeavor to ensure the public benefits and interests of the services provided by Group companies, increase customer satisfaction, and work with Group companies to implement CSR activities rooted in the corporate social responsibilities of the Group.

5. Basic Approach Concerning Selection of Accounting Standards

The Company is considering the future adoption of IFRS to improve international comparability of financial information.

6. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Assets		
Cash and due from banks	21,994,452	36,406,491
Call loans	2,073,594	2,406,954
Receivables under securities borrowing transactions	10,034,958	11,094,941
Monetary claims bought	169,721	571,100
Trading account securities	278	104
Money held in trust	3,500,631	4,926,581
Securities	235,623,120	222,593,945
Loans	14,096,911	12,761,331
Foreign exchanges	30,659	49,332
Other assets	1,083,760	1,296,577
Tangible fixed assets	2,665,243	2,790,296
Buildings	1,036,110	1,025,981
Land	1,445,909	1,513,334
Construction in progress	27,838	61,211
Other tangible fixed assets	155,384	189,769
Intangible fixed assets	270,559	303,854
Software	253,935	287,246
Other intangible fixed assets	16,623	16,607
Asset for retirement benefits	-	10,653
Deferred tax assets	592,844	547,743
Customers’ liabilities for acceptances and guarantees	115,000	95,000
Reserve for possible loan losses	(5,295)	(5,113)
Total assets	292,246,440	295,849,794

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Liabilities		
Deposits	175,291,979	175,697,196
Policy reserves and others	80,799,941	77,905,677
Reserve for outstanding claims	831,690	718,156
Policy reserves	77,745,490	75,112,601
Reserve for policyholder dividends	2,222,759	2,074,919
Payables under securities lending transactions	14,370,767	17,228,691
Foreign exchanges	249	266
Other liabilities	3,678,082	5,091,074
Reserve for bonuses	93,649	93,528
Liability for retirement benefits	2,884,827	2,269,094
Reserve under the special laws	614,233	712,167
Reserve for price fluctuations	614,233	712,167
Deferred tax liabilities	1,009,058	1,455,537
Acceptances and guarantees	115,000	95,000
Total liabilities	278,857,789	280,548,232
Net assets		
Capital stock	3,500,000	3,500,000
Capital surplus	4,503,856	4,503,856
Retained earnings	2,967,703	3,149,937
Total shareholders' equity	10,971,559	11,153,793
Net unrealized gains (losses) on available-for-sale securities	2,750,463	4,389,261
Net deferred gains (losses) on hedges	(596,892)	(666,430)
Foreign currency translation adjustments	66	160
Accumulated adjustments for retirement benefits	261,879	422,048
Total accumulated other comprehensive income	2,415,517	4,145,039
Non-controlling interests	1,573	2,728
Total net assets	13,388,650	15,301,561
Total liabilities and net assets	292,246,440	295,849,794

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Ordinary income	15,240,126	14,258,842
Postal business income	1,761,145	1,806,955
Banking business income	2,075,516	2,077,038
Life insurance business income	11,233,998	10,168,044
Other ordinary income	169,465	206,804
Ordinary expenses	14,136,522	13,143,018
Operating expenses	11,640,717	10,634,972
Personnel expenses	2,300,355	2,319,195
Depreciation and amortization	175,682	180,580
Other ordinary expenses	19,767	8,269
Net ordinary income	1,103,603	1,115,823
Extraordinary gains	1,811	9,439
Gains on sales of fixed assets	371	4,316
Gains on negative goodwill	-	2,680
Compensation for transfer	495	474
Compensation income	932	369
Reversal of accounts payable	-	1,567
Other extraordinary gains	12	31
Extraordinary losses	122,801	144,221
Losses on sales and disposal of fixed assets	13,706	6,061
Losses on impairment of fixed assets	13,655	5,390
Provision for reserve under the special laws	91,360	97,934
Provision for reserve for price fluctuations	91,360	97,934
Post office refurbishment expenses	974	22,071
Other extraordinary losses	3,104	12,762
Provision for reserve for policyholder dividends	242,146	200,722
Income before income taxes	740,466	780,319
Income taxes current	381,825	376,289
Income taxes deferred	(120,582)	(78,484)
Total income taxes	261,242	297,805
Net income	479,224	482,514
Net income (loss) attributable to non-controlling interests	152	(168)
Net income attributable to Japan Post Holdings	479,071	482,682

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Net income	479,224	482,514
Other comprehensive income	237,899	1,729,521
Net unrealized gains (losses) on available-for-sale securities	457,899	1,638,786
Net deferred gains (losses) on hedges	(220,069)	(69,537)
Foreign currency translation adjustments	66	94
Adjustments for retirement benefits	-	160,168
Share of other comprehensive income of affiliates	2	9
Comprehensive income	717,123	2,212,035
Total comprehensive income attributable to:		
Japan Post Holdings	716,970	2,212,205
Non-controlling interests	152	(169)

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2014

(Millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of the fiscal year	3,500,000	4,503,856	2,527,181	10,531,037
Changes in the fiscal year				
Cash dividends			(38,550)	(38,550)
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 at the end of the fiscal year	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 at the beginning of the fiscal year	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 at the end of the fiscal year	2,750,463	(596,892)	66	261,879	2,415,517	1,573	13,388,650

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of the fiscal year	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 at the beginning of the fiscal year	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 at the end of the fiscal year	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 at the beginning of the fiscal year	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 at the beginning of the fiscal year	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 at the end of the fiscal year	4,389,261	(666,430)	160	422,048	4,145,039	2,728	15,301,561

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Cash flows from operating activities:		
Income before income taxes	740,466	780,319
Depreciation and amortization	175,682	180,580
Losses on impairment of fixed assets	13,655	5,390
Equity in (earnings) losses of affiliates	(12)	561
Gains on negative goodwill	-	(2,680)
Net change in reserve for outstanding claims	(115,432)	(113,534)
Net change in policy reserves	(3,656,490)	(2,632,889)
Provision for interest on policyholder dividends	4,627	1,497
Provision for reserve for policyholder dividends	242,146	200,722
Net change in reserve for possible loan losses	(1,470)	(579)
Net change in reserve for bonuses	(2,367)	(187)
Net change in asset and liability for retirement benefits	(374,374)	(250,106)
Contribution of retirement benefit trust	-	(639,944)
Net change in reserve for price fluctuations	91,360	97,934
Interest and dividend income	(1,459,322)	(1,367,028)
Interest expenses	5,008	4,358
Interest income (accrual basis)	(1,827,610)	(1,893,273)
Interest expenses (accrual basis)	361,245	356,061
Net (gains) losses on securities	(66,359)	(52,405)
Net (gains) losses on money held in trust	(113,593)	(75,914)
Net (gains) losses on foreign exchanges	(281,267)	(520,124)
Net (gains) losses on sales and disposal of fixed assets	13,354	1,601
Net change in loans	890,310	291,104
Net change in deposits	434,761	405,236
Net change in negotiable certificates of deposit	20,000	(90,000)
Net change in call loans	(9,577)	(177,681)
Net change in receivables under securities borrowing transactions	928,763	(1,161,315)
Net change in payables under securities lending transactions	1,224,351	2,902,607
Net change in foreign exchanges (assets)	(27,608)	(18,672)
Net change in foreign exchanges (liabilities)	(23)	16
Interest received (cash basis)	2,012,769	2,060,574
Interest paid (cash basis)	(205,712)	(211,511)
Other, net	166,840	34,438
Subtotal	(815,849)	(1,884,839)
Interest and dividend income received	1,654,629	1,439,976
Interest expenses paid	(4,957)	(4,370)
Policyholder dividends paid	(420,523)	(349,687)
Income taxes paid	(394,466)	(405,633)
Net cash provided by (used in) operating activities	18,831	(1,204,555)

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Cash flows from investing activities:		
Purchases of call loans	(32,758,125)	(33,053,228)
Proceeds from redemption of call loans	32,731,552	32,837,825
Purchases of monetary claims bought	(2,746,495)	(3,417,540)
Proceeds from sale and redemption of monetary claims bought	3,066,421	3,131,989
Net change in receivables under securities borrowing transactions	(490,901)	101,332
Net change in payables under securities lending transactions	588,617	(44,684)
Purchases of securities	(41,594,073)	(29,457,673)
Proceeds from sale of securities	4,029,294	4,069,483
Proceeds from redemption of securities	46,827,862	41,071,899
Purchases of money held in trust	(459,900)	(710,000)
Proceeds from sale of money held in trust	564,939	145,159
Payments for loans	(1,610,723)	(1,354,617)
Proceeds from collection of loans	3,273,670	2,397,830
Purchases of tangible fixed assets	(76,047)	(183,547)
Proceeds from sale of tangible fixed assets	1,437	12,165
Purchases of intangible fixed assets	(84,912)	(97,719)
Purchases of stocks of subsidiaries and affiliates	(63)	(1,768)
Proceeds from purchases of stocks of subsidiaries resulting in change in scope of consolidation	-	1,420
Other, net	(82,362)	73,450
Net cash provided by investing activities	11,180,189	15,521,777
Cash flows from financing activities:		
Proceeds from borrowings	4,050	6,100
Repayments of borrowings	(4,489)	(3,610)
Dividends paid	(38,550)	(43,500)
Dividends paid to non-controlling interests	-	(28)
Other, net	(1,415)	(1,062)
Net cash used in financing activities	(40,405)	(42,101)
Effect of exchange rate changes on cash and cash equivalents	661	587
Net change in cash and cash equivalents	11,159,277	14,275,707
Cash and cash equivalents at the beginning of the year	10,370,394	21,529,671
Cash and cash equivalents at the end of the year	21,529,671	35,805,379

(5) Notes to Consolidated Financial Statements

(Notes on Going-Concern Assumption)

None

(Basis of Presentation of Consolidated Financial Statements)

	Fiscal year ended March 31, 2015
1. Scope of consolidation	(1) Consolidated subsidiaries: 23 Principal companies: Japan Post Co., Ltd. Japan Post Bank Co., Ltd. Japan Post Insurance Co., Ltd. Japan Post Delivery Co., Ltd. and three other companies are included in the scope of consolidation due to the establishment of the company and Japan Post Office Support Co., Ltd. and two other companies are included in the scope of consolidation from the current fiscal year due to the acquisitions of their stock. (2) Non-consolidated subsidiaries: 3 Tokyo Beiyu Co., Ltd. Japan Post Maintenance Co., Ltd. Daito Setsubi Kogyo Co., Ltd. These non-consolidated subsidiaries are excluded from the scope of consolidation because their assets, ordinary income, net income (loss) (amount corresponding to the Group's equity position), retained earnings (amount corresponding to the Group's equity position), accumulated other comprehensive income (amount corresponding to the Group's equity position) and others are immaterial and the exclusion of these companies from the scope of consolidation does not hinder a reasonable understanding of the Group's financial position and results of operations.
2. Application of the equity method	(1) Non-consolidated subsidiaries accounted for by the equity method None (2) Affiliates accounted for by the equity method: 5 JA Foods Oita Co., Ltd. RINGBELL Co., Ltd. Saison Asset Management Co., Ltd. SDP Center Co., Ltd. ATM Japan Business Service, Ltd. RINGBELL Co., Ltd. and Saison Asset Management Co., Ltd. are included in the scope of the equity method from the current fiscal year due to the acquisition of their stock. (3) Non-consolidated subsidiaries not accounted for by the equity method: 3 Tokyo Beiyu Co., Ltd. Japan Post Maintenance Co., Ltd. Daito Setsubi Kogyo Co., Ltd. These non-consolidated subsidiaries are excluded from the scope of the equity method because their net income (loss) (amount corresponding to the Group's equity position), retained earnings (amount corresponding to the Group's equity position), accumulated other comprehensive income (amount corresponding to the Group's equity position) and others are immaterial and the exclusion of these companies from the scope of the equity method does not hinder a reasonable understanding of the Group's financial position and results of operations.

	Fiscal year ended March 31, 2015
	(4) Affiliates not accounted for by the equity method None
3. Fiscal year-end dates of consolidated subsidiaries	(1) Fiscal year-end for consolidated subsidiaries December 31: 1 March 31: 22 (2) 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.
4. Summary of significant accounting policies (1) Valuation criteria and methods for trading account securities	Trading account securities are carried at fair value.
(2) Valuation criteria and methods for securities	1) 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. 2) 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.
(3) Valuation criteria and methods for derivative transactions	All derivative transactions are valued at fair value.

	Fiscal year ended March 31, 2015
(4) Depreciation methods of fixed assets	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 lives of mainly 5 years. 3) Leased assets 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.
(5) Recognition of 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.

	Fiscal year ended March 31, 2015
	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.
(6) Reserve for bonuses	To provide for the payment of bonuses to employees, a reserve is provided in 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.
(7) Accounting method for 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 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 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. (Additional information) 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. Such prior service cost is amortized using the straight-line method over a fixed period (10-14 years) within the estimated average remaining service lives for employees in the fiscal year in which the difference is incurred. 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 for retirement benefits.” The Company has established retirement benefit trusts. 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 when incurred.

	Fiscal year ended March 31, 2015
	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. The actuarial difference is amortized using the straight-line method over a fixed period (5 years) within the estimated average remaining payment periods of eligible personnel from the fiscal year after the difference incurred. (Additional information) 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 this resolution, ¥639,944 million of cash and due from banks were contributed on January 29, 2015.
(8) Translation of assets and liabilities denominated in foreign currencies into Japanese yen	Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end.
(9) 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. 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.

	Fiscal year ended March 31, 2015
(10) Amortization method of goodwill and amortization period	Goodwill is amortized for a period up to 5 years depending on the cause of amortization using the straight-line method. Goodwill deemed immaterial, however, is expensed as incurred.
(11) Reserve for price fluctuations	Reserve for price fluctuations is computed based on Article 115 of the Insurance Business Act.
(12) Scope of funds in consolidated statements 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”).
(13) Principal matters serving as the basis for preparing financial statements	1) Consumption taxes All figures are net of consumption taxes. 2) 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. 3) Method of accumulating 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: (a) Reserves for contracts subject to the standard policy reserve are computed in accordance with the method prescribed by the Commissioner for Finance Services Agency (Ordinance No. 48 issued by the Ministry of Finance in 1996). (b) 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 over a 10-year period for a portion of reinsurance contracts from the Management Organization for Postal Savings and Postal Life Insurance, which is an independent administrative institution. As a result, the amounts of provision for policy reserves for the current fiscal year were ¥176,491 million.

(Changes in Accounting Policies)

Fiscal year ended March 31, 2015
(Changes in Accounting Policies Due to the Revision of Accounting Standards) 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, net ordinary income and income before income taxes for the year ended March 31, 2015 both increased by ¥10,561 million.

(Changes in Presentation)

Fiscal year ended March 31, 2015
(Consolidated Statements of Cash Flows) “Net change in receivables under securities borrowing transactions” and “net change in payables under securities lending transactions,” which were included in “net change in receivables/ payables under securities borrowing/ lending transactions” under “cash flows from investing activities” in the previous fiscal year, are separately presented from the current fiscal year due to an increase in materiality. To reflect this change in method of presentation, the consolidated financial statements for the previous fiscal year have been reclassified. As a result, ¥97,715 million presented as “net change in receivables/ payables under securities borrowing/ lending transactions” under “cash flows from investing activities” in the consolidated statements of cash flows for the previous fiscal year has been reclassified into “net change in receivables under securities borrowing transactions” of ¥(490,901) million and “net change in payables under securities lending transactions” of ¥588,617 million. In addition, “payments into time deposits,” which was separately presented under “cash flows from investing activities” in the previous fiscal year, is included in “other, net” from the current fiscal year due to a decrease in materiality. To reflect this change in method of presentation, the consolidated financial statements for the previous fiscal year have been reclassified. As a result, ¥(715) million presented as “payments into time deposits” and ¥(81,647) million presented as “other, net” under “cash flows from investing activities” in the consolidated statements of cash flows for the previous fiscal year have been reclassified as “others” of ¥(82,362) million.

(Additional Information)

Fiscal year ended March 31, 2015
(Adjustments to the amounts of deferred tax assets and deferred tax liabilities due to changes in the rate of income taxes) 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. (Conversion of Toll Holdings Limited into a wholly-owned subsidiary through acquisition of stock) Japan Post Co., Ltd., a consolidated subsidiary of the Company, has decided to make Toll Holdings Limited (hereinafter referred to as the “Toll”), an Australian leading logistics company listed on the Australian Securities Exchange, into a wholly-owned subsidiary by acquiring 100% of issued stock. (1) Purpose of the share acquisition 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. In addition, Japan Post Co., Ltd. acquired the shares of Toll Holdings Limited, which is an Australian leading logistics company, so as to enhance its global business development while firmly establishing its position in the Asian market in the future. (2) Company name, business description and others of the acquired company 1) Company name Toll Holdings Limited 2) Company location Melbourne, Australia 3) Business description Forwarding business, 3PL business, Express business, and others* *Toll is a holding company and its group subsidiaries are engaged in the above businesses. 4) Capital stock A$2,977 million 5) Results of operations (Consolidated fiscal year ended June 30, 2014) Revenue A$8,811 million Net income A$293 million 6) Financial position (Consolidated fiscal year ended June 30, 2014) Total assets A$5,902 million Net assets A$2,733 million (3) Timing of stock acquisition Late May 2015 (scheduled)

Fiscal year ended March 31, 2015
(4) Acquisition cost and percentage of ownership after the stock acquisition 1) Acquisition cost Approximately ¥620 billion (scheduled) 2) Percentage of ownership after the stock acquisition 100% (scheduled) (5) Method for raising fund Japan Post Co., Ltd. appropriated its own fund on hand for the stock acquisition.

(Notes to Consolidated Balance Sheets)

As of March 31, 2015

1. Securities include ¥2,283 million of stocks of non-consolidated subsidiaries and affiliates.
2. Secured loan securities for which borrowers have the right to sell or pledge in the amount of ¥301,181 million were included in Japanese government bonds in "securities".

   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.
3. There were no insolvent loans, non-accrual delinquent loans, past-due loans (three months or more), and restructured loans.
4. Accumulated depreciation of tangible fixed assets: ¥957,443 million
5. Deferred gains on tangible fixed assets not recognized for tax purposes: ¥62,252 million
6. Changes in reserve for policyholder dividends

	(Millions of yen)
Balance at the beginning of the fiscal year:	2,222,759
Policyholder dividends paid in the fiscal year:	349,687
Interest accrual:	1,497
Reduction due to the acquisition of additional annuity:	372
Provision for reserve for policyholder dividends:	200,722
Balance at the end of the fiscal year:	2,074,919

7. 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 was ¥285 million. In addition, policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations were ¥314 million.
8. The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amounts of ¥22,829 million pursuant to Article 259 of the Insurance Business Act. These obligations are recognized as operating expenses when they are made.
9. Policy reserves, excluding contingency reserve, related to reinsurance contracts with Management Organization for Postal Savings and Postal Life Insurance are provided at ¥52,156,724 million, which is an amount calculated based on the statement of calculation procedures for the insurance subsidiary's insurance premiums and policy reserves, and 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).

   Contingency reserve of ¥2,182,885 million and reserve for price fluctuations of ¥626,849 million were provided for the category of reinsurance.

(Notes to Consolidated Statements of Income)

Fiscal year ended March 31, 2015
1. 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. 2. 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. Accordingly, ¥22,071 million of "post office refurbishment expenses" were recorded as extraordinary losses.

(Notes to Consolidated Statements of Comprehensive Income)

Fiscal year ended March 31, 2015

Reclassification adjustments and related tax effect for other comprehensive income

	(Millions of yen)
Net unrealized gains (losses) on available-for-sale securities:	
Amount arising during the fiscal year	2,431,516
Reclassification adjustments	(236,039)
Before tax effect adjustments	2,195,476
Tax effect	(556,689)
Net unrealized gains (losses) on available-for-sale securities	1,638,786
Net deferred gains (losses) on hedges:	
Amount arising during the fiscal year	(369,756)
Reclassification adjustments	321,616
Adjustments of assets' acquisition costs	(5,985)
Before tax effect adjustments	(54,125)
Tax effect	(15,411)
Net deferred gains (losses) on hedges	(69,537)
Foreign currency translation adjustments:	
Amount arising during the fiscal year	94
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
Total other comprehensive income	1,729,521

(Notes to Consolidated Statements of Changes in Net Assets)

Fiscal year ended March 31, 2015

1. Type and number of shares issued

(Thousands of shares)

	April 1, 2014	Increase	Decrease	March 31, 2015	Remarks
Shares issued					
Common stock	150,000	-	-	150,000	

2. Information concerning 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.

Cash dividends paid of the current fiscal year

Resolution	Class of shares	Total amount (Millions of yen)	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 21, 2014	Common stock	43,500	290.00	March 31, 2014	June 25, 2014

(Notes to Consolidated Statements of Cash Flows)

Fiscal year ended March 31, 2015

The reconciliation of cash and cash equivalents in the consolidated statements of cash flows to cash and due from banks in the consolidated balance sheets is as follows:

	(Millions of yen)
Cash and due from banks	36,406,491
Negotiable certificates of deposit included in cash and due from banks of the banking subsidiary	(705,000)
Negotiable certificates of deposit included in securities	105,160
Deposits with maturities of more than three months	(912)
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

(Financial Instruments)

1. Status of 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 adverse effects such as damage to the ability to secure more stable profit or loss for the period 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 means of asset liability management (ALM), under which framework the companies enter into transactions in derivatives 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 swap 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 hedging 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 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 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 others for individual companies and corporate groups and supervise these limits during each fiscal year.

2) Management of Market Risk

Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. use VaR method to quantify market risk exposure, in accordance with the respective rules of the companies on market risk management.

3) Management of Liquidity Risk Related to Fund Raising Activities

Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. 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.

2. Fair Values of Financial Instruments

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

(Millions of yen)

	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)	-

(* 1) General reserve for possible loan losses corresponding to loans has been deducted.

(* 2) 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.

Note 1: Calculation Method for Fair Values of Financial Instruments

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 “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 “Securities.”

(8) Loans

For loans with variable interest rates, which follow market interest rates only over the short-term, fair value approximates 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 discounted present value of future cash flows.

For loans which amounts are limited to the values of corresponding collateral and which have no fixed date of repayments, book values are used as fair value, because their fair value approximates book value considering the term 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 discounted present value of 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 stock exchange or values obtained from net present value calculations.

Note 2: 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)

Class	Amount on the consolidated balance sheets
Unlisted stocks (*)	24,158
Total	24,158

(*) The above instruments are not included in the scope of fair value disclosures because there are no available market prices and it is extremely difficult to determine their fair values.

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

(Millions of yen)

	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
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						
Held-to-maturity bonds	17,313,507	27,145,011	14,840,900	12,022,926	14,488,099	23,854,900
Policy-reserve-matching bonds	1,911,429	4,288,547	1,762,786	1,444,146	2,168,753	3,809,900
Available-for-sale securities with maturities	11,891,065	22,734,359	16,427,080	12,087,041	13,301,078	3,726,106
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

Note 4: Redemption schedule of deposits and payables under securities lending transactions

(Millions of yen)

	Within 1 year	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
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	-

(*) Demand deposits are included in "Within 1 year."

(Securities)

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. Trading account securities (As of March 31, 2015)

There were no valuation gains (losses) associated with trading account securities recorded under income or expenses for the fiscal year ended March 31, 2015.

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

(Millions of yen)

	Type	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds consolidated balance sheet amount	Japanese government bonds	93,418,463	99,419,865	6,001,402
	Japanese local government bonds	8,755,185	9,211,651	456,466
	Japanese corporate bonds	7,341,570	7,633,754	292,183
	Others	234,597	291,352	56,754
	Subtotal	109,749,817	116,556,624	6,806,806
Those for which fair value does not exceed consolidated balance sheet amount	Japanese government bonds	-	-	-
	Japanese local government bonds	64,865	64,341	(523)
	Japanese corporate bonds	370,318	370,268	(49)
	Others	-	-	-
	Subtotal	435,183	434,610	(573)
Total		110,185,001	116,991,234	6,806,232

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

(Millions of yen)

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

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

(Millions of yen)

	Type	Consolidated balance sheet amount	Cost	Difference
Those for which consolidated balance sheet amount exceeds cost	Stocks	24,177	14,553	9,623
	Bonds	57,584,562	55,841,340	1,743,222
	Japanese government bonds	43,599,527	42,214,543	1,384,984
	Japanese local government bonds	5,178,080	5,056,546	121,534
	Short-term corporate bonds	-	-	-
	Japanese corporate bonds	8,806,954	8,570,251	236,703
	Others	32,127,672	28,317,297	3,810,374
	Subtotal	89,736,412	84,173,191	5,563,220
Those for which consolidated balance sheet amount does not exceed cost	Stocks	-	-	-
	Bonds	4,556,667	4,562,225	(5,558)
	Japanese government bonds	3,190,097	3,191,876	(1,779)
	Japanese local government bonds	382,953	383,706	(753)
	Short-term corporate bonds	226,986	226,986	-
	Japanese corporate bonds	756,629	759,655	(3,025)
	Others	5,169,597	5,214,569	(44,971)
	Subtotal	9,726,265	9,776,795	(50,530)
Total		99,462,677	93,949,986	5,512,690

5. Held-to-maturity bonds sold during the fiscal year (From April 1, 2014 to March 31, 2015)
   None

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

(Millions of yen)

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

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

(Millions of yen)

	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)
Others	411,885	6,295	(5,050)
Total	2,364,012	8,376	(10,444)

(Money Held in Trust)

As of March 31, 2015

1. Money held in trust classified as trading
   None

2. Money held in trust classified as held-to-maturity
   None

3. Money held in trust classified as other than trading and held-to-maturity

(Millions of yen)

	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)

Note: "Amount for which consolidated balance sheet amount exceeds cost" and "Amount for which consolidated balance sheet amount does not exceed cost" are sub-items of "Difference" respectively.

(Retirement Benefits)

Fiscal year ended March 31, 2015

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 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)
Balance at the beginning of the fiscal year	2,895,530
Cumulative effects of changes in accounting policies	263,412
Restated balance at the beginning of the fiscal year	3,158,943
Service cost	127,742
Interest cost	19,243
Actuarial differences	(10,552)
Benefits paid	(213,843)
Prior service cost	(184,859)
Other	247
Balance at the end of the fiscal year	2,896,921

(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)
Balance at the beginning of the fiscal year	10,702
Expected return on plan assets	449
Actuarial differences	(336)
Contributions paid by the employer	640,910
Benefits paid	(13,244)
Balance at the end of the fiscal year	638,481

(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 on the consolidated balance sheets

	(Millions of yen)
Funded retirement benefit obligations	628,054
Share of public service pension	616,162
Share of another public service pension	1,257
Corporate pension plan	10,634
Plan assets	(638,481)
Share of public service pension	(626,576)
Share of another public service pension	(1,030)
Corporate pension plan	(10,874)
	(10,426)
Unfunded retirement benefit obligations	2,268,867
Lump-sum severance indemnity	2,268,867
Net liability (asset) for retirement benefits	2,258,440
Liability for retirement benefits	2,269,094
Asset for retirement benefits	(10,653)
Net liability (asset) for retirement benefits	2,258,440

(4) Retirement benefit costs

	(Millions of yen)
Service cost	127,742
Interest cost	19,243
Expected return on plan assets	(449)
Amortization of actuarial differences	(17,192)
Amortization of prior service cost	(13,309)
Other	335
Total	116,370

(5) Adjustments for retirement benefits (before tax effect)

Breakdown of items recognized as adjustments for retirement benefits (before tax effect) is as follows:

	(Millions of yen)
Prior service cost	171,549
Actuarial differences	(6,976)
Total	164,572

(6) Accumulated adjustments for retirement benefits (before tax effect)

Breakdown of items recognized as accumulated adjustments for retirement benefits (before tax effect) is as follows:

	(Millions of yen)
Unrecognized prior service cost	282,212
Unrecognized actuarial differences	147,808
Total	430,021

(7) Plan assets

1) Composition by main categories contained in plan assets is as follows:

	(%)
Bonds	71
Stocks	0
Loans	28
Others	0
Total	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.

2) Method for determining long-term expected rate of return on plan assets

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

Actuarial assumptions at the end of the current fiscal year

	(%)
Discount rate	0.2-0.7
Long-term expected rate of return on plan assets	0.1-2.0

(Per Share Data)

(Yen)

	Fiscal year ended March 31, 2015
Net assets per share	101,992.22
Net income per share	3,217.88

Note: Diluted net income per share is not presented as potential common stock did not exist.

(Subsequent Events)

None

7. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Assets		
Current assets		
Cash and deposits	195,114	277,553
Accounts receivable	176,642	139,560
Inventories	615	511
Short-term loan	31,620	42,200
Prepaid expenses	69	68
Others	857	2,916
Reserve for possible loan losses	(10)	(7)
Total current assets	404,908	462,804
Non-current assets		
Tangible fixed assets		
Buildings	37,460	36,784
Structures	704	652
Machinery	694	692
Vehicles	108	86
Tools and fixtures	5,083	3,323
Land	92,249	95,727
Construction in progress	600	735
Total tangible fixed assets	136,902	138,001
Intangible fixed assets		
Software	1,590	8,582
Others	332	428
Total intangible fixed assets	1,922	9,010
Investments and other assets		
Stocks of subsidiaries and affiliates	9,195,299	8,502,299
Long-term prepaid expenses	84	74
Claims in bankruptcy	120	89
Others	1,011	139
Reserve for possible loan losses	(120)	(89)
Allowance for investment loss	-	(5,152)
Total investments and other assets	9,196,395	8,497,360
Total non-current assets	9,335,220	8,644,373
Total assets	9,740,129	9,107,178

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Liabilities		
Current liabilities		
Accounts payable	19,026	52,626
Income taxes payable	152,891	107,444
Consumption taxes payable	-	455
Accrued expenses	3,169	2,138
Reserve for bonuses	1,746	1,670
Reserve for point service program	472	516
Others	1,093	4,922
Total current liabilities	178,399	169,775
Long-term liabilities		
Reserve for retirement benefits	817,712	167,507
Reserve for compensation for accidents in the course of duty	22,550	21,609
Others	2,081	3,828
Total long-term liabilities	842,344	192,946
Total liabilities	1,020,744	362,721
Net assets		
Shareholders' equity		
Capital stock	3,500,000	3,500,000
Capital surplus		
Capital reserve	4,503,856	875,000
Other capital surplus	-	3,628,856
Total capital surplus	4,503,856	4,503,856
Retained earnings		
Other retained earnings		
Retained earnings brought forward	715,528	740,600
Total retained earnings	715,528	740,600
Total shareholders' equity	8,719,384	8,744,456
Total net assets	8,719,384	8,744,456
Total liabilities and net assets	9,740,129	9,107,178

(2) Non-consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Operating income		
Commissions from subsidiaries and affiliates	10,348	11,449
Dividend income from subsidiaries and affiliates	131,253	119,517
Income from business consignment	52,541	47,482
Subsidy payment equivalent to deposit insurance premiums	22,069	18,967
Income from hospital business	24,902	24,137
Income from hotel business	31,874	30,365
Total operating income	272,988	251,919
Operating expenses		
Expenses for business consignment	50,426	43,851
Expenses for hospital business	30,683	30,202
Expenses for hotel business	33,725	33,299
Administrative expenses	12,150	(2,622)
Total operating expenses	126,985	104,731
Net operating income	146,002	147,187
Other income		
Interest income	230	377
Rent income	2,599	2,520
Others	501	553
Total other income	3,331	3,451
Other expenses		
Interest expenses	6	3
Rent expenses	1,162	1,154
Others	327	182
Total other expenses	1,496	1,340
Net ordinary income	147,837	149,298
Extraordinary gains		
Gains on sales of fixed assets	3	471
Compensation income	443	369
Reversal of accounts payable	-	1,567
Income from system contract cancellation	-	1,770
Others	12	9
Total extraordinary gains	459	4,187
Extraordinary losses		
Losses on sales and disposal of fixed assets	1,372	858
Losses on impairment of fixed assets	9,836	1,573
Provision for allowance for investment loss	-	5,152
Share of post office refurbishment expenses	-	24,029
Others	-	5,777
Total extraordinary losses	11,209	37,391
Income before income taxes	137,088	116,095
Income taxes current	(18,001)	(15,086)
Total income taxes	(18,001)	(15,086)
Net income	155,090	131,181

(3) Non-consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2014

(Millions of yen)

	Shareholders' equity						Total net assets
	Capital stock	Capital surplus		Retained earnings		Total shareholders' equity	
		Capital reserve	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at the beginning of the fiscal year	3,500,000	4,503,856	4,503,856	598,987	598,987	8,602,843	8,602,843
Changes in the fiscal year							
Cash dividends				(38,550)	(38,550)	(38,550)	(38,550)
Net income				155,090	155,090	155,090	155,090
Net changes in the fiscal year	-	-	-	116,540	116,540	116,540	116,540
Balance at the end of the fiscal year	3,500,000	4,503,856	4,503,856	715,528	715,528	8,719,384	8,719,384

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at the beginning of the fiscal year	3,500,000	4,503,856	-	4,503,856	715,528	715,528
Cumulative effects of changes in accounting policies					(62,609)	(62,609)
Restated balance at the beginning of the fiscal year	3,500,000	4,503,856	-	4,503,856	652,918	652,918
Changes in the fiscal year						
Cash dividends					(43,500)	(43,500)
Net income					131,181	131,181
Transfer to other capital surplus from capital reserve		(3,628,856)	3,628,856	-		
Net changes in the fiscal year	-	(3,628,856)	3,628,856	-	87,681	87,681
Balance at the end of the fiscal year	3,500,000	875,000	3,628,856	4,503,856	740,600	740,600

	Shareholders' equity	Total net assets
	Total shareholders' equity	
Balance at the beginning of the fiscal year	8,719,384	8,719,384
Cumulative effects of changes in accounting policies	(62,609)	(62,609)
Restated balance at the beginning of the fiscal year	8,656,774	8,656,774
Changes in the fiscal year		
Cash dividends	(43,500)	(43,500)
Net income	131,181	131,181
Transfer to other capital surplus from capital reserve	-	-
Net changes in the fiscal year	87,681	87,681
Balance at the end of the fiscal year	8,744,456	8,744,456

(4) Notes to Non-consolidated Financial Statements

(Significant Accounting Policies)

	Fiscal year ended March 31, 2015
1. Valuation criteria and methods for securities	Investments in subsidiaries and affiliates 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. 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). Net unrealized gains (losses) on available-for-sale securities, net of income taxes, are included in net assets.
2. Valuation criteria and methods for inventories	Inventories are stated at cost using the moving-average method (writing down the book value of inventories based on decreased profitability).
3. Depreciation methods of fixed assets	(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: 2-60 years (2) Intangible fixed assets (excluding leased assets) Amortization of intangible fixed assets is computed using the straight-line method. The useful lives are determined in accordance with the Corporation Tax Act. The capitalized development costs of software intended for internal use are amortized over the expected useful lives of mainly 5 years. (3) Leased assets Finance lease transactions that do not transfer ownership are depreciated to the residual value of zero using the straight-line method over the lease term.
4. Criteria for allowances and reserves	(1) Reserve for possible loan losses For reserve for possible loan losses, 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) Allowance for investment loss For losses from investment in subsidiaries, etc., the amount deemed necessary is provided based on the financial conditions, etc. of the relevant subsidiary. (3) Reserve for bonuses For payment of bonuses to employees, reserve for bonuses is recorded in an 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. (4) Reserve for point service program To provide for the usage of points granted to customers, the Company has recorded at the end of the fiscal year the amounts for points expected to be used in the future.

	Fiscal year ended March 31, 2015
	(5) Reserve for retirement benefits 1) For employee retirement benefits, reserve for retirement benefits is recorded based on the projected retirement benefit obligation at the end of the fiscal year. The actuarial difference is amortized based on a proportional amount using the straight-line method over a fixed period (10 years) within the estimated average remaining service periods for employees from the fiscal year following the respective fiscal year in which the difference is incurred. The prior service cost is amortized using the straight-line method over a fixed period (10 years) within the estimated average remaining service periods for employees in the fiscal year in which the difference is incurred. (Additional information) Effective from April 1, 2015, the Company has revised its retirement programs and its 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 ¥1,426 million is recognized for the year ended March 31, 2015. Such prior service cost is amortized using the straight-line method over a fixed period (10 years) within the estimated average remaining service lives for employees in the fiscal year in which the difference is incurred. 2) Charges for the pension program of national public service personnel associated with pension benefits for the service period up to 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 “Reserve for retirement benefits.” The Company has established retirement benefit trusts. 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 when incurred. 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 “Reserve for retirement benefits.” The Company has established retirement benefit trusts. 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 incurred.

	Fiscal year ended March 31, 2015
	(Additional information) 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 this resolution, cash and deposits of ¥639,944 million were contributed on January 29, 2015. (6) Reserve for compensation for accidents in the course of duty To provide for the need to pay compensation to employees (or the families of the deceased) for accidents they were involved in during their duty or during commuting, reserve for compensation for accidents in the course of duty is posted as liabilities in the current fiscal year. Actuarial difference is amortized based on a proportional amount using the straight-line method over a fixed period (15 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.
5. Principal matters serving as the basis for preparing financial statements	(1) Accounting for consumption taxes All figures are net of consumption taxes. (2) Adoption of the consolidated tax payment system The Company adopts the consolidated tax payment system, under which Japan Post Holdings Co., Ltd. is the parent company. (3) Accounting related to retirement benefits Accounting treatment for unsettled amounts of unrecognized actuarial differences and unrecognized prior service cost related to retirement benefits is different from the accounting treatment of such amounts on the consolidated financial statements.

(Changes in Accounting Policies)

Fiscal year ended March 31, 2015
(Changes in Accounting Policies Due to the Revision of Accounting Standards) 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, reserve for retirement benefits increased by ¥62,609 million, while retained earnings brought forward decreased by ¥62,609 million at the beginning of the year ended March 31, 2015. In addition, net operating income, net ordinary income and income before income taxes for the year ended March 31, 2015 increased by ¥8,756 million respectively.

(Changes in Presentation)

Fiscal year ended March 31, 2015
(Non-consolidated Statements of Income) "Interest income," which was included in "others" under "other income" in the previous fiscal year, is separately presented from the current fiscal year since their monetary importance has increased. To reflect this change in method of presentation, financial statements for the previous fiscal year have been reclassified. As a result, ¥731 million presented as "others" under "other income" in the statements of income in the previous fiscal year has been reclassified as "interest income" of ¥230 million and "others" of ¥501 million. "Gains on sales of fixed assets," which was included in "others" under "extraordinary gains" in the previous fiscal year, is separately presented from the current fiscal year since its monetary importance has increased. To reflect this change in method of presentation, financial statements for the previous fiscal year have been reclassified. As a result, ¥15 million presented as "others" under "extraordinary gains" in the statements of income for the previous year has been reclassified as "gains on sales of fixed assets" of ¥3 million and "others" of ¥12 million.

(Notes to Non-consolidated Balance Sheets)

As of March 31, 2015	
1. Assets pledged as collateral	
Investment and other assets	¥45 million
Other assets (government bonds) are deposited in the Legal Affairs Bureau as business security deposits under Building Lots and Buildings Transaction Business Act.	
2. Deferred gains on tangible fixed assets not recognized for tax purposes	¥17,070 million
3. Monetary assets and liabilities to subsidiaries and affiliates	
Short-term monetary assets	¥452,611 million
Short-term monetary liabilities	¥39,887 million

(Notes to Non-consolidated Statements of Income)

Fiscal year ended March 31, 2015	
1. Transactions with subsidiaries and affiliates	
Operating transactions	
Operating income	¥197,258 million
Operating expenses	¥12,558 million
Other transactions	¥28,733 million

(Subsequent Events)

None