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

November 14, 2014
JAPAN POST INSURANCE Co., Ltd.

Announcement of Financial Results for the Six Months Ended September 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 six months ended September 30, 2014 (April 1, 2014 to September 30, 2014).

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[Attached document] Outline of Financial Results for the Six Months Ended September 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		September 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	12,658	108.5	36,567.8	108.4
Individual annuities	1,194	3,443.9	1,273	106.6	3,597.1	104.5
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, %)

Six months ended September 30	2013				2014					
	Number of policies	Policy amount			Number of policies		Policy amount			
			New policies	Net increase arising from the conversion		% of September 30, 2013 total		% of September 30, 2013 total	New policies	Net increase arising from the conversion
Individual insurance	1,228	3,591.2	3,591.2	-	1,243	101.2	3,598.1	100.2	3,598.1	-
Individual annuities	88	310.8	310.8	-	86	97.9	307.5	99.0	307.5	-
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	September 30, 2014	
			% of March 31, 2014 total
Individual insurance	2,192.2	2,371.8	108.2
Individual annuities	661.4	678.4	102.6
Total	2,853.6	3,050.2	106.9
Medical coverage, living benefits and other	227.5	242.9	106.8

▪ New Policies

(Billions of yen, %)

Six months ended September 30	2013	2014	
			% of September 30, 2013 total
Individual insurance	239.9	238.1	99.3
Individual annuities	108.5	105.8	97.6
Total	348.3	343.9	98.7
Medical coverage, living benefits and other	26.9	20.9	77.8

Notes: 1. Annualized premiums are one-time insurance premiums factored according to the payment method and calculated as insurance premiums for one year. (Single payments are insurance premiums divided by the term of coverage.)

2. "Medical coverage, living benefits and other" includes medical benefits (hospitalization and surgery benefits, etc.), living benefits (limited illness and nursing care benefits, etc.) and premium payment waivers (excluding disability and including specified diseases and nursing) and is recorded as annualized premiums.

(3) Key Income and Expenses

(Billions of yen, %)

Six months ended September 30	2013	2014	
			% of September 30, 2013 total
Insurance premiums and others	3,094.3	3,078.1	99.5
Investment income	767.3	745.7	97.2
Insurance claims and others	5,085.5	4,597.1	90.4
Investment expenses	13.2	7.7	58.9

(4) Total Assets

(Billions of yen, %)

As of	March 31, 2014	September 30, 2014	
			% of March 31, 2014 total
Total assets	87,088.6	85,877.8	98.6

2. Investment Overview for the Six Months Ended September 30, 2014 (General Account)

(1) Investment Environment

During the first half of the fiscal year ending March 31, 2015, although the U.S. economy was brisk, the world economy only managed weak growth as the economies of Japan, Europe as well as emerging countries recorded lower growth. The U.S. economy rebounded at a steady pace under a gradual recovery in employment conditions. In the Japanese economy, domestic demand such as private consumption and housing residential investment declined in the wake of a consumption tax rate increase in April, while a subsequent pickup in the economy was also sluggish. In the European economy, there was ongoing softness in the economies of several countries including France and Italy where structural reforms have lagged, while the pace of recovery for Germany, the core nation in the region, was sluggish due to deteriorating conditions in the Ukraine. The Chinese economy is continuing to slow amid the implementation of structural reforms aiming to transform into a domestic demand-driven economy.

The Bank of Japan (BOJ), European Central Bank (ECB) and other central banks of developed countries are continuing their monetary easing policies, such as the quantitative and qualitative easing policies by the BOJ. However, the U.S. has tapered its quantitative easing policy as a move to seek an exit from accommodative monetary policies. Under these economic circumstances, the investment environment was as follows.

Domestic Bond Market

After starting at the 0.6% level, the domestic long-term yield in the first half continued its slow decline against the backdrop of the favorable balance of supply-demand for Japanese government bonds (JGBs) owing to the BOJ's ongoing JGB buying operations that started last year and the falling interest rates in Europe and the United States due to the escalation of geopolitical risk in the Middle East, etc. as well as the economic slowdown in Europe. Due to such factors, the domestic long-term yield declined temporarily to 0.4% in the last part of August. Entering September, the yield temporarily rose to the vicinity of 0.6% in reaction to rising U.S. interest rates due to growing expectations of an early rate hike in the United States as well as the weak yen and high stock prices. However, the yield then reversed course and once again headed downward, driven by favorable supply-demand of JGBs, and closed at 0.53% at the end of the month.

Domestic Stock Market

In the first half, the Nikkei Stock Average briefly slid under the ¥14,000 level in April in reaction to the BOJ's deferral of additional monetary easing measures. However, at the end of July, it rose to reach mid-¥15,000 level on expectations of a change in the Government Pension Investment Fund's (GPIF) investment policy and the rise in U.S. stock prices. Entering August, due to the escalation of geopolitical risk such as deteriorating Ukrainian situation and the continued announcements of economic indicators that indicated delayed recovery of European economy, stock prices plunged on a global scale with the Nikkei Stock Average falling temporarily below ¥15,000. Nonetheless, stock prices picked up, backed by firm economic indicators, etc. in the U.S. The Nikkei Stock Average closed at ¥16,173 at the end of September.

Foreign Exchange Markets

In the first half, the U.S. dollar/yen exchange rate trended stably at around ¥102/U.S. dollar up from April to July. From August onward, however, the yen continued to weaken sharply owing to the global-wide strengthening of the dollar spurred by the robust U.S. economic recovery and additional monetary easing by the ECB as well as to high expectations for expansion of foreign bond investments led by changes in the GPIF's investment policies, and the yen hit the ¥109/U.S. dollar level at the end of September.

As for the euro/yen exchange rate in the first half, the yen gradually strengthened against the euro on concerns of a slowdown in the Euro zone economy and escalation of geopolitical risk in the Ukraine. In September, although the yen temporarily weakened from expectations for changes in the GPIF's investment policies, euro weakened again due to the declined interest rate in Germany after weak results of economic indicators. At the end of September, the euro/yen exchange rate closed at the ¥138/EUR level.

(2) Investment Policies of the Company

The Company's operations are based on the concept of asset-liability management (ALM) in order to maintain sound management and ensure the payment of insurance claims and other obligations to policyholders. Our specific fundamental management approach is to match the cash flow required for our liabilities accruing in the future with the cash flow we receive from yen-denominated interest-bearing assets that have a high level of affinity with the particular characteristics of those liabilities. With this approach our aim is to earn stable profits while mitigating interest risk.

(3) Performance Overview

[Assets]

At the end of September 2014, total assets of the Company amounted to ¥85.8 trillion, a decrease of ¥1.2 trillion from ¥87.0 trillion at the end of the fiscal 2013.

In terms of investment, we continued to invest primarily in yen-denominated interest-bearing assets that provide stable interest income.

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

For money held in trust, the Company invested primarily in domestic stocks and others.

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

[Investment Income and Expenses]

For the six months ended September 30, 2014, investment income of the Company decreased by ¥21.5 billion from the previous corresponding period to ¥745.7 billion mainly due to a decrease in interest and dividend income.

Investment expenses decreased by ¥5.4 billion from the previous corresponding period to ¥7.7 billion mainly due to a decrease in losses on sales of securities.

As a result, investment income and expenses amounted to ¥737.9 billion, a decrease of ¥16.1 billion from the previous corresponding period.

3. Investment Performance (General Account)

(1) Asset Composition

(Billions of yen, %)

As of	March 31, 2014		September 30, 2014	
	Amount	Ratio	Amount	Ratio
Cash, deposits, call loans	1,893.6	2.2	2,169.7	2.5
Receivables under resale agreements	-	-	-	-
Receivables under securities borrowing transactions	2,822.1	3.2	2,552.2	3.0
Monetary claims bought	107.4	0.1	334.2	0.4
Trading account securities	-	-	-	-
Money held in trust	581.6	0.7	1,030.9	1.2
Securities	69,378.9	79.7	67,870.0	79.0
Corporate and government bonds	68,138.5	78.2	66,177.2	77.1
Domestic stocks	0.9	0.0	0.9	0.0
Foreign securities	1,239.4	1.4	1,691.8	2.0
Foreign corporate and government bonds	1,099.4	1.3	1,551.8	1.8
Foreign stocks and other securities	140.0	0.2	140.0	0.2
Other securities	-	-	-	-
Loans	11,020.5	12.7	10,482.8	12.2
Real estate	75.6	0.1	106.9	0.1
Deferred tax assets	592.6	0.7	619.3	0.7
Other	616.9	0.7	712.5	0.8
Reserve for possible loan losses	(1.0)	(0.0)	(1.0)	(0.0)
Total	87,088.6	100.0	85,877.8	100.0
Foreign currency-denominated assets	1,128.7	1.3	1,745.8	2.0

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

(2) Increase/Decrease in Assets

(Billions of yen)

Six months ended September 30	2013	2014
Cash, deposits, call loans	1,015.2	276.1
Receivables under resale agreements	-	-
Receivables under securities borrowing transactions	(63.5)	(269.9)
Monetary claims bought	(224.5)	226.8
Trading account securities	-	-
Money held in trust	89.9	449.3
Securities	(370.2)	(1,508.9)
Corporate and government bonds	(494.8)	(1,961.3)
Domestic stocks	-	-
Foreign securities	124.5	452.3
Foreign corporate and government bonds	124.5	452.3
Foreign stocks and other securities	-	-
Other securities	-	-
Loans	(1,120.7)	(537.7)
Real estate	0.0	31.3
Deferred tax assets	70.7	26.7
Other	(132.5)	95.6
Reserve for possible loan losses	(0.0)	(0.0)
Total	(735.8)	(1,210.7)
Foreign currency-denominated assets	133.8	617.0

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

(3) Investment Income

(Billions of yen)

Six months ended September 30	2013	2014
Interest and dividend income	738.9	692.4
Interest on deposits	0.1	0.3
Interest and dividends on securities	596.0	566.0
Interest on loans	6.0	6.6
Interest on loans to the Management Organization	134.5	117.2
Rent revenue from real estate	-	-
Other interest and dividend income	2.0	2.2
Gains on trading account securities	-	-
Gains on money held in trust	2.4	9.7
Gains on trading securities	-	-
Gains on sales of securities	24.3	43.2
Gains on sales of Japanese government bonds and other bonds	24.2	38.2
Gains on sales of domestic stocks and other securities	-	-
Gains on sales of foreign securities	0.1	5.0
Other gains on sales of securities	-	-
Gains on redemption of securities	0.0	0.0
Gains on derivative financial instruments	-	-
Gains on foreign exchanges	1.4	0.1
Reversal of reserve for possible loan losses	-	0.0
Other investment income	0.0	0.0
Total	767.3	745.7

(4) Investment Expenses

(Billions of yen)

Six months ended September 30	2013	2014
Interest expenses	2.4	2.0
Losses on trading account securities	-	-
Losses on money held in trust	-	-
Losses on trading securities	-	-
Losses on sales of securities	8.7	4.9
Losses on sales of Japanese government bonds and other bonds	1.4	-
Losses on sales of domestic stocks and other securities	-	-
Losses on sales of foreign securities	7.2	4.9
Other losses on sales of securities	-	-
Losses on valuation of securities	-	-
Losses on valuation of Japanese government bonds and other bonds	-	-
Losses on valuation of domestic stocks and other securities	-	-
Losses on valuation of foreign securities	-	-
Other losses on valuation of securities	-	-
Losses on redemption of securities	0.0	0.0
Losses on derivative financial instruments	1.6	0.2
Losses on foreign exchanges	-	-
Provision for reserve for possible loan losses	0.0	-
Write-off loans	-	-
Depreciation of real estate for lease and other assets	-	-
Other investment expenses	0.3	0.4
Total	13.2	7.7

(5) Net Valuation Gain/Loss of Trading Securities

The Company does not hold securities for trading.

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

(Billions of yen)

As of	March 31, 2014					September 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	44,961.1	48,654.9	3,693.7	3,694.0	0.2
Policy-reserve matching bonds	17,953.6	19,052.8	1,099.1	1,100.4	1.3	16,158.6	17,267.1	1,108.4	1,108.4	0.0
Stocks of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	7,148.5	7,414.1	265.5	278.0	12.4	8,356.3	8,803.1	446.7	449.1	2.3
Corporate and government bonds	4,927.7	5,025.5	97.8	100.0	2.2	5,053.0	5,155.3	102.2	102.3	0.0
Domestic stocks	337.7	412.2	74.4	78.0	3.5	541.2	679.8	138.5	140.8	2.3
Foreign securities	1,072.5	1,164.5	92.0	98.7	6.6	1,589.5	1,793.7	204.1	204.1	-
Foreign corporate and government bonds	917.5	1,001.4	83.9	90.6	6.6	1,284.0	1,453.8	169.7	169.7	-
Foreign stocks and other securities	155.0	163.1	8.1	8.1	-	305.5	339.9	34.4	34.4	-
Other securities	-	-	-	-	-	-	-	-	-	-
Monetary claims bought	106.2	107.4	1.1	1.1	0.0	332.5	334.2	1.7	1.7	-
Negotiable certificates of deposit	704.3	704.3	-	-	-	840.0	840.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	70,359.5	74,894.0	4,534.4	4,552.5	18.1	69,476.2	74,725.2	5,249.0	5,251.6	2.6
Corporate and government bonds	68,040.7	72,403.6	4,362.9	4,370.8	7.9	66,074.9	70,975.4	4,900.5	4,900.9	0.3
Domestic stocks	337.7	412.2	74.4	78.0	3.5	541.2	679.8	138.5	140.8	2.3
Foreign securities	1,170.5	1,266.3	95.8	102.4	6.6	1,687.5	1,895.6	208.1	208.1	-
Foreign corporate and government bonds	1,015.5	1,103.2	87.7	94.3	6.6	1,382.0	1,555.7	173.7	173.7	-
Foreign stocks and other securities	155.0	163.1	8.1	8.1	-	305.5	339.9	34.4	34.4	-
Other securities	-	-	-	-	-	-	-	-	-	-
Monetary claims bought	106.2	107.4	1.1	1.1	0.0	332.5	334.2	1.7	1.7	-
Negotiable certificates of deposit	704.3	704.3	-	-	-	840.0	840.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-

Notes: 1. This table includes the handling of securities under the Financial Instruments and Exchange Act.
2. This table includes money held in trust other than trading securities and its book value is and ¥846.7 billion with net unrealized gains of ¥172.9 billion as of September 30, 2014 and ¥492.7 billion with net unrealized gains of ¥82.5 billion as of March 31, 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	September 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

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

(Billions of yen)

As of	March 31, 2014					September 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	-	-	-	1,030.9	1,030.9	-	-	-

- 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					September 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	857.9	1,030.9	172.9	175.2	2.3

4. UNAUDITED NON-CONSOLIDATED BALANCE SHEETS

(Millions of yen)

Items / Term	As of March 31, 2014 Amount	As of September 30, 2014 Amount	Items / Term	As of March 31, 2014 Amount	As of September 30, 2014 Amount
ASSETS:			LIABILITIES:		
Cash and deposits	**1,663,576**	**1,809,796**	**Policy reserves and others**	**80,799,941**	**79,402,165**
Cash	4,258	2,841	Reserve for outstanding claims	831,690	750,335
Deposits	1,659,318	1,806,955	Policy reserves	77,745,490	76,481,627
Call loans	**230,025**	**359,909**	Reserve for policyholder dividends	2,222,759	2,170,202
Receivables under securities borrowing transactions	**2,822,188**	**2,552,241**	**Reinsurance payables**	**1,234**	**1,537**
Monetary claims bought	**107,448**	**334,268**	**Other liabilities**	**4,077,493**	**4,047,919**
Money held in trust	**581,627**	**1,030,985**	Payables under securities lending transactions	3,703,176	3,517,393
Securities	**69,378,975**	**67,870,009**	Income taxes payable	15,804	17,349
Japanese government bonds	52,522,914	50,149,511	Accounts payable	229,922	385,591
Japanese local government bonds	9,173,780	9,431,563	Accrued expenses	15,626	16,890
Japanese corporate bonds	6,441,832	6,596,134	Unearned revenue	4	2
Stocks	984	984	Deposits received	12,172	12,187
Foreign securities	1,239,464	1,691,816	Deposits from the Management Organization	66,221	62,663
Loans	**11,020,585**	**10,482,847**	Derivative financial instruments	15,805	10,752
Policy loans	54,271	62,319	Lease obligations	1,528	2,177
Industrial and commercial loans	763,298	773,348	Asset retirement obligation	15	15
Loans to the Management Organization	10,203,015	9,647,179	Suspense receipt	16,433	22,206
Tangible fixed assets	**89,322**	**120,820**	Other liabilities	781	688
Land	40,726	68,454	**Reserve for possible claim payments**	**1,881**	**565**
Buildings	33,287	34,477	**Reserve for employees' retirement benefits**	**59,385**	**66,187**
Leased assets	1,456	2,039	**Reserve for price fluctuations**	**614,233**	**668,603**
Construction in progress	1,648	4,047	**Total liabilities**	**85,554,169**	**84,186,978**
Other tangible fixed assets	12,204	11,800	NET ASSETS:		
Intangible fixed assets	**126,040**	**136,553**	**Capital stock**	**500,000**	**500,000**
Software	126,022	136,534	**Capital surplus**	**500,044**	**500,044**
Other intangible fixed assets	18	19	Legal capital surplus	405,044	405,044
Agency accounts receivable	**102,651**	**90,274**	Other capital surplus	95,000	95,000
Reinsurance receivables	**234**	**399**	**Retained earnings**	**349,627**	**380,257**
Other assets	**374,320**	**471,452**	Legal retained earnings	17,222	20,584
Accounts receivable	172,115	274,645	Other retained earnings	332,404	359,673
Prepaid expenses	814	694	Retained earnings brought forward	332,404	359,673
Accrued income	195,169	190,354	**Total shareholders' equity**	**1,349,671**	**1,380,301**
Money on deposit	2,158	2,166	**Net unrealized gains (losses) on available-for-sale securities**	**184,774**	**310,556**
Derivative financial instruments	166	158	**Net deferred gains (losses) on hedges**	**11**	**37**
Suspense payments	787	1,663	**Total valuation and translation adjustments**	**184,785**	**310,594**
Other assets	3,108	1,768			
Deferred tax assets	**592,665**	**619,372**			
Reserve for possible loan losses	**(1,036)**	**(1,055)**	**Total net assets**	**1,534,457**	**1,690,896**
Total assets	**87,088,626**	**85,877,874**	**Total liabilities and net assets**	**87,088,626**	**85,877,874**

5. UNAUDITED NON-CONSOLIDATED STATEMENTS of INCOME

(Millions of yen)

Items / Term	Six months ended September 30, 2013 Amount	Six months ended September 30, 2014 Amount
ORDINARY INCOME	**5,594,157**	**5,171,703**
Insurance premiums and others	**3,094,346**	**3,078,186**
Insurance premiums	3,094,324	3,077,454
Reinsurance income	21	731
Investment income	**767,304**	**745,714**
Interest and dividend income	738,913	692,450
Interest on deposits	190	329
Interest and dividends on securities	596,066	566,035
Interest on loans	6,064	6,662
Interest on loans to the Management Organization	134,580	117,214
Other interest and dividend income	2,011	2,209
Gains on money held in trust	2,469	9,767
Gains on sales of securities	24,362	43,284
Gains on redemption of securities	29	19
Gains on foreign exchanges	1,480	160
Reversal of reserve for possible loan losses	-	17
Other investment income	49	13
Other ordinary income	**1,732,506**	**1,347,802**
Reversal of reserve for outstanding claims	136,353	81,355
Reversal of policy reserves	1,591,868	1,263,863
Reversal of reserve for possible claim payments	3,117	1,316
Reserve for reserve for directors' retirement benefits	164	-
Other ordinary income	1,001	1,267
ORDINARY EXPENSES	**5,394,152**	**4,908,000**
Insurance claims and others	**5,085,566**	**4,597,162**
Insurance claims	4,780,911	4,213,606
Annuity payments	122,654	146,319
Benefits	15,898	18,920
Surrender benefits	101,380	137,267
Other refunds	63,968	78,355
Reinsurance premiums	753	2,693
Provision for policy reserves and others	**3,033**	**675**
Provision for interest on policyholder dividends	3,033	675
Investment expenses	**13,205**	**7,783**
Interest expenses	2,455	2,097
Losses on sales of securities	8,709	4,963
Losses on redemption of securities	37	22
Losses on derivative financial instruments	1,625	275
Provision for reserve for possible loan losses	1	-
Other investment expenses	375	424
Operating expenses	**254,192**	**254,897**
Other ordinary expenses	**38,153**	**47,481**
Taxes	19,573	27,943
Depreciation and amortization	17,067	17,575
Provision for reserve for employees' retirement benefits	1,306	1,634
Other ordinary expenses	206	327
ORDINARY PROFIT	**200,005**	**263,703**
EXTRAORDINARY GAINS	-	-
EXTRAORDINARY LOSSES	**37,962**	**54,467**
Losses on sales and disposal of fixed assets	**8,214**	**97**
Provision for reserve for price fluctuations	**29,748**	**54,370**
Provision for reserve for policyholder dividends	**123,887**	**135,423**
Income before income taxes	**38,154**	**73,812**
Income taxes - Current	**89,817**	**103,458**
Income taxes - Deferred	**(71,237)**	**(80,618)**
Total income taxes	**18,579**	**22,839**
Net income	**19,574**	**50,972**

6. UNAUDITED NON-CONSOLIDATED STATEMENTS of CHANGES in NET ASSETS

Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)

(Millions of yen)

	Shareholders' equity					
		Capital surplus		Retained earnings		
	Capital stock	Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total shareholders' equity
Balance at the beginning of the fiscal year	**500,000**	**405,044**	**95,000**	**12,672**	**296,276**	**1,308,993**
Changes in the period						
Cash dividends				4,550	(27,300)	(22,750)
Net income					19,574	19,574
Net changes in items other than shareholders' equity in the period						
Net changes in the period	**-**	**-**	**-**	**4,550**	**(7,725)**	**(3,175)**
Balance at the end of the period	**500,000**	**405,044**	**95,000**	**17,222**	**288,550**	**1,305,817**

	Valuation and translation adjustments	
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges
Balance at the beginning of the fiscal year	**155,778**	**-**
Changes in the period		
Cash dividends		
Net income		
Net changes in items other than shareholders' equity in the period	4,281	(14)
Net changes in the period	**4,281**	**(14)**
Balance at the end of the period	**160,059**	**(14)**

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

(Millions of yen)

	Shareholders' equity					
		Capital surplus		Retained earnings		
					Other retained earnings	
	Capital stock	Legal capital surplus	Other capital surplus	Legal retained earnings	Retained earnings brought forward	Total shareholders' equity
Balance at the beginning of the fiscal year	**500,000**	**405,044**	**95,000**	**17,222**	**332,404**	**1,349,671**
Cumulative effects of changes in accounting policies					**(3,533)**	**(3,533)**
Restated balance	**500,000**	**405,044**	**95,000**	**17,222**	**328,871**	**1,346,138**
Changes in the period						
Cash dividends				3,361	(20,170)	(16,808)
Net income					50,972	50,972
Net changes in items other than shareholders' equity in the period						
Net changes in the period	**-**	**-**	**-**	**3,361**	**30,802**	**34,163**
Balance at the end of the period	**500,000**	**405,044**	**95,000**	**20,584**	**359,673**	**1,380,301**

	Valuation and translation adjustments	
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges
Balance at the beginning of the fiscal year	**184,774**	**11**
Cumulative effects of changes in accounting policies		
Restated balance	**184,774**	**11**
Changes in the period		
Cash dividends		
Net income		
Net changes in items other than shareholders' equity in the period	125,781	26
Net changes in the period	**125,781**	**26**
Balance at the end of the period	**310,556**	**37**

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

(Notes to the Unaudited Non-Consolidated Balance Sheet)

1. Significant Accounting Policies

(1) Valuation Criteria and Methods for Securities

Securities including cash and deposits and monetary claims bought which are equivalent to securities, and securities invested in money held in trust, are recorded based on the following:

1) Held-to-maturity Bonds

Held-to-maturity bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

2) Policy-reserve-matching Bonds

In accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry” (Japanese Institute of Certified Public Accountants (“JICPA”) Industry Audit Committee Report No. 21), policy-reserve-matching bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

3) Stocks of Subsidiaries and Affiliates (stocks issued by subsidiaries as defined in Article 2, Paragraph 12 of the Insurance Business Act and closely related parties (excluding subsidiaries) and affiliates as defined in Article 13-5-2, Paragraph 3 of the Order for Enforcement of the Insurance Business Act)

Carried at cost and the cost of these securities sold is calculated using the moving-average method.

4) Available-for-sale Securities

(i) Available-for-Sale securities, at Fair Value

Available-for-sale securities, at fair value are carried at their market price at the end of the first half of the fiscal year, of which average market prices during the final month of the first half of the fiscal year is used to value stocks and stock mutual funds. Cost of securities sold is calculated using the moving-average method.

(ii) Available-for-sale Securities for Which Fair Values are Deemed Extremely Difficult to Determine

(a) Government and corporate bonds (including foreign bonds) without market price whose premium or discount represents the interest adjustments are carried at amortized cost (the straight-line method) using the moving-average method.

(b) Other securities are carried at cost using the moving-average method.

Net unrealized gains (losses) on available-for-sale securities, net of income taxes, are included in net assets.

(2) Valuation Criteria and Methods for Derivative Transactions

All derivative transactions are valued at fair value.

(3) Depreciation Method for Fixed Assets

1) Tangible fixed assets (excluding leased assets)

Depreciation of tangible fixed assets is computed using the straight-line method based on the following useful lives:

(i) Buildings: 2-55 years

(ii) Other tangible fixed assets: 2-20 years

2) Intangible Fixed Assets (excluding leased assets)

The capitalized development costs of software intended for internal use are amortized over the expected useful life of mainly 5 years using the straight-line method.

3) Leased Assets

Finance lease transactions that do not transfer ownership are depreciated to a residual value of zero using the straight-line method over the lease term.

(4) Recognition of Reserves

1) Reserve for Possible Loan Losses

Reserve for possible loan losses is provided pursuant to the Company’s standards for self-assessment of asset quality, and general allowance is provided using a rate based on historical collectability experience. In addition, specific allowances, which are determined based on individual collectability of accounts, are also recorded.

All loans and claims are assessed initially by the relevant departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the relevant departments, reviews these self-assessments. The above reserves and allowances are recorded based on the results of these assessments.

For loans and guaranteed loans that were extended to borrowers that have filed for bankruptcy including legal bankruptcy, civil rehabilitation, or considered substantially bankrupt, an allowance is provided for in the amount of loans, net of collateral value or the amounts expected to be recoverable under guarantees. Reserve for possible loan losses also includes amounts set aside for other assets subject to valuation allowance. The amount written off for loans and other assets during the six months ended September 30, 2014 was ¥106 million.

2) Reserve for Possible Claim Payments

Reserve for possible claim payments includes an additional estimated amount of possible claims based on past experience due to improvement of notification of claims the Company is currently working on.

3) Reserve for Employees' Retirement Benefits

In order to provide for payment of retirement benefits to employees, a reserve for employees' retirement benefits is provided in the amount considered to have incurred at the end of the six months ended September 30, 2014 based on the projected amount of retirement benefit obligations at the end of the fiscal year.

(i) Method for Attributing Expected Benefits to Periods

In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit to respective service period.

(ii) Method for Recognizing Actuarial Differences and Prior Service Cost

Actuarial difference is amortized using the straight-line method over a period of 14 years, which is less than the estimated average remaining service period for employees from the fiscal year following the respective fiscal year in which the difference is incurred.

(5) Reserve for Price Fluctuations

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

(6) Hedge Accounting

1) Methods for Hedge Accounting

The Company applies fair value hedge accounting for foreign currency exchange contracts to hedge foreign exchange fluctuation risk for a portion of its foreign-currency-denominated bonds, and the exceptional treatment and deferred hedge accounting for interest rate swaps to hedge variability in cash flows on a portion of loans in accordance with the "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan ("ASBJ") Statement No. 10).

2) Hedging Instruments and Hedged Items

(i)	Hedging instrument:	Foreign currency exchange contracts
	Hedged item:	Foreign-currency-denominated bonds
(ii)	Hedging instrument:	Interest rate swaps
	Hedged item:	Loans

3) Hedging Policies

Foreign currency exchange contracts are used to hedge fluctuations in foreign currency exchange rates of foreign-currency-denominated bonds within a predetermined range. Interest rate swap contracts are used to hedge fluctuations in interest rates of loans within a certain range.

4) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed by comparing the aggregate changes in quotations or cash flows of hedged items and hedging instruments. The evaluation of hedge effectiveness is omitted in cases of foreign exchange contracts where there is a high correlation between hedged items and hedging instruments, or interest rate swap contracts which applied the exceptional treatment for interest rate swaps.

(7) Policy Reserves

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

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

Pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, effective from the fiscal year ended March 31, 2011, additional policy reserves are accumulated, in preparation for future performance of obligations, over a 10-year period for a portion of reinsurance contracts from the Management Organization for Postal Savings and Postal Life Insurance (hereinafter referred to as the "Management Organization"), which is an independent administrative institution. As a result, the amount of provision for policy reserves for the six months ended September 30, 2014 was ¥87,985 million.

(8) Employee's Retirement Benefits Accounting

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

(9) Consumption Taxes

All figures are net of consumption taxes.

(10) Consolidated Tax Payment System

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

2. Changes in Accounting Policies

Effective from the six months ended September 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 six months ended September 30, 2014.

As a result, reserve for employees' retirement benefits increased by ¥5,104 million and retained earnings decreased by ¥3,533 million at the beginning of the six months ended September 30, 2014.

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

3. The balance sheet amount, fair value and the outline of the risk management policy of policy-reserve-matching bonds were as follows:

(1) The balance sheet amount and fair value of policy-reserve-matching bonds amount to ¥16,158,686 million and ¥17,267,143 million, respectively.

(2) The outline of the risk management policy of policy-reserve-matching bonds is as follows:

The Company categorizes its insurance products into sub-groups below based on the attributes of each product in order to manage risks arising from fluctuations in interest rates of assets and liabilities, and adopts the management policy where the duration gap between policy-reserve-matching bonds and policy reserves by sub-groups are reconciled within a certain range and the duration gap is periodically checked.

1) Postal Life Insurance Contracts
2) Japan Post Insurance life insurance contracts (general)
3) Japan Post Insurance life insurance contracts (lump-sum payment annuity)

4. Securities lent under lending agreements in the amount of ¥3,188,360 million were included in "Securities" in the balance sheets as of September 30, 2014.

5. There were no bankrupt loans, non-interest accrual loans, past due loans for three months or more, and restructured loans as of September 30, 2014. Definitions for each of the respective loans are as follows:
Bankrupt loans refer to non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3-(a) to (e) and Item 4 of the Enforcement Ordinance of the Corporation Tax Act (Ordinance No. 97 in 1965). Interest accruals of such loans are suspended since the principal or interest on such loans is unlikely to be collected due to delinquency in payments for them for a considerable period of time or other reasons.
Non-interest accrual loans are those loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their business.
Past due loans for three months or more are loans for which principal or interest payments are delinquent for three months or more under the term of the loans from the day following the contractual due date, excluding those classified as bankrupt loans and non-accrual loans.
Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, postponement of principal or interest payments, debt waiver or other arrangements, have been made for the purpose of assisting and supporting the borrowers in the restructuring of their business. This category excludes loans classified as bankrupt loans, non-interest accrual loans, and past due loans for three months or more.

6. The amount of unused commitments as of September 30, 2014 was ¥1,250 million.

7. Accumulated depreciation for tangible fixed assets as of September 30, 2014 was ¥63,698 million.

8. Changes in reserve for policyholder dividends for the six months ended September 30, 2014 were as follows:

a.	Balance at the beginning of the fiscal year	¥2,222,759 million
b.	Policyholder dividends paid during the six months ended September 30, 2014	¥188,461 million
c.	Interest accrual	¥675 million
d.	Reduction due to the acquisition of additional annuity	¥194 million
e.	Provision for reserve for policyholder dividends	¥135,423 million
f.	Balance at the end of the six months ended September 30, 2014	¥2,170,202 million

9. Stocks of subsidiaries and affiliates amounted to ¥984 million.

10. Assets pledged as collateral consisted of the following:
Securities ¥3,188,360 million
Liabilities corresponding to assets pledged as collateral consisted of the following:
Payables under securities lending transactions ¥3,517,393 million
All of securities above were pledged as collateral for securities lending transactions with cash collateral.

11. Reserve for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Regulations (hereinafter referred to as "reserve for outstanding claims-ceded"), as of September 30, 2014 was ¥160 million. Policy reserves for reinsured portion defined in Article 71, Paragraph 1 of the said Regulations (hereinafter referred to as "policy reserves-ceded"), as of September 30, 2014 was ¥246 million.

12. The Company has the right to sell or pledge securities borrowed under borrowing agreements. The fair value of such securities held in hand was ¥2,548,637 million as of September 30, 2014.

13. The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amounts of ¥22,829 million as of September 30, 2014 pursuant to Article 259 of the Insurance Business Act. This obligation is recognized as operating expenses when it is made.

14. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Organization, amounted to ¥54,998,809 million and are provided at amounts calculated based on the statement of calculation procedures for the Company's insurance premiums and policy reserves. The amounts calculated based on the foregoing procedures are not less than the amounts calculated based on the statement of calculation procedures for the Postal Life Insurance Policy Reserves in accordance with the Act on Management Organization for Postal Savings and Postal Life Insurance (Act No. 101 of 2005).
    In addition, contingency reserve and reserve for price fluctuations are provided in the amount of ¥2,266,983 million and ¥598,995 million, respectively, for the category of reinsurance.

15. Deposits from the Management Organization refer to the amounts equivalent to the reserve for outstanding claims and reserve for losses on compensation for damages related to litigation or conciliation of the Management Organization, which was deposited at the time of privatization based on the outsourcing agreements with the Management Organization for the administrative operation of the Postal Life Insurance.

(Notes to the Unaudited Non-Consolidated Statement of Income)

1. Gains on sales of securities comprise domestic bonds of ¥38,245 million and foreign securities of ¥5,038 million.

2. Losses on sales of securities comprise foreign securities of ¥4,963 million.

3. Gains on money held in trust include losses on valuation of ¥335 million.

4. The amount of provision for reserve for outstanding claims-ceded that is added to the calculation of reversal of reserve for outstanding claims for the six months ended September 30, 2014 was ¥77 million. The amount of provision for policy reserve-ceded that is added to the calculation of reversal of policy reserves for the six months ended September 30, 2014 was ¥63 million.

5. Net income per share was ¥2,548.62.

6. Insurance premiums assumed based on reinsurance contracts with the Management Organization included in insurance premiums and others for the six months ended September 30, 2014 were ¥896,905 million.

7. Insurance claims based on reinsurance contracts with the Management Organization included in insurance claims for the six months ended September 30, 2014 were ¥4,193,351 million.

8. Provision for reserve for policyholder dividends, which is provided for the Management Organization based on gains or losses and others arising in the category of reinsurance due to the reinsurance contracts with the Management Organization, were ¥126,631 million for the six months ended September 30, 2014.

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

Type and number of treasury stock

Not applicable.

7. Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

Six months ended September 30		2013	2014
Core profit	A	225,124	268,024
Capital gains		28,317	53,212
Gains on money held in trust		2,469	9,767
Gains on trading securities		-	-
Gains on sales of securities		24,362	43,284
Gains on derivative financial instruments		-	-
Gains on foreign exchanges		1,480	160
Other capital gains		5	-
Capital losses		12,875	14,973
Losses on money held in trust		-	-
Losses on trading securities		-	-
Losses on sales of securities		8,709	4,963
Losses on valuation of securities		-	-
Losses on derivative financial instruments		1,625	275
Losses on foreign exchanges		-	-
Other capital losses		2,540	9,734
Net capital gains	B	15,441	38,239
Core profit including net capital gains (losses)	A+B	240,565	306,263
One-time income		46,708	45,424
Reinsurance income		-	-
Reversal of contingency reserve		46,708	45,424
Reversal of individual reserve for possible loan losses		-	-
Other one-time income		-	-
One-time expenses		87,268	87,985
Reinsurance premiums		-	-
Provision for contingency reserve		-	-
Provision for individual reserve for possible loan losses		-	-
Provision for reserve for specific foreign loans		-	-
Write-off of loans		-	-
Other one-time expenses		87,268	87,985
Net one-time income (expenses)	C	(40,560)	(42,560)
Ordinary profit	A+B+C	200,005	263,703

Notes:
1. Amount equivalent to income gains associated with money held in trust (¥2,540 million for the six months ended September 30, 2013 and ¥9,734 million for the six months ended September 30, 2014) is recognized as “other capital losses” and included in core profit.
2. Amount equivalent to capital gains in other investment income (¥5 million for the six months ended September 30, 2013) is not included in core profit and is recognized as “other capital gains.”
3. Amount equivalent to capital losses out of other investment expenses (¥0 million for the six months ended September 30, 2013) is not included in core profit and is recognized as “other capital expenses.”
4. “Other one-time expenses” includes the amount of additional policy reserves accumulated pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act (¥87,268 million for the six months ended September 30, 2013 and ¥87,985 million for the six months ended September 30, 2014).

(Reference) Core Profit Breakdown (Three Major Profit Sources)

(Billions of yen)

Six months ended September 30	2013	2014
Core profit	225.1	268.0
(Negative)/Positive spread	17.9	27.2
Mortality and morbidity rate margin	133.5	183.1
Administrative expense margin	73.5	57.5

Notes: 1. The (negative)/positive spread is calculated according to the following formula (investment return on core profit and average assumed interest rate (during period) are calculated using annualized interest rates):

(Negative)/Positive spread = [investment return on core profit − average assumed rates of return] × general account policy reserves×1/2
[1.88%] [1.81%] ¥74,211.6 billion

- The investment return on core profit is the return on general account policy reserves after deducting the provision for interest on policyholder dividends from general account investment revenue included in core profit. (Doubled for annualized amount)
- The average assumed rates of return is the return of assumed interest on general account policy reserves. (Doubled for annualized amount)
- The general account policy reserves are calculated as follows for policy reserves in the general account, excluding the contingency reserve:
  (Policy reserve at beginning of period + policy reserves at end of period – assumed interest) × 1/2
- Policy reserves and assumed interest are calculated based on the actual cumulative amount.

2. Mortality and morbidity rate margin arises from the difference between expected claim or benefit payments and the actual payments.
3. Administrative expense margin arises from the difference between expected administrative expenses and the actual administrative expenses.

8. Loans by Borrower Category

(Millions of yen, %)

As of	March 31, 2014	September 30, 2014
Bankrupt or quasi-bankrupt loans	-	-
Doubtful loans	-	-
Substandard loans	-	-
Subtotal (Percentage in total)	- (-)	- (-)
Normal loans	11,385,224	10,938,747
Total	11,385,224	10,938,747

Notes: 1. Bankrupt or quasi-bankrupt loans are loans to borrowers who have fallen into bankruptcy for reasons such as the commencement of bankruptcy proceedings or reorganization proceedings, or the petition for commencement of rehabilitation proceedings, and loans similar to these.
2. Doubtful loans refer to loans which principal and interest are unlikely to be collected or received as stipulated in an agreement due to the borrower's deteriorating financial conditions and results even though the borrower is not fallen into bankruptcy.
3. Substandard loans are past due loans for three months or more and restructured loans.
"Past due loans for three months or more" are loans for which principal or interest payments are delinquent for three months or more under the term of the loans from the day following the contractual due date (excluding the loans noted in 1 and 2).
"Restructured loans" are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, postponement of principal or interest payments, debt waiver or other arrangements, have been made for the purpose of assisting and supporting the borrowers in the restructuring of their business (excluding the loans noted in 1 and 2, and past due loans for three months or more).
4. Normal loans are loans which do not fall under the loans noted in 1 to 3 above as there are no particular problems found with the borrower's financial conditions and results.

9. Status of Risk-Monitored Loans

Not applicable.

10. Solvency Margin Ratio

(Millions of yen)

As of			March 31, 2014	September 30, 2014
Total amount of solvency margin		(A)	5,130,031	5,368,347
	Capital stock, etc.		1,332,862	1,380,301
	Reserve for price fluctuations		614,233	668,603
	Contingency reserve		2,588,798	2,543,374
	General reserve for possible loan losses		91	74
	Net unrealized gains (losses) on available-for-sale securities × 90% (if negative, × 100%)		238,976	402,103
	Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		(3,465)	(10,223)
	Excess of continued Zillmerised reserve		358,533	383,773
	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		-	340
Total amount of risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$		(B)	632,004	658,079
	Insurance risk	R_1	168,426	166,647
	Underwriting risk of third-sector insurance	R_8	99,913	94,105
	Anticipated yield risk	R_2	198,138	191,700
	Minimum guarantee risk	R_7	-	-
	Investment risk	R_3	355,852	394,031
	Business management risk	R_4	16,446	16,929
Solvency margin ratio $\frac{(A)}{(1/2\times(B))}\times 100$			1,623.4%	1,631.5%

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.

11. Separate Account for the Six Months Ended September 30, 2014

Not applicable.

12. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(Millions of yen)

Six months ended September 30	2013	2014
Ordinary income	5,594,168	5,171,707
Ordinary profit	199,579	263,501
Net income	19,247	50,819
Comprehensive income	23,515	176,524

As of	March 31, 2014	September 30, 2014
Total assets	87,092,800	85,882,379
Consolidated solvency margin ratio	1,625.1%	1,633.1%

(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 September 30, 2014	Items \ Term	As of March 31, 2014	As of September 30, 2014
	Amount	Amount		Amount	Amount
ASSETS:			**LIABILITIES:**		
Cash and deposits	**1,670,837**	**1,817,441**	**Policy reserves and other reserves**	**80,799,941**	**79,402,165**
Call loans	**230,025**	**359,909**	Reserve for outstanding claims	831,690	750,335
Receivables under securities borrowing transactions	**2,822,188**	**2,552,241**	Policy reserves	77,745,490	76,481,627
Monetary claims bought	**107,448**	**334,268**	Reserve for policyholder dividends	2,222,759	2,170,202
Money held in trust	**581,627**	**1,030,985**	**Reinsurance payables**	**1,234**	**1,537**
Securities	**69,377,991**	**67,869,025**	**Other liabilities**	**4,080,744**	**4,051,574**
Loans	**11,020,585**	**10,482,847**	**Reserve for possible claim payments**	**1,881**	**565**
Tangible fixed assets	**89,453**	**120,951**	**Liability for retirement benefits**	**56,627**	**63,612**
Land	40,726	68,454	**Reserve for price fluctuations**	**614,233**	**668,603**
Buildings	33,353	34,540	**Total liabilities**	**85,554,663**	**84,188,058**
Leased assets	1,507	2,093	**NET ASSETS:**		
Construction in progress	1,648	4,047	**Capital stock**	**500,000**	**500,000**
Other tangible fixed assets	12,218	11,814	**Capital surplus**	**500,044**	**500,044**
Intangible fixed assets	**124,161**	**134,378**	**Retained earnings**	**351,010**	**381,488**
Software	124,130	134,349	**Total shareholders' equity**	**1,351,054**	**1,381,532**
Leased assets	12	9	**Net unrealized gains (losses) on available-for-sale securities**	**184,774**	**310,556**
Other intangible fixed assets	18	19	**Net deferred gains (losses) on hedges**	**11**	**37**
Agency accounts receivable	**102,651**	**90,274**	**Accumulated adjustments for retirement benefits**	**2,296**	**2,193**
Reinsurance receivables	**234**	**399**	**Total accumulated other comprehensive income**	**187,082**	**312,787**
Other assets	**374,099**	**471,279**			
Deferred tax assets	**592,532**	**619,431**			
Reserve for possible loan losses	**(1,036)**	**(1,055)**	**Total net assets**	**1,538,136**	**1,694,320**
Total assets	**87,092,800**	**85,882,379**	**Total liabilities and net assets**	**87,092,800**	**85,882,379**

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

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

Items / Term	Six months ended September 30, 2013 Amount	Six months ended September 30, 2014 Amount
ORDINARY INCOME	**5,594,168**	**5,171,707**
Insurance premiums and others	**3,094,346**	**3,078,186**
Investment income	**767,304**	**745,714**
Interest and dividend income	738,913	692,450
Gains on money held in trust	2,469	9,767
Gains on sales of securities	24,362	43,284
Gains on redemption of securities	29	19
Gains on foreign exchanges	1,480	160
Reversal of reserve for possible loan losses	-	17
Other investment income	49	13
Other ordinary income	**1,732,516**	**1,347,806**
Reversal of reserve for outstanding claims	136,353	81,355
Reversal of policy reserves	1,591,868	1,263,863
Other ordinary income	4,294	2,588
ORDINARY EXPENSES	**5,394,588**	**4,908,206**
Insurance claims and others	**5,085,566**	**4,597,162**
Insurance claims	4,780,911	4,213,606
Annuity payments	122,654	146,319
Benefits	15,898	18,920
Surrender benefits	101,380	137,267
Other refunds	63,968	78,355
Reinsurance premiums	753	2,693
Provision for policy reserves and others	**3,033**	**675**
Provision for interest on policyholder dividends	3,033	675
Investment expenses	**13,205**	**7,783**
Interest expenses	2,455	2,097
Losses on sales of securities	8,709	4,963
Losses on redemption of securities	37	22
Losses on derivative financial instruments	1,625	275
Provision for reserve for possible loan losses	1	-
Other investment expenses	375	424
Operating expenses	**254,607**	**255,179**
Other ordinary expenses	**38,174**	**47,405**
ORDINARY PROFIT	**199,579**	**263,501**
EXTRAORDINARY GAINS	-	-
EXTRAORDINARY LOSSES	**37,968**	**54,467**
Losses on sales and disposal of fixed assets	**8,220**	**97**
Provision for reserve for price fluctuations	**29,748**	**54,370**
Provision for reserve for policyholder dividends	**123,887**	**135,423**
Income before income taxes	**37,723**	**73,610**
Income taxes - Current	**89,818**	**103,555**
Income taxes - Deferred	**(71,342)**	**(80,764)**
Total income taxes	**18,475**	**22,791**
Net income	**19,247**	**50,819**
Net income attributable to non-controlling interests	-	-
Net income attributable to Japan Post Insurance	**19,247**	**50,819**

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

Items \ Term	Six months ended September 30, 2013	Six months ended September 30, 2014
	Amount	Amount
Net income	**19,247**	**50,819**
Other comprehensive income	**4,267**	**125,705**
Net unrealized gains (losses) on available-for-sale securities	4,281	125,781
Net deferred gains (losses) on hedges	(14)	26
Adjustments for retirement benefits	-	(103)
Total comprehensive income	**23,515**	**176,524**
Comprehensive income attributable to Japan Post Insurance	23,515	176,524
Comprehensive income attributable to non-controlling interests	-	-

(5) Unaudited Consolidated Statements of Cash Flows

(Millions of yen)

Items / Term	Six months ended September 30, 2013 Amount	Six months ended September 30, 2014 Amount
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income taxes	37,723	73,610
Depreciation and amortization	17,016	17,429
Net change in reserve for outstanding claims	(136,353)	(81,355)
Net change in policy reserves	(1,591,868)	(1,263,863)
Provision for interest on policyholder dividends	3,033	675
Provision for reserve for policyholder dividends	123,887	135,423
Net change in reserve for possible loan losses	76	19
Net change in reserve for possible claim payments	(3,117)	(1,316)
Net change in reserve for directors' retirement benefits	(173)	-
Net change in reserve for employees' retirement benefits	1,791	-
Net change in liability for retirement benefits	-	1,880
Net change in reserve for price fluctuations	29,748	54,370
Interest and dividend income (accrual basis)	(738,913)	(692,450)
Net (gains) losses on securities	(15,645)	(38,317)
Interest expenses (accrual basis)	2,455	2,097
Net (gains) losses on foreign exchanges	(1,480)	(160)
Net (gains) losses on tangible fixed assets	56	97
Net change in agency accounts receivable	15,364	12,377
Net change in reinsurance receivables	(20)	(165)
Net change in other assets (excluding those related to investing activities and financing activities)	(3,483)	(71,270)
Net change in reinsurance payables	450	302
Net change in other liabilities (excluding those related to investing activities and financing activities)	(7,607)	(748)
Other, net	7,441	(9,330)
Subtotal	**(2,259,617)**	**(1,860,694)**
Interest and dividend received (cash basis)	893,221	729,073
Interest paid (cash basis)	(2,382)	(2,127)
Policyholder dividends paid	(218,409)	(188,461)
Income taxes paid	(90,668)	(116,315)
Net cash used in operating activities	**(1,677,856)**	**(1,438,524)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of call loans	(16,642,752)	(17,346,509)
Proceeds from redemption of call loans	16,421,352	17,216,625
Net change in receivables under securities borrowing transactions	63,571	269,946
Purchases of monetary claims bought	(1,818,828)	(1,603,641)
Proceeds from sale and redemption of monetary claims bought	2,043,099	1,481,409
Purchases of money held in trust	(65,000)	(350,000)
Proceeds from sale of money held in trust	13,813	-
Purchases of securities	(3,666,933)	(2,789,563)
Proceeds from sale and redemption of securities	4,018,431	4,375,976
Payments for loans	(833,623)	(672,089)
Proceeds from collection of loans	1,946,413	1,209,807
Net change in payables under securities lending transactions	1,175,054	(185,782)
Other, net	(136,231)	38,628
Total of net cash provided by investment transactions	**2,518,367**	**1,644,806**
Total of net cash provided by operating activities and investment transactions	**840,510**	**206,281**
Purchases of tangible fixed assets	(1,870)	(15,172)
Purchases of intangible fixed assets	(19,065)	(27,355)
Other, net	(490)	(111)
Net cash provided by investing activities	**2,496,940**	**1,602,166**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of lease obligations	(216)	(228)
Dividends paid	(22,750)	(16,808)
Net cash used in financing activities	**(22,966)**	**(17,037)**
Effect of exchange rate changes on cash and cash equivalents	**-**	**-**
Net change in cash and cash equivalents	**796,117**	**146,604**
Cash and cash equivalents at the beginning of the fiscal year	**726,649**	**1,670,837**
Cash and cash equivalents at the end of the period	**1,522,767**	**1,817,441**

(6) Unaudited Consolidated Statements of Changes in Net Assets

Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)

(Millions of yen)

	Shareholders' equity			
	Capital stock	**Capital surplus**	**Retained earnings**	**Total shareholders' equity**
Balance at the beginning of the fiscal year	**500,000**	**500,044**	**310,958**	**1,311,002**
Changes in the period				
Cash dividends			(22,750)	(22,750)
Net income			19,247	19,247
Net changes in items other than shareholders' equity in the period				
Net changes in the period	**-**	**-**	**(3,502)**	**(3,502)**
Balance at the end of the period	**500,000**	**500,044**	**307,456**	**1,307,500**

	Accumulated other comprehensive income		
	Net unrealized gains (losses) on available-for-sale securities	**Net deferred gains (losses) on hedges**	**Accumulated adjustments for retirement benefits**
Balance at the beginning of the fiscal year	**155,778**	**-**	**-**
Changes in the period			
Cash dividends			
Net income			
Net changes in items other than shareholders' equity in the period	4,281	(14)	
Net changes in the period	**4,281**	**(14)**	**-**
Balance at the end of the period	**160,059**	**(14)**	**-**

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

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

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

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

(Basis for Preparation of the Unaudited Consolidated Financial Statements)

1. Scope of Consolidation

   All subsidiaries are consolidated.
   Number of consolidated subsidiaries: 1
   Name of consolidated subsidiary: JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd.

2. The End Date of the First Half of the Fiscal Year of Consolidated Subsidiary

   The consolidated subsidiary has the same end date of the first half of the fiscal year as that of consolidated financial statements.

(Notes to the Unaudited Consolidated Balance Sheet)

1. Significant Accounting Policies

(1) Valuation Criteria and Methods for Securities

Securities including cash and deposits and monetary claims bought which are equivalent to securities, and securities invested in money held in trust, are recorded based on the following:

1) Held-to-maturity Bonds

Held-to-maturity bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

2) Policy-reserve-matching Bonds

In accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry” (Japanese Institute of Certified Public Accountants (“JICPA”) Industry Audit Committee Report No. 21), policy-reserve-matching bonds are carried at amortized cost and the cost of these securities sold is calculated using the moving-average method. Amortization is calculated using the straight-line method.

3) Available-for-sale Securities

(i) Available-for-sale Securities, at Fair Value

Available-for-sale securities, at fair value are carried at their market price at the end of the first half of the fiscal year, of which average market prices during the final month of the first half of the fiscal year is used to value stocks and stock mutual funds. Cost of securities sold is calculated using the moving-average method.

(ii) Available-for-sale Securities for Which Fair Values are Deemed Extremely Difficult to Determine

(a) Government and corporate bonds (including foreign bonds) without market price whose premium or discount represents the interest adjustments are carried at amortized cost (the straight-line method) using the moving-average method.

(b) Other securities are carried at cost using the moving-average method.

Net unrealized gains (losses) on available-for-sale securities, net of income taxes, are included in net assets.

(2) Valuation Criteria and Methods for Derivative Transactions

All derivative transactions are valued at fair value.

(3) Depreciation Methods for Depreciable Assets

1) Tangible Fixed Assets (excluding leased assets)

Depreciation of tangible fixed assets is computed using the straight-line method based on the following useful lives:

(i) Buildings: 2-55 years
(ii) Other tangible fixed assets: 2-20 years

2) Intangible Fixed Assets (excluding leased assets)

The capitalized development costs of software intended for internal use are amortized over the expected useful life of mainly 5 years using the straight-line method.

3) Leased Assets

Finance lease transactions that do not transfer ownership are depreciated to a residual value of zero using the straight-line method over the lease term.

(4) Recognition of Reserves

1) Reserve for possible loan losses

Reserve for possible loan losses is provided pursuant to the Company's standards for self-assessment of asset quality, and general allowance is provided using a rate based on historical collectability experience. In addition, specific allowances, which are determined based on individual collectability of accounts, are also recorded.

All loans and claims are assessed initially by the relevant departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the relevant departments, reviews these self-assessments. The above reserves and allowances are recorded based on the results of these assessments.

For loans and guaranteed loans that were extended to borrowers that have filed for bankruptcy including legal bankruptcy, civil rehabilitation, or considered substantially bankrupt, an allowance is provided for in the amount of loans, net of collateral value or the amounts expected to be recoverable under guarantees. Reserve for possible loan losses also includes amounts set aside for other assets subject to valuation allowance. The amount written off for loans and other assets during the six months ended September 30, 2014 was ¥106 million.

2) Reserve for possible claim payments

Reserve for possible claim payments includes an additional estimated amount of possible claims based on past experience due to improvement of notification of claims the Company is currently working on.

(5) Accounting Treatment for Retirement Benefits

1) Method for Attributing Expected Benefits to Periods

In calculating the projected benefit obligation, the benefit formula basis is used to attribute the expected benefit to respective service period.

2) Method for Recognizing Actuarial Differences and Prior Service Cost

Actuarial difference is amortized using the straight-line method over a period of 14 years, which is less than the estimated average remaining service lives for employees from the fiscal year following the respective fiscal year in which the difference is incurred.

3) Application of the Simplified Method by Small Companies

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

(6) Reserve for Price Fluctuations

Reserve for price fluctuations in security investments is computed based on Article 115 of the Insurance Business Act.

(7) Hedge Accounting

1) Methods for Hedge Accounting

The Company and its subsidiary (the "Group") apply fair value hedge accounting for foreign currency exchange contracts to hedge foreign exchange fluctuation risk for a portion of its foreign-currency-denominated bonds, and the exceptional treatment and deferred hedge accounting for interest rate swaps to hedge variability in cash flows on a portion of loans in accordance with the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10).

2) Hedging Instruments and Hedged Items

(i)	Hedging instrument:	Foreign currency exchange contracts
	Hedged item:	Foreign-currency-denominated bonds
(ii)	Hedging instrument:	Interest rate swaps
	Hedged item:	Loans

3) Hedging Policies

Foreign currency exchange contracts are used to hedge fluctuations in foreign currency exchange rates of foreign-currency-denominated bonds within a predetermined range. Interest rate swap contracts are used to hedge fluctuations in interest rates of loans within a certain range.

4) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed by comparing the aggregate changes in quotations or cash flows of hedged items and hedging instruments. The evaluation of hedge effectiveness is omitted in cases of foreign exchange contracts where there is a high correlation between hedged items and hedging instruments, or interest rate swap contracts which applied the exceptional treatment for interest rate swaps.

(8) Policy Reserves

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

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

Pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, effective from the fiscal year ended March 31, 2011, additional policy reserves are accumulated, in preparation for future performance of obligations, over a 10-year period for a portion of reinsurance contracts from the Management Organization for Postal Savings and Postal Life Insurance (hereinafter referred to as the "Management Organization"), which is an independent administrative institution. As a result, the amount of provision for policy reserves for the six months ended September 30, 2014 was ¥87,985 million.

(9) Consumption Taxes

All figures are net of consumption taxes.

(10) Consolidated Tax Payment System

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

2. Changes in Accounting Policies

Effective from the six months ended September 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 six months ended September 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 six months ended September 30, 2014.

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

3. Changes in presentation

(The unaudited 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 under securities borrowing transactions and payables under securities lending transactions" under "cash flows from investing activities" in the six months ended September 30, 2013, are separately presented from the six months ended September 30, 2014 due to an increase in materiality. To reflect the change in method of presentation, the consolidated financial statements for the six months ended September 30, 2013 have been reclassified.

As a result, ¥1,238,626 million presented as "net change in receivables under securities borrowing transactions and payables under securities lending transactions" under "cash flows from investing activities" in the consolidated statements of cash flows for the six months ended September 30, 2013, has been reclassified into "net change in receivables under securities borrowing transactions" of ¥63,571 million and "net change in payables under securities lending transactions" of ¥1,175,054 million.

4. Financial Instruments

(1) Fair Values of Financial Instruments

Amounts carried on the consolidated balance sheets, fair values and the difference between them as of September 30, 2014 was 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 deposits	1,817,441	1,817,441	-
Available-for-sale securities (negotiable certificates of deposit)	840,000	840,000	-
2) Receivables under securities borrowing transactions	2,552,241	2,552,241	-
3) Monetary claims bought	334,268	334,268	-
Available-for-sale securities	334,268	334,268	-
4) Money held in trust (*1)	1,030,985	1,030,985	-
5) Securities	67,729,025	72,531,268	4,802,242
Held-to-maturity bonds	44,961,161	48,654,946	3,693,785
Policy-reserve-matching bonds	16,158,686	17,267,143	1,108,456
Available-for-sale securities	6,609,177	6,609,177	-
6) Loans (*2)	10,482,773	11,409,823	927,050
Policy loans	62,319	62,319	-
Industrial and commercial loans	773,275	821,854	48,579
Loans to the Management Organization	9,647,179	10,525,649	878,470
Total assets	83,946,737	89,676,029	5,729,292
Payables under securities lending transactions(*3)	3,517,393	3,517,393	-
Total liabilities	3,517,393	3,517,393	-
Derivative transactions (*4)			
Hedge accounting not applied	-	-	-
Hedge accounting applied	(10,594)	(10,594)	-
Total derivative transactions	(10,594)	(10,594)	-

(*1) Money held in trust classified as other than trading, held-to-maturities and policy-reserve-matching.

(*2) Reserve for possible loan losses corresponding to loans has been deducted.

(*3) Included in "Other liabilities" in the consolidated balance sheet.

(*4) Net receivables and payables arising from derivative transactions are stated at net values, and if the values are negative, they are indicated in parentheses.

Note 1: Calculation methods for fair values of financial instruments

Assets

1) Cash and deposits

Deposits (including negotiable certificates of deposit) mature within a short-term (one year), and their fair value approximates book value.

2) Receivables under securities borrowing transactions

These are settled within a short-term (one year), and their fair value approximates book value.

3) Monetary claims bought

The fair value of monetary claims bought accounted for as securities in the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10) is calculated in a similar manner to the method described in "5) Securities" below.

4) Money held in trust

The fair value of money held in trust is based on the price quoted by the exchange for shares and net asset value for mutual funds.

Money held in trust are provided in "(3) Money held in trust" in accordance with the purpose of the holdings.

5) Securities

The fair value of bonds is primarily based on the price published by industry associations such as the reference statistical price published by the Japan Securities Dealers Association, or price offered by the financial institutions.

Securities are described in "(2) Securities" in accordance with the purpose of keeping in possession.

(6) Loans

For policy loans and those included in loans to the Management Organization of Postal Life Insurance Contracts, book values are used as fair values because amounts are limited to the values of corresponding cash surrender value and their fair value approximates book value considering their short maturities and interest conditions.

For industrial and commercial loans with floating interest rates, whose future cash flows follow market interest rates, their fair value approximates book value.

For industrial and commercial loans with fixed interest rates or loans to the Management Organization (excluding policy loans), fair value is based on a net discounted present value of future cash flows.

Liabilities

Payables under securities lending transactions

These are settled within a short-term (one year) and their fair value approximates book value.

Derivative transactions

Notes on the fair value of derivatives are presented in "(4) Derivative transactions." Interest rate swaps subject to exceptional treatment for interest rate swaps are jointly disclosed with hedged industrial and commercial loans. Therefore, their fair values are included in the relevant industrial and commercial loans.

Note 2: Consolidated balance sheet amount of financial instruments for which fair values are deemed extremely difficult to determine

(Millions of yen)

	Consolidated balance sheet amount
Unlisted stocks (*)	140,000

(*) 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.

(2) Securities

1) Held-to-maturity Bonds

(Millions of yen)

	Type	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds the consolidated balance sheet amount	Bonds	44,816,496	48,506,548	3,690,052
	Japanese government bonds	33,876,204	36,994,041	3,117,837
	Japanese local government bonds	7,926,720	8,349,232	422,511
	Japanese corporate bonds	3,013,571	3,163,274	149,703
	Foreign securities	98,000	101,957	3,957
	Other	-	-	-
	Subtotal	44,914,496	48,608,505	3,694,009
Those for which fair value does not exceed the consolidated balance sheet amount	Bonds	46,664	46,441	(223)
	Japanese government bonds	-	-	-
	Japanese local government bonds	42,664	42,443	(221)
	Japanese corporate bonds	4,000	3,997	(2)
	Foreign securities	-	-	-
	Other	-	-	-
	Subtotal	46,664	46,441	(223)
Total		44,961,161	48,654,946	3,693,785

2) Policy-reserve-matching Bonds

(Millions of yen)

	Type	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds the consolidated balance sheet amount	Bonds	16,150,416	17,258,877	1,108,460
	Japanese government bonds	15,342,530	16,424,003	1,081,472
	Japanese local government bonds	679,701	701,357	21,655
	Japanese corporate bonds	128,183	133,516	5,333
	Foreign securities	-	-	-
	Other	-	-	-
	Subtotal	16,150,416	17,258,877	1,108,460
Those for which fair value does not exceed the consolidated balance sheet amount	Bonds	8,270	8,266	(4)
	Japanese government bonds	-	-	-
	Japanese local government bonds	7,553	7,549	(3)
	Japanese corporate bonds	716	716	(0)
	Foreign securities	-	-	-
	Other	-	-	-
	Subtotal	8,270	8,266	(4)
Total		16,158,686	17,267,143	1,108,456

3) Available-for-sale securities

(Millions of yen)

	Type	Consolidated balance sheet amount	Cost	Difference
Those for which the consolidated balance sheet amount exceeds cost	Stocks	-	-	-
	Bonds	5,025,464	4,923,073	102,391
	Japanese government bonds	930,776	929,352	1,424
	Japanese local government bonds	733,859	731,433	2,426
	Japanese corporate bonds	3,360,828	3,262,287	98,541
	Foreign securities	1,453,816	1,284,023	169,793
	Foreign bonds	1,453,816	1,284,023	169,793
	Other (*)	30,272	28,569	1,703
	Subtotal	6,509,553	6,235,665	273,888
Those for which the consolidated balance sheet amount does not exceed cost	Stocks	-	-	-
	Bonds	129,896	129,994	(98)
	Japanese government bonds	-	-	-
	Japanese local government bonds	41,062	41,098	(35)
	Japanese corporate bonds	88,834	88,896	(62)
	Foreign securities	-	-	-
	Foreign bonds	-	-	-
	Other (*)	1,143,996	1,143,996	-
	Subtotal	1,273,892	1,273,990	(98)
Total		7,783,446	7,509,656	273,789

(*) “Others” include financial instruments accounted for as securities in accordance with the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10).

(3) Money Held in Trust

Money held in trust classified as other than trading, held-to-maturity and policy-reserve-matching

(Millions of yen)

Consolidated balance sheet amount	Cost	Difference	Those for which the consolidated balance sheet amount exceeds cost	Those for which the consolidated balance sheet amount does not exceed cost
1,030,985	857,994	172,991	175,291	2,300

(*) The Group recognized losses on valuation of ¥335 million for the six months ended September 30, 2014. Losses on valuation are recognized for stocks invested in money held in trust if their average market prices during the final month of the first half of fiscal year decline by 30% or more of the cost.

(4) Derivative Transactions

Derivative transactions to which the hedge accounting method is applied

(i) Currency-related derivatives

(Millions of yen)

Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Fair value hedge accounting	Forward foreign exchange Sold U.S. dollars Euros	Foreign currency-denominated bonds	 152,394 169,320	 - -	 (10,379) (270)
Total			321,715	-	(10,649)

(ii) Interest-related derivatives

(Millions of yen)

Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Deferred hedge method	Interest rate swaps Receivable fixed rate / Payable floating rate	Loans	9,950	9,950	55
Exceptional treatment for interest rate swaps	Interest rate swaps Receivable fixed rate / Payable floating rate	Loans	91,750	64,850	(*2)
Total			-	-	55

(*1) Method for calculating fair value:
Fair value is calculated using discounted present value.

(*2) Interest rate swap amounts measured by the exceptional treatment for interest rate swaps are disclosed with the loans that are subject to the hedge. Therefore such fair value is included in the fair value of the relevant loans.

5. The consolidated balance sheet amount, fair value and the outline of the risk management policy of policy-reserve-matching bonds were as follows:
   (1) The consolidated balance sheet amount and fair value of policy-reserve-matching bonds amount to ¥16,158,686 million and ¥17,267,143 million, respectively.
   (2) The outline of the risk management policy of policy-reserve-matching bonds is as follows:
   The Company categorizes its insurance products into sub-groups below based on the attributes of each product in order to manage risks arising from fluctuations in interest rates of assets and liabilities, and adopts the management policy where the duration gap between policy-reserve-matching bonds and policy reserves by sub-groups are reconciled within a certain range and the duration gap is periodically checked.
      1) Postal Life Insurance Contracts
      2) Japan Post Insurance life insurance contracts (general)
      3) Japan Post Insurance life insurance contracts (lump-sum payment annuity)

6. Securities lent under lending agreements in the amount of ¥3,188,360 million were included in "Securities" in the consolidated balance sheets as of September 30, 2014.

7. There were no bankrupt loans, non-interest accrual loans, past due loans for three months or more, and restructured loans as of September 30, 2014. Definitions for each of the respective loans are as follows:
   Bankrupt loans refer to non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3-(a) to (e) and Item 4 of the Enforcement Ordinance of the Corporation Tax Act (Ordinance No. 97 in 1965). Interest accruals of such loans are suspended since the principal or interest on such loans is unlikely to be collected due to delinquency in payments for them for a considerable period of time or other reasons.
   Non-interest accrual loans are those loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their business.
   Past due loans for three months or more are loans for which principal or interest payments are delinquent for three months or more under the term of the loans from the day following the contractual due date, excluding those classified as bankrupt loans and non-accrual loans.
   Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, postponement of principal or interest payments, debt waiver or other arrangements, have been made for the purpose of assisting and supporting the borrowers in the restructuring of their business. This category excludes loans classified as bankrupt loans, non-interest accrual loans, and past due loans for three months or more.

8. The amount of unused commitments as of September 30, 2014 was ¥1,250 million.

9. Accumulated depreciation for tangible fixed assets as of September 30, 2014 was ¥63,785 million.

10. Changes in reserve for policyholder dividends for the six months ended September 30, 2014 were as follows:

a. Balance at the beginning of the fiscal year	¥2,222,759 million
b. Policyholder dividends paid during the six months ended September 30, 2014	¥188,461 million
c. Interest accrual	¥675 million
d. Reduction due to the acquisition of additional annuity	¥194 million
e. Provision for reserve for policyholder dividends	¥135,423 million
f. Balance at the end of the six months ended September 30, 2014	¥2,170,202 million

11. Assets pledged as collateral consisted of the following:
   Securities ¥3,188,360 million
   Liabilities corresponding to assets pledged as collateral consisted of the following:
   Payables under securities lending transactions ¥3,517,393 million
   All of securities above were pledged as collateral for securities lending transactions with cash collateral.

12. Reserve for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Regulations

(hereinafter referred to as “reserve for outstanding claims-ceded”), as of September 30, 2014 was ¥160 million. Policy reserves for reinsured portion defined in Article 71, Paragraph 1 of the said Regulations (hereinafter referred to as “policy reserves-ceded”), as of September 30, 2014 was ¥246 million.

13. Net assets per share were ¥84,716.01.

14. The Group has the right to sell or pledge securities borrowed under borrowing agreements. The fair value of such securities held in hand was ¥2,548,637 million as of September 30, 2014.

15. The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥22,829 million as of September 30, 2014 pursuant to Article 259 of the Insurance Business Act. This obligation is recognized as operating expenses when it is made.

16. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Organization, amounted to ¥54,998,809 million and are provided at amounts calculated based on the statement of calculation procedures for the Company’s insurance premiums and policy reserves. The amounts calculated based on the foregoing procedures are not less than the amounts calculated based on the statement of calculation procedures for the Postal Life Insurance Policy Reserves in accordance with the Act on Management Organization for Postal Savings and Postal Life Insurance (Act No. 101 of 2005).
    In addition, contingency reserve and reserve for price fluctuations are provided in the amount of ¥2,266,983 million and ¥598,995 million, respectively, for the category of reinsurance.

17. “Other liabilities” in the consolidated balance sheet includes ¥62,663 million of deposits from the Management Organization.
    Deposits received from the Management Organization refer to the amounts equivalent to the reserve for outstanding claims and reserve for losses on compensation for damages related to litigation or conciliation of the Management Organization, which was deposited at the time of privatization based on the outsourcing agreements with the Management Organization for the administrative operation of the Postal Life Insurance.

(Notes to the Unaudited Consolidated Statement of Income)

1. The amount of provision for reserve for outstanding claims-ceded that is added to the calculation of reversal of reserve for outstanding claims for the six months ended September 30, 2014 was ¥77 million. The amount of provision for policy reserves-ceded that is added to the calculation of reversal of policy reserves for the six months ended September 30, 2014 was ¥63 million.

2. Net income per share was ¥2,540.98.

3. Insurance premiums assumed based on reinsurance contracts with the Management Organization included in insurance premiums and others for the six months ended September 30, 2014 were ¥896,905 million.

4. Insurance claims based on reinsurance contracts with the Management Organization included in insurance claims for the six months ended September 30, 2014 were ¥4,193,351 million.

5. Provision for reserve for policyholder dividends, which is provided for the Management Organization based on gains or losses and others arising in the category of reinsurance due to the reinsurance contracts with the Management Organization, were ¥126,631 million for the six months ended September 30, 2014.

(Notes to the Unaudited Consolidated Statement of Cash Flows)

1. Scope of Cash and Cash Equivalents

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

2. The reconciliation of cash and cash equivalents in the consolidated statement of cash flows to cash and deposits in the consolidated balance sheet as of September 30, 2014 was as follows:

Cash and deposits	¥1,817,441 million
Cash and cash equivalents	¥1,817,441 million

(Notes to the Unaudited Consolidated Statements of Changes in Net Assets)

1. Class and Number of Shares Issued and Treasury Stock

(Thousands of shares)

	April 1, 2014	Increase	Decrease	September 30, 2014
Shares issued				
Common stock	20,000	-	-	20,000
Total	20,000	-	-	20,000
Treasury stock				
Common stock	-	-	-	-
Total	-	-	-	-

2. Stock Acquisition Rights Including Those Owned by the Company

Not applicable.

3. Information on Dividends

Dividends Paid

The following resolution was adopted at the Board of Directors' meeting held on May 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.

(7) Consolidated Solvency Margin Ratio

(Millions of yen)

As of			March 31, 2014	September 30, 2014
Total amount of solvency margin		(A)	5,134,732	5,372,746
	Capital stock, etc.		1,334,246	1,381,532
	Reserve for price fluctuations		614,233	668,603
	Contingency reserve		2,588,798	2,543,374
	Catastrophe loss reserve		-	-
	General reserve for possible loan losses		91	74
	Net unrealized gains (losses) on available-for-sale securities × 90% (if negative, × 100%)		238,976	402,103
	Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		(3,465)	(10,223)
	Sum of unrecognized actuarial differences and unrecognized prior service cost		3,317	3,168
	Excess of continued Zillmerised reserve		358,533	383,773
	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		-	340
Total amount of risk $\sqrt{(\sqrt{R_1^2+R_5^2}+R_8+R_9)^2+(R_2+R_3+R_7)^2}+R_4+R_6$		(B)	631,890	657,967
	Insurance risk	R_1	168,426	166,647
	General insurance risk	R_5	-	-
	Catastrophe risk	R_6	-	-
	Underwriting risk of third-sector insurance	R_8	99,913	94,105
	Small amount, short-term insurance risk	R_9	-	-
	Anticipated yield risk	R_2	198,138	191,700
	Minimum guarantee risk	R_7	-	-
	Investment risk	R_3	355,728	393,910
	Business management risk	R_4	16,444	16,927
Solvency margin ratio $\frac{(A)}{(1/2\times(B))}\times 100$			1,625.1%	1,633.1%

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

(8) Segment Information

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

(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 September 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	470.5	22.6	-

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.