

UNOFFICIAL TRANSLATION

Although the Company pays close attention to provide English translation of the information disclosed in Japanese, the Japanese original prevails over its English translation in the case of any discrepancy.

August 8, 2014
JAPAN POST INSURANCE Co., Ltd.

**Announcement of Financial Results for
the Three Months Ended June 30, 2014**

JAPAN POST INSURANCE Co., Ltd. (the “Company”; Masami Ishii, Director and President, CEO, Representative Executive Officer) hereby announces its financial results for the three months ended June 30, 2014 (April 1, 2014 to June 30, 2014).

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[Attached document] Outline of Financial Results for the Three Months Ended June 30, 2014

End

* This document is intended for the sole purpose of providing information to the general public, and should not be construed as solicitation or an offer to invest in any securities including shares in the Company.

1. Business Highlights

(1) Policies in Force and New Policies

▪ Policies in Force

(Thousands of policies, billions of yen, %)

As of	March 31, 2014		June 30, 2014			
	Number of policies	Policy amount	Number of policies		Policy amount	
				% of March 31, 2014 total		% of March 31, 2014 total
Individual insurance	11,668	33,735.7	12,158	104.2	35,112.5	104.1
Individual annuities	1,194	3,443.9	1,233	103.3	3,522.7	102.3
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-

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

▪ New Policies

(Thousands of policies, billions of yen, %)

Three months ended June 30	2013				2014					
	Number of policies	Policy amount			Number of policies		Policy amount			
			New policies	Net increase arising from the conversion		% of June 30, 2013 total	% of June 30, 2013 total	New policies	Net increase arising from the conversion	
Individual insurance	578	1,691.6	1,691.6	-	621	107.4	1,770.8	104.7	1,770.8	-
Individual annuities	47	168.1	168.1	-	43	91.3	154.9	92.1	154.9	-
Group insurance	-	-	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-	-	-

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

(2) Annualized Premiums

▪ Policies in Force

(Billions of yen, %)

As of	March 31, 2014	June 30, 2014	
			% of March 31, 2014 total
Individual insurance	2,192.2	2,279.9	104.0
Individual annuities	661.4	665.3	100.6
Total	2,853.6	2,945.2	103.2
Medical coverage, living benefits and other	227.5	234.9	103.3

▪ New Policies

(Billions of yen, %)

Three months ended June 30	2013	2014	
			% of June 30, 2013 total
Individual insurance	114.8	117.0	101.8
Individual annuities	59.5	53.5	89.9
Total	174.4	170.5	97.8
Medical coverage, living benefits and other	12.5	10.3	82.1

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

2. Investment Performance (General Account)

(1) Asset Composition

(Billions of yen, %)

As of	March 31, 2014		June 30, 2014	
	Amount	Ratio	Amount	Ratio
Cash, deposits, call loans	1,893.6	2.2	1,599.3	1.9
Receivables under resale agreements	-	-	-	-
Receivables under securities borrowing transactions	2,822.1	3.2	2,160.1	2.5
Monetary claims bought	107.4	0.1	180.3	0.2
Trading account securities	-	-	-	-
Money held in trust	581.6	0.7	965.7	1.1
Securities	69,378.9	79.7	68,313.7	79.7
Corporate and government bonds	68,138.5	78.2	66,793.7	77.9
Domestic stocks	0.9	0.0	0.9	0.0
Foreign securities	1,239.4	1.4	1,518.9	1.8
Foreign corporate and government bonds	1,099.4	1.3	1,378.9	1.6
Foreign stocks and other securities	140.0	0.2	140.0	0.2
Other securities	-	-	-	-
Loans	11,020.5	12.7	11,001.8	12.8
Real estate	75.6	0.1	106.2	0.1
Deferred tax assets	592.6	0.7	619.9	0.7
Other	616.9	0.7	793.0	0.9
Reserve for possible loan losses	(1.0)	(0.0)	(1.0)	(0.0)
Total	87,088.6	100.0	85,739.2	100.0
Foreign currency-denominated assets	1,128.7	1.3	1,553.4	1.8

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

(2) Fair Value Information of Securities (with Fair Value, other than Trading Securities)

(Billions of yen)

As of	March 31, 2014					June 30, 2014				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)		
			Gains	Losses				Gains	Losses	
Held-to-maturity bonds	45,257.3	48,427.0	3,169.7	3,174.1	4.3	45,105.8	48,584.3	3,478.4	3,480.6	2.2
Policy-reserve matching bonds	17,953.6	19,052.8	1,099.1	1,100.4	1.3	16,672.0	17,789.4	1,117.3	1,117.4	0.0
Stocks of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	7,148.5	7,414.1	265.5	278.0	12.4	8,088.7	8,403.1	314.3	317.3	2.9
Corporate and government bonds	4,927.7	5,025.5	97.8	100.0	2.2	5,009.4	5,113.9	104.4	104.4	0.0
Domestic stocks	337.7	412.2	74.4	78.0	3.5	538.8	642.1	103.3	106.1	2.7
Foreign securities	1,072.5	1,164.5	92.0	98.7	6.6	1,492.3	1,597.4	105.0	105.2	0.1
Foreign corporate and government bonds	917.5	1,001.4	83.9	90.6	6.6	1,187.2	1,280.9	93.6	93.8	0.1
Foreign stocks and other securities	155.0	163.1	8.1	8.1	-	305.0	316.4	11.3	11.3	-
Other securities	-	-	-	-	-	-	-	-	-	-
Monetary claims bought	106.2	107.4	1.1	1.1	0.0	178.7	180.3	1.5	1.5	-
Negotiable certificates of deposit	704.3	704.3	-	-	-	869.3	869.3	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	70,359.5	74,894.0	4,534.4	4,552.5	18.1	69,866.6	74,776.8	4,910.2	4,915.4	5.2
Corporate and government bonds	68,040.7	72,403.6	4,362.9	4,370.8	7.9	66,689.3	71,385.4	4,696.1	4,698.4	2.3
Domestic stocks	337.7	412.2	74.4	78.0	3.5	538.8	642.1	103.3	106.1	2.7
Foreign securities	1,170.5	1,266.3	95.8	102.4	6.6	1,590.3	1,699.5	109.2	109.3	0.1
Foreign corporate and government bonds	1,015.5	1,103.2	87.7	94.3	6.6	1,285.2	1,383.0	97.8	97.9	0.1
Foreign stocks and other securities	155.0	163.1	8.1	8.1	-	305.0	316.4	11.3	11.3	-
Other securities	-	-	-	-	-	-	-	-	-	-
Monetary claims bought	106.2	107.4	1.1	1.1	0.0	178.7	180.3	1.5	1.5	-
Negotiable certificates of deposit	704.3	704.3	-	-	-	869.3	869.3	-	-	-
Other	-	-	-	-	-	-	-	-	-	-

- Notes: 1. This table includes the handling of securities under the Financial Instruments and Exchange Act.
2. This table includes money held in trust other than trading securities and its book value is ¥492.7 billion with net unrealized gains of ¥82.5 billion as of March 31, 2014 and ¥843.9 billion with net unrealized gains of ¥114.7 billion as of June 30, 2014.

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

(Billions of yen)

As of	March 31, 2014	June 30, 2014
Held-to-maturity bonds	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Stocks of subsidiaries and affiliates	0.9	0.9
Available-for-sale securities	140.0	140.0
Unlisted domestic stocks (excluding OTC traded equities)	-	-
Unlisted foreign stocks (excluding OTC traded equities)	140.0	140.0
Unlisted foreign bonds	-	-
Others	-	-
Total	140.9	140.9

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

(Billions of yen)

As of	March 31, 2014					June 30, 2014				
	Balance sheet amount	Fair value	Net unrealized gains (losses)			Balance sheet amount	Fair value	Net unrealized gains (losses)		
				Gains	Losses				Gains	Losses
Money held in trust	581.6	581.6	-	-	-	965.7	965.7	-	-	-

- Money held in trust for trading purposes

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

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

(Billions of yen)

As of	March 31, 2014					June 30, 2014				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)		
				Gains	Losses				Gains	Losses
Assets held-to-maturity in trust	-	-	-	-	-	-	-	-	-	-
Assets held for reserves in trust	-	-	-	-	-	-	-	-	-	-
Other money held in trust	499.0	581.6	82.5	86.1	3.5	850.9	965.7	114.7	117.5	2.7

3. UNAUDITED NON-CONSOLIDATED BALANCE SHEETS

(Millions of yen)

Items	Term	As of March 31, 2014	As of June 30, 2014
		Condensed Balance Sheets	
		Amount	Amount
ASSETS:			
Cash and deposits		1,663,576	1,261,345
Call loans		230,025	337,995
Receivables under securities borrowing transactions		2,822,188	2,160,197
Monetary claims bought		107,448	180,306
Money held in trust		581,627	965,716
Securities		69,378,975	68,313,717
[Japanese government bonds]		[52,522,914]	[50,939,429]
[Japanese local government bonds]		[9,173,780]	[9,353,544]
[Japanese corporate bonds]		[6,441,832]	[6,500,804]
[Stocks]		[984]	[984]
[Foreign securities]		[1,239,464]	[1,518,954]
Loans		11,020,585	11,001,814
Policy loans		54,271	57,752
Industrial and commercial loans		763,298	777,945
Loans to the Management Organization		10,203,015	10,166,116
Tangible fixed assets		89,322	119,620
Intangible fixed assets		126,040	124,984
Agency accounts receivable		102,651	111,075
Reinsurance receivables		234	331
Other assets		374,320	543,317
Deferred tax assets		592,665	619,909
Reserve for possible loan losses		(1,036)	(1,067)
Total assets		87,088,626	85,739,263
LIABILITIES:			
Policy reserves and others		80,799,941	80,061,593
Reserve for outstanding claims		831,690	752,051
Policy reserves		77,745,490	77,120,036
Reserve for policyholder dividends		2,222,759	2,189,506
Reinsurance payables		1,234	1,321
Other liabilities		4,077,493	3,394,432
Payables under securities lending transactions		3,703,176	3,144,397
Income taxes payable		15,804	8,907
Lease obligations		1,528	1,471
Asset retirement obligation		15	15
Other liabilities		356,968	239,640
Reserve for possible claim payments		1,881	1,528
Reserve for employees' retirement benefits		59,385	65,349
Reserve for price fluctuations		614,233	641,737
Total liabilities		85,554,169	84,165,963
NET ASSETS:			
Capital stock		500,000	500,000
Capital surplus		500,044	500,044
Legal capital surplus		405,044	405,044
Other capital surplus		95,000	95,000
Retained earnings		349,627	354,626
Legal retained earnings		17,222	20,584
Other retained earnings		332,404	334,042
Retained earnings brought forward		332,404	334,042
Total shareholders' equity		1,349,671	1,354,670
Net unrealized gains (losses) on available-for-sale securities		184,774	218,591
Net deferred gains (losses) on hedges		11	36
Total valuation and translation adjustments		184,785	218,628
Total net assets		1,534,457	1,573,299
Total liabilities and net assets		87,088,626	85,739,263

4. UNAUDITED NON-CONSOLIDATED STATEMENTS of INCOME

(Millions of yen)

Items	Term	Three months ended	Three months ended
		June 30, 2013	June 30, 2014
		Amount	Amount
ORDINARY INCOME		2,764,269	2,592,710
Insurance premiums and others		1,525,265	1,511,994
[Insurance premiums]		[1,525,264]	[1,511,662]
Investment income		376,188	374,673
[Interest and dividend income]		[367,056]	[347,298]
[Gains on money held in trust]		[546]	[2,530]
[Gains on sales of securities]		[7,218]	[24,675]
Other ordinary income		862,814	706,042
[Reversal of reserve for outstanding claims]		[41,258]	[79,639]
[Reversal of policy reserves]		[815,968]	[625,454]
ORDINARY EXPENSES		2,671,343	2,461,945
Insurance claims and others		2,520,438	2,305,836
[Insurance claims]		[2,373,160]	[2,114,330]
[Annuity payments]		[59,414]	[72,484]
[Benefits]		[7,948]	[9,877]
[Surrender benefits]		[48,527]	[68,415]
[Other refunds]		[31,193]	[39,490]
Provision for policy reserves and others		1,710	348
Provision for interest on policyholder dividends		1,710	348
Investment expenses		4,432	6,249
[Interest expenses]		[1,041]	[1,066]
[Losses on sales and disposal of securities]		[833]	[4,963]
[Losses on valuation of securities]		[1,063]	[-]
Operating expenses		126,052	124,885
Other ordinary expenses		18,710	24,625
ORDINARY PROFIT		92,926	130,765
EXTRAORDINARY GAINS		-	-
EXTRAORDINARY LOSSES		12,467	27,510
Losses on sales and disposal of fixed assets		11	6
Provision for reserve for price fluctuations		12,455	27,504
Provision for reserve for policyholder dividends		57,412	66,546
Income before income taxes		23,045	36,707
Income taxes - Current		47,848	52,091
Income taxes - Deferred		(37,270)	(40,725)
Total income taxes		10,578	11,366
Net income		12,467	25,341

NOTES TO THE UNAUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE THREE MONTHS ENDED JUNE 30, 2014

(Notes to the Unaudited Non-Consolidated Balance Sheets and Notes Related to Changes in Net Assets)

1. Changes in Accounting Policies

Effective from the three months ended June 30, 2014, with respect to the application of the “Accounting Standard for Retirement Benefits” (Accounting Standards 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, May 17, 2012; 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 in 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 three months ended June 30, 2014.

As a result, reserve for employees’ retirement benefit increased by ¥5,104 million and retained earnings decreased by ¥3,533 million at the beginning of the three months ended June 30, 2014.

The effect of these changes on ordinary profit for the three months ended June 30, 2014 was immaterial.

2. Securities lent under lending agreements in the amount of ¥2,851,603 million were included in “Securities” in the balance sheets as of June 30, 2014.

3. Changes in reserve for policyholder dividends for the three months ended June 30, 2014 were as follows:

a. Balance at the beginning of the fiscal year	¥2,222,759 million
b. Policyholder dividends paid during the three months ended June 30, 2014	¥100,044 million
c. Interest accrual	¥348 million
d. Reduction due to the acquisition of additional annuity	¥103 million
e. Provision for reserve for policyholder dividends	¥66,546 million
f. Balance at the end of the three months ended June 30, 2014	¥2,189,506 million

4. Dividends Paid

The following resolution was adopted at the Board of Directors’ meeting held on May 14, 2014:

▪ Dividends on common stock

a. Total amount	¥16,808 million
b. Per share amount	¥840.43
c. Effective date	May 15, 2014

The record date for the dividends was March 31, 2014 with retained earnings as the source of dividends.

(Notes to the Unaudited Statements of Income)

Net income per share was ¥1,267.07.

5. Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

Three months ended June 30		2013	2014
Core profit	A	107,437	132,276
Capital gains		9,092	27,341
Gains on money held in trust		546	2,530
Gains on trading securities		-	-
Gains on sales of securities		7,218	24,675
Gains on derivative financial instruments		-	-
Gains on foreign exchanges		1,327	135
Other capital gains		-	-
Capital losses		3,687	7,745
Losses on money held in trust		-	-
Losses on trading securities		-	-
Losses on sales of securities		833	4,963
Losses on valuation of securities		1,063	-
Losses on derivative financial instruments		1,414	138
Losses on foreign exchanges		-	-
Other capital losses		375	2,643
Net capital gains	B	5,405	19,596
Core profit including net capital gains (expenses)A+B		112,842	151,872
One-time income		23,626	22,563
Reinsurance income		-	-
Reversal of contingency reserve		23,626	22,563
Reversal of individual reserve for possible loan losses		-	-
Other one-time income		-	-
One-time expenses		43,543	43,670
Reinsurance premiums		-	-
Provision for contingency reserve		-	-
Provision for individual reserve for possible loan losses		-	-
Provision for reserve for specific foreign loans		-	-
Write-off of loans		-	-
Other one-time expenses		43,543	43,670
Net one-time income (expenses)	C	(19,916)	(21,107)
Ordinary profit	A+B+C	92,926	130,765

Notes: 1.Amount equivalent to income gains associated with money held in trust (¥375 million for the three months ended June 30, 2013 and ¥2,643 million for the three months ended June 30, 2014) is recognized as “other capital losses” and included in core profit.
2.“Other one-time expenses” includes the amount of additional policy reserves accumulated pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act (¥43,543 million for the three months ended June 30, 2013 and ¥43,670 million for the three months ended June 30, 2014).

6. Solvency Margin Ratio

(Millions of yen)

As of		March 31, 2014	June 30, 2014
Total amount of solvency margin	(A)	5,130,031	5,204,635
Capital stock, etc.		1,332,862	1,354,670
Reserve for price fluctuations		614,233	641,737
Contingency reserve		2,588,798	2,566,235
General allowance for doubtful accounts		91	79
Net unrealized gains (losses) on available-for-sale securities × 90% (if negative, × 100%)		238,976	282,948
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		(3,465)	(12,408)
Excess of continued Zillmerised reserve		358,533	371,165
Capital raised through debt financing		-	-
Amounts within “excess of continued Zillmerised reserve” and “capital raised through debt financing” not calculated into the margin		-	-
Deductions		-	-
Other		-	208
Total amount of risk	(B)	632,004	650,350
$\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$			
Insurance risk	R ₁	168,426	167,500
Underwriting risk of third-sector insurance	R ₈	99,913	97,014
Anticipated yield risk	R ₂	198,138	195,077
Minimum guarantee risk	R ₇	-	-
Investment risk	R ₃	355,852	380,607
Business management risk	R ₄	16,446	16,804
Solvency margin ratio			
$\frac{(A)}{(1/2 \times (B))} \times 100$		1,623.4%	1,600.5%

Note: These figures are calculated based on Article 86 and Article 87 of the Ordinance for Enforcement of the Insurance Business Act and the provisions of Ordinance No. 50 issued by the Ministry of Finance in 1996. However, figures for certain items are calculated based on methods deemed reasonable by the Company according to the provisions of the Ordinance for Enforcement of the Insurance Business Act, etc.

7. Separate Account for the Three Months Ended June 30, 2014

Not applicable.

8. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(Millions of yen)

Three months ended June 30	2013	2014
Ordinary income	2,764,279	2,592,711
Ordinary profit	92,744	130,670
Net income	12,356	25,287
Comprehensive income	(7,233)	59,078

As of	March 31, 2014	June 30, 2014
Total assets	87,092,800	85,745,076
Consolidated solvency margin ratio	1,625.1%	1,602.2%

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

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

(3) Unaudited Consolidated Balance Sheets

(Millions of yen)

Items	Term	As of March 31, 2014	As of June 30, 2014
		Amount	Amount
ASSETS:			
Cash and deposits		1,670,837	1,269,353
Call loans		230,025	337,995
Receivables under securities borrowing transactions		2,822,188	2,160,197
Monetary claims bought		107,448	180,306
Money held in trust		581,627	965,716
Securities		69,377,991	68,312,733
Loans		11,020,585	11,001,814
Tangible fixed assets		89,453	119,760
Intangible fixed assets		124,161	123,896
Agency accounts receivable		102,651	111,075
Reinsurance receivables		234	331
Other assets		374,099	543,189
Deferred tax assets		592,532	619,773
Reserve for possible loan losses		(1,036)	(1,067)
Total assets		87,092,800	85,745,076
LIABILITIES:			
Policy reserves and others		80,799,941	80,061,593
Reserve for outstanding claims		831,690	752,051
Policy reserves		77,745,490	77,120,036
Reserve for policyholder dividends		2,222,759	2,189,506
Reinsurance payables		1,234	1,321
Other liabilities		4,080,744	3,399,333
Reserve for possible claim payments		1,881	1,528
Liability for retirement benefits		56,627	62,688
Reserve for price fluctuations		614,233	641,737
Total liabilities		85,554,663	84,168,202
NET ASSETS:			
Capital stock		500,000	500,000
Capital surplus		500,044	500,044
Retained earnings		351,010	355,956
Total shareholders' equity		1,351,054	1,356,000
Net unrealized gains (losses) on available-for-sale securities		184,774	218,591
Net deferred gains (losses) on hedges		11	36
Accumulated adjustments for retirement benefits		2,296	2,244
Total accumulated other comprehensive income		187,082	220,873
Total net assets		1,538,136	1,576,873
Total liabilities and net assets		87,092,800	85,745,076

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

(Unaudited Consolidated Statements of Income)

(Millions of yen)

Term Items	Three months ended June 30, 2013	Three months ended June 30, 2014
	Amount	Amount
ORDINARY INCOME	2,764,279	2,592,711
Insurance premiums and others	1,525,265	1,511,994
Investment income	376,188	374,673
[Interest and dividend income]	[367,056]	[347,298]
[Gains on money held in trust]	[546]	[2,530]
[Gains on sales of securities]	[7,218]	[24,675]
Other ordinary income	862,825	706,043
[Reversal of reserve for outstanding claims]	[41,258]	[79,639]
[Reversal of policy reserves]	[815,968]	[625,454]
ORDINARY EXPENSES	2,671,535	2,462,040
Insurance claims and others	2,520,438	2,305,836
[Insurance claims]	[2,373,160]	[2,114,330]
[Annuity payments]	[59,414]	[72,484]
[Benefits]	[7,948]	[9,877]
[Surrender benefits]	[48,527]	[68,415]
Provision for policy reserves and others	1,710	348
Provision for interest on policyholder dividends	1,710	348
Investment expenses	4,432	6,249
[Interest expenses]	[1,041]	[1,066]
[Losses on sales of securities]	[833]	[4,963]
[Losses on valuation of securities]	[1,063]	[-]
Operating expenses	126,223	125,010
Other ordinary expenses	18,731	24,595
ORDINARY PROFIT	92,744	130,670
EXTRAORDINARY GAINS	-	-
EXTRAORDINARY LOSSES	12,472	27,510
Losses on sales and disposal of fixed assets	17	6
Provision for reserve for price fluctuations	12,455	27,504
Provision for reserve for policyholder dividends	57,412	66,546
Income before income taxes	22,858	36,613
Income taxes - Current	47,754	52,025
Income taxes - Deferred	(37,252)	(40,699)
Total income taxes	10,501	11,326
Net income	12,356	25,287
Net income attributable to non-controlling interests	-	-
Net income attributable to Japan Post Insurance	12,356	25,287

(Unaudited Consolidated Statements of Comprehensive Income)

(Millions of yen)

Term Items	Three months ended June 30, 2013	Three months ended June 30, 2014
	Amount	Amount
Net income	12,356	25,287
Other comprehensive income	(19,590)	33,791
Net unrealized gains (losses) on available-for-sale securities	(19,590)	33,817
Net deferred gains (losses) on hedges	-	25
Adjustments for retirement benefits	-	(51)
Total comprehensive income	(7,233)	59,078
Comprehensive income attributable to Japan Post Insurance	(7,233)	59,078
Comprehensive income attributable to non-controlling interests	-	-

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE THREE MONTHS ENDED JUNE 30, 2014

(Notes to the Unaudited Consolidated Balance Sheets and Notes Related to Changes in Net Assets)

1. Changes in Accounting Policies

Effective from the three months ended June 30, 2014, with respect to the application of the “Accounting Standard for Retirement Benefits” (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, May 17, 2012; 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 in 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 three months ended June 30, 2014.

As a result, liability for retirement benefits increased by ¥5,104 million and retained earnings decreased by ¥3,533 million at the beginning of the three months ended June 30, 2014.

The effect of these changes on ordinary profit for the three months ended June 30, 2014 was immaterial.

2. Securities lent under lending agreements in the amount of ¥2,851,603 million were included in “Securities” in the consolidated balance sheets as of June 30, 2014.

3. Changes in reserve for policyholder dividends for the three months ended June 30, 2014 were as follows:

a. Balance at the beginning of the fiscal year	¥2,222,759 million
b. Policyholder dividends paid during the three months ended June 30, 2014	¥100,044 million
c. Interest accrual	¥348 million
d. Reduction due to the acquisition of additional annuity	¥103 million
e. Provision for reserve for policyholder dividends	¥66,546 million
f. Balance at the end of the three months ended June 30, 2014	¥2,189,506 million

4. Dividends Paid

The following resolution was adopted at the Board of Directors’ meeting held on May 14, 2014:

▪ Dividends on common stock

a. Total amount	¥16,808 million
b. Per share amount	¥840.43
c. Effective date	May 15, 2014

The record date for the dividends was March 31, 2014 with retained earnings as the source of dividends.

(Notes to the Unaudited Consolidated Statements of Income)

1. Net income per share was ¥1,264.36.

2. Depreciation and amortization for the three months ended June 30, 2014 amounted to ¥8,673 million.

(5) Consolidated Solvency Margin Ratio

(Millions of yen)

As of		March 31, 2014	June 30, 2014
Total amount of solvency margin	(A)	5,134,732	5,209,207
Capital stock, etc.		1,334,246	1,356,000
Reserve for price fluctuations		614,233	641,737
Contingency reserve		2,588,798	2,566,235
Catastrophe loss reserve		-	-
General reserve for possible loan losses		91	79
Net unrealized gains (losses) on available-for-sale securities × 90% (if negative, × 100%)		238,976	282,948
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		(3,465)	(12,408)
Sum of unrecognized actuarial differences and unrecognized prior service cost		3,317	3,242
Excess of continued Zillmerised reserve		358,533	371,165
Capital raised through debt financing		-	-
Amounts within “excess of continued Zillmerised reserve” and “capital raised through debt financing” not calculated into the margin		-	-
Deductions		-	-
Other		-	208
Total amount of risk	(B)	631,890	650,242
$\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2 + R_4 + R_6}$			
Insurance risk	R ₁	168,426	167,500
General insurance risk	R ₅	-	-
Catastrophe risk	R ₆	-	-
Underwriting risk of third-sector insurance	R ₈	99,913	97,014
Small-amount, short-term insurance risk	R ₉	-	-
Anticipated yield risk	R ₂	198,138	195,077
Minimum guarantee risk	R ₇	-	-
Investment risk	R ₃	355,728	380,490
Business management risk	R ₄	16,444	16,801
Solvency margin ratio			
$\frac{(A)}{(1/2 \times (B))} \times 100$		1,625.1%	1,602.2%

Note: These figures are calculated based on Article 86-2 and Article 88 of the Ordinance for Enforcement of the Insurance Business Act and the Ordinance No. 23 issued by the Financial Services Agency in 2011. However, figures for certain items are calculated based on methods deemed reasonable by the Company according to the provisions of the Ordinance for Enforcement of the Insurance Business Act, etc.

(6) Segment Information

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

(Reference) Holdings of Securitized Products and Investments Related to Subprime-related Investments

Based on the reports of the Financial Stability Forum (FSF), Japan Post Insurance Co., Ltd. discloses the following information with respect to its holdings of securitized products and investments related to subprime-related investments as of June 30, 2014.

(Securitized products)

- Securitized products are all RMBS backed by mortgage loans in Japan, and there are no overseas mortgage loans backing RMBS.

(Investments related to subprime-related investments)

- The Company has no investments related to subprime-related investments.

Definitions of items in the table:

- Unrealized gain (loss) is fair value net of book value.
- Interest and dividend income is not included in realized gain (loss).

[Investments]

1) General Special Purpose Entities (SPEs)

None

2) Collateralized Debt Obligations (CDO)

None

3) Other subprime-related investments / Alt-A exposures

The Company does not hold securitized products backed by other subprime-related investments / Alt-A exposures.

4) Commercial Mortgage-Backed Securities (CMBS)

None

5) Leveraged finance

None

6) Others

(Billions of yen)

	Fair value	Unrealized gains (losses)	Realized gains (losses)
RMBS	460.9	21.7	-

Notes: 1. The Company has no investments related to subprime-related investments.
2. The RMBS held by the Company are backed by mortgage loans in Japan.