

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.



# Outline of Financial Results for the Fiscal Year Ended March 31, 2014

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 **JAPAN POST INSURANCE**  
May 15, 2014

\*1 All data are presented on a non-consolidated basis.

\*2 Unless specifically stated otherwise, amounts are rounded down to the nearest unit.

# 1. Insurance Policies (1)

- 2,234 thousand new individual insurance policies were sold with a total policy amount of ¥6,559.8 billion.
- 149 thousand new individual annuity policies were sold with a total policy amount of ¥524.1 billion.

## < Breakdown of New Policies >

(Rounded to the nearest unit)

	Year ended Mar-14		Year ended Mar-13	
	Number of policies (10 thousands)	Policy amount (¥ bn)	Number of policies (10 thousands)	Policy amount (¥ bn)
Individual insurance	223.4	6,559.8	220.8	6,515.9
Whole life insurance	65.7	2,179.5	55.0	1,847.0
Endowment insurance	139.8	4,187.7	143.8	4,436.0
Educational endowment insurance	17.9	191.1	21.9	231.5
Individual annuities	14.9	524.1	18.2	633.5

\*1 Main categories are presented.

\*2 Policy amounts for individual insurance are the insured amount paid on death etc.

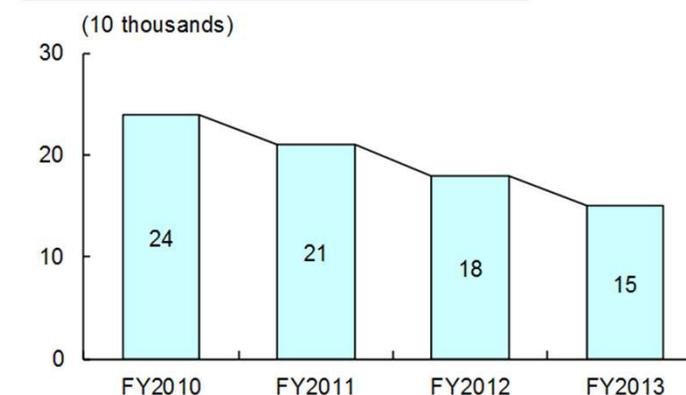
\*3 Policy amounts for individual annuities are the total of the accumulated contribution payment as of the date of annuity payment commencement.

## < Changes in New Policies >

Individual insurance (Number of policies)



Individual annuities (Number of policies)



# 1. Insurance Policies (2)

- Policies in force of Japan Post Insurance comprises 11.67 million individual insurance policies with a total policy amount of ¥33,735.7 billion and 1.19 million individual annuity policies with a total policy amount of ¥3,443.9 billion.
- The total number of policies in force for individual insurance policies and the insurance policies of Postal Life Insurance was 34.86 million.

## < Breakdown of Policies in Force of Japan Post Insurance >

(Rounded to the nearest unit)

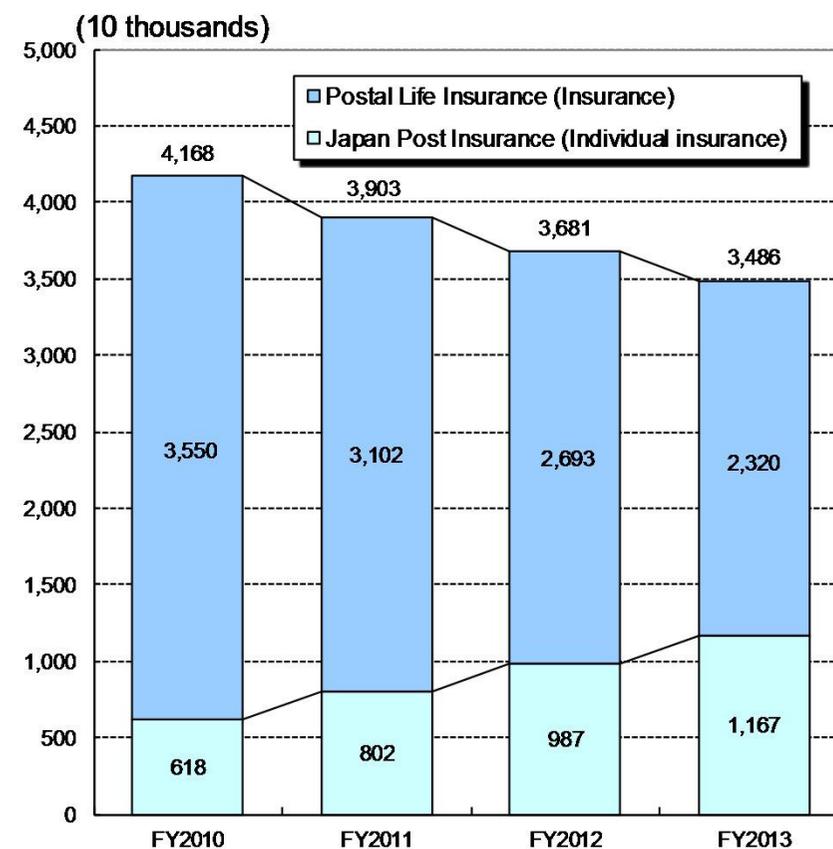
	Year ended Mar-14		Year ended Mar-13	
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\*1 Main categories are presented.

\*2 Policy amounts for individual insurance are the insured amount paid on death etc.

\*3 Policy amounts for individual annuities are the total of (a) the accumulated contribution payment as of the date of annuity payment commencement for the annuity before payments commence and (b) amount of policy reserves for the annuity after payments have commenced.

## < Changes in Policies in Force >



# 1. Insurance Policies (3)

- The annualized premiums from new policies consisted of ¥439.1 billion for individual insurance policies and ¥179.9 billion for individual annuity policies.
- The annualized premiums from policies in force consisted of ¥2,192.2 billion for individual insurance policies and ¥661.4 billion for individual annuity policies.

## < Breakdown of Annualized Premiums >

### <<New Policies>>

(Rounded to the nearest unit)

	Year ended Mar-14 (¥ bn)	Year ended Mar-13 (¥ bn)
Individual insurance	439.1	431.7
Individual annuities	179.9	222.8

### <<Policies in Force>>

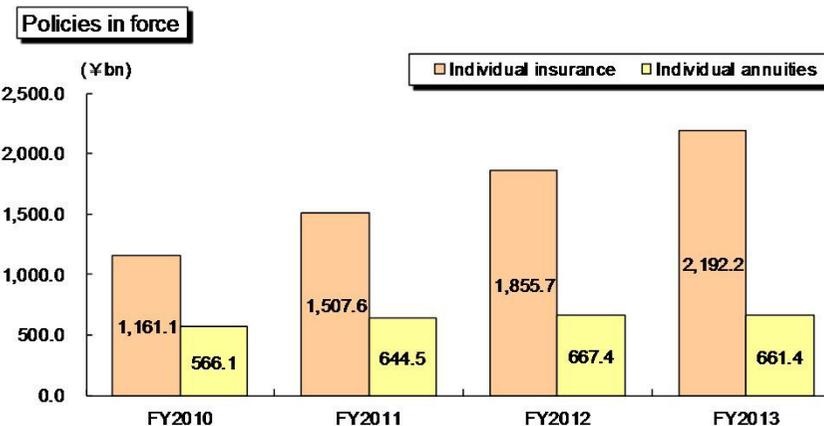
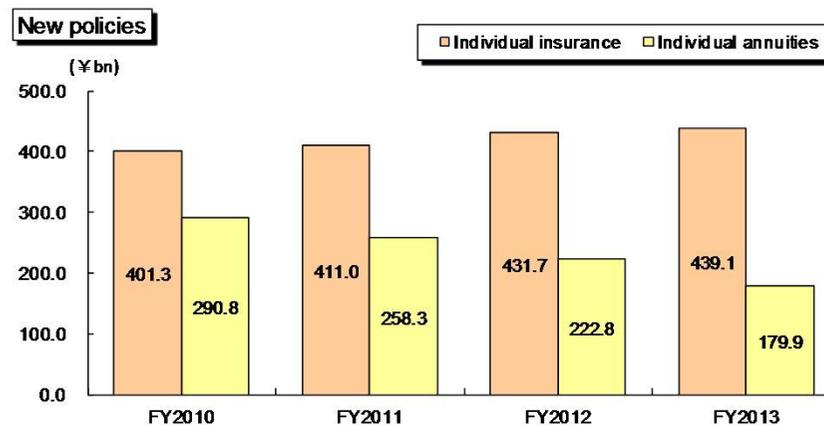
(Rounded to the nearest unit)

	Mar-14 (¥ bn)	Mar-13 (¥ bn)
Individual insurance	2,192.2	1,855.7
Individual annuities	661.4	667.4

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

\*2 Policies in force are those of Japan Post Insurance and do not include Postal Life Insurance Policies.

## < Changes in Annualized Premiums >



## 2. Profits and Losses

- Ordinary profit amounted to ¥463.5 billion and net income amounted to ¥63.4 billion.

### < Outline of Statements of Income >

	Year ended Mar-14	Year ended Mar-13	Change	(¥ bn)
Ordinary income	11,233.9	11,834.9	(600.9)	* Main items of the Statements of Income are presented.
Insurance premiums and others	5,911.6	6,481.7	(570.1)	
Investment income (Note 1)	1,540.6	1,560.7	(20.1)	Note 1 Investment income comprised mainly of ¥1,458.1 billion of interest and dividend income and ¥71.0 billion of gains on sales of securities.
Reversal of policy reserves	3,656.4	3,741.8	(85.3)	
Ordinary expenses	10,770.4	11,305.5	(535.1)	
Insurance claims and others	10,160.8	10,673.0	(512.1)	
Investment expenses (Note 2)	18.1	29.5	(11.3)	Note 2 Investment expenses comprised mainly of ¥10.2 billion of losses on sales of securities.
Operating expenses	513.0	512.9	0.1	
Ordinary profit	463.5	529.3	(65.8)	
Extraordinary losses (Note 3)	(99.9)	(66.9)	(33.0)	Note 3 Extraordinary losses comprised mainly of ¥91.3 billion of provision for reserve for price fluctuations.
Provision for reserve for policyholder dividends	242.1	307.4	(65.2)	
Income before income taxes	121.3	154.9	(33.6)	
Total income taxes	57.9	63.9	(6.0)	
Net income	63.4	91.0	(27.5)	

## 3. Assets and Liabilities

- Total assets amounted to ¥87 trillion and net assets amounted to ¥1.5 trillion.

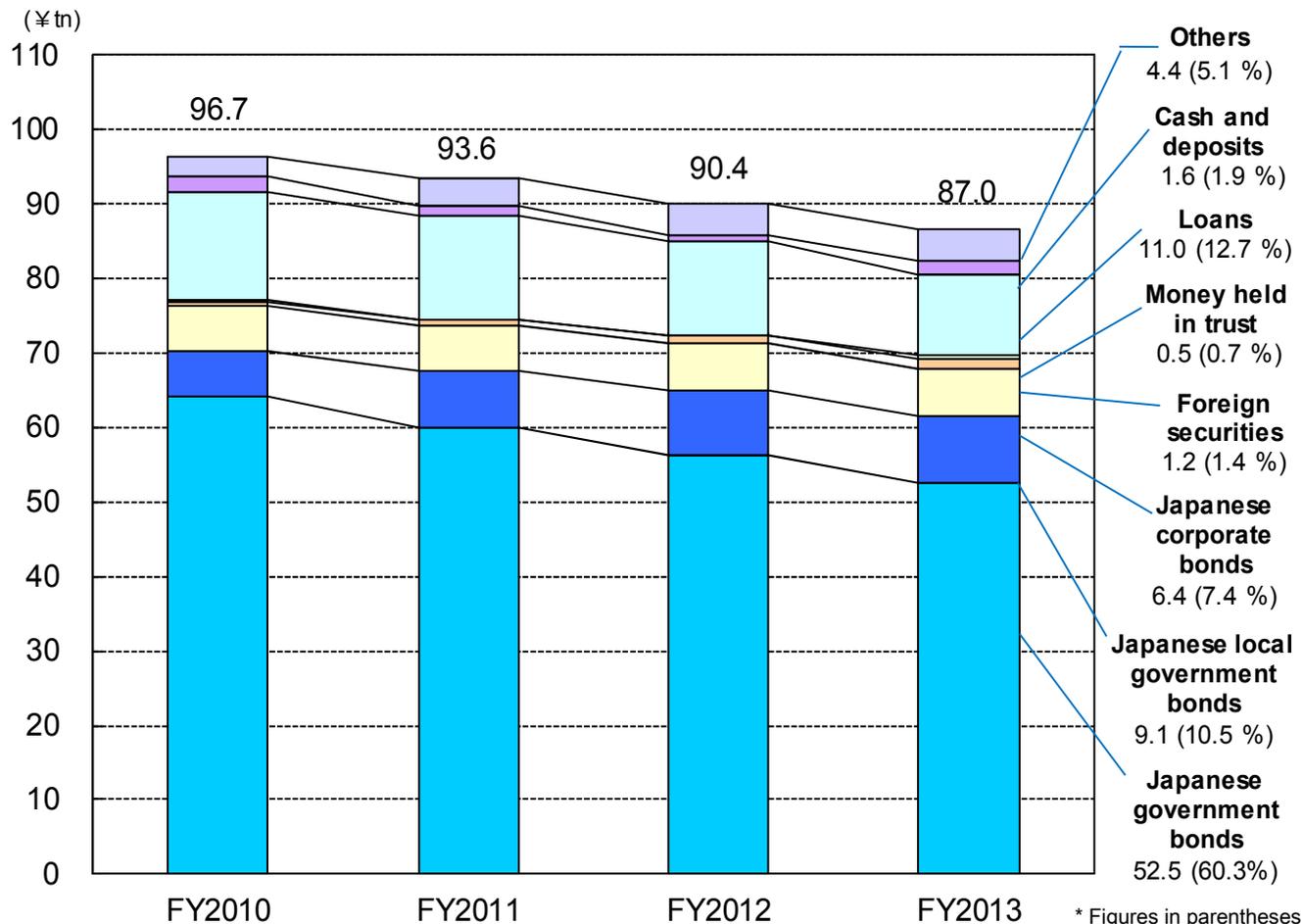
### < Outline of Balance Sheets >

	Mar-14	Mar-13	Change	(¥ bn)
<b>Assets</b>	87,088.6	90,462.3	(3,373.7)	* Main items of the Balance Sheets are presented.
Cash and deposits	1,663.5	724.1	939.3	
Money held in trust	581.6	256.8	324.7	
Securities	69,378.9	72,558.1	(3,179.2)	
Japanese government bonds	52,522.9	56,472.6	(3,949.6)	
Japanese local government bonds	9,173.7	8,698.4	475.2	
Japanese corporate bonds	6,441.8	6,483.8	(42.0)	
Foreign securities	1,239.4	902.2	337.2	
Loans (Note 1)	11,020.5	12,691.5	(1,670.9)	Note 1 Loans are composed ¥10,203.0 billion of loans to the Management Organization, ¥763.2 billion of industrial and commercial loans and ¥54.2 billion of policy loans.
Deferred tax assets	592.6	461.5	131.1	
<b>Liabilities and net assets</b>	87,088.6	90,462.3	(3,373.7)	
Liabilities	85,554.1	88,997.5	(3,443.4)	Note 2 Policy reserves and others comprised ¥77,745.4 billion of policy reserves, ¥831.6 billion of reserve for outstanding claims and ¥2,222.7 billion of reserve for policyholder dividends.
Policy reserves and others (Note 2)	80,799.9	84,746.0	(3,946.1)	
Reserve for price fluctuations	614.2	522.8	91.3	
Net assets	1,534.4	1,464.7	69.6	Note 3 Total shareholders' equity increased by ¥40.6 billion due to a ¥22.7 billion dividend payment to shareholders and the recording of net income of ¥ 63.4 billion.
Total shareholders' equity (Note 3)	1,349.6	1,308.9	40.6	
Total valuation and translation adjustments	184.7	155.7	29.0	

## 4. Investments (1)

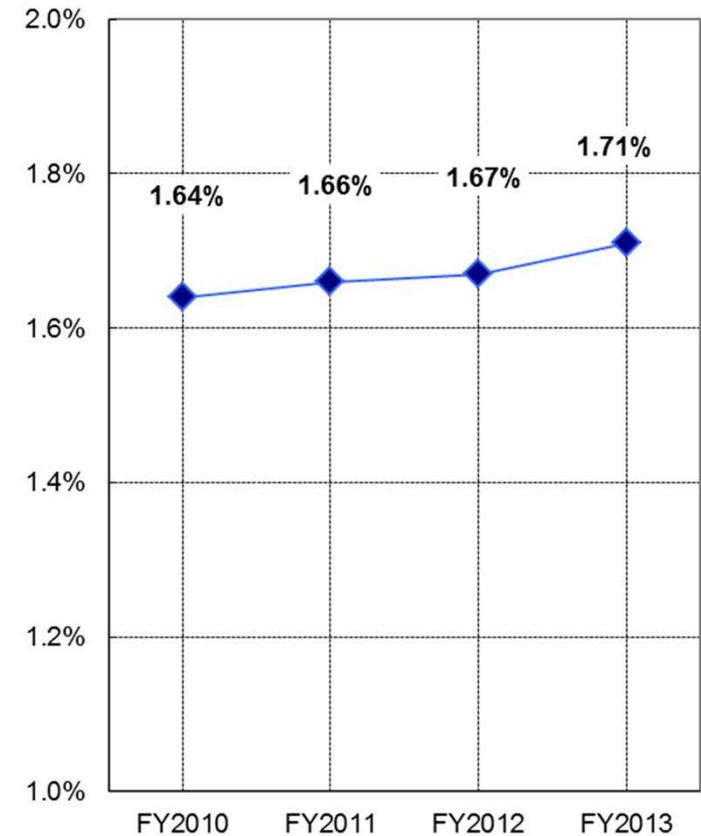
Investments were composed mainly in securities of ¥69 trillion, primarily in Japanese government bonds, and in loans of ¥11 trillion.

< Changes in Composition of Assets >



\* Figures in parentheses indicate ratios.

< Changes in Investment Yield >



\* Investment yield comprises capital gains (losses), etc.

## 4. Investments (2)

- The Company recorded net unrealized gain on securities in total including held-to-maturity bonds and policy-reserve-matching bonds of ¥4,534.4 billion.
- The Company recorded net unrealized gains on available-for-sale securities of ¥265.5 billion (¥184.7 billion after tax effects).

### < Net Unrealized Gains (Losses) >

(¥ bn)

	Mar-14		Mar-13	
	Book value	Unrealized gains (losses)	Book value	Unrealized gains (losses)
Total	70,505.8	4,534.4	73,382.6	5,287.2
Held-to-maturity bonds	45,257.3	3,169.7	43,282.0	3,643.1
Policy-reserve-matching bonds	17,953.6	1,099.1	23,508.8	1,419.1
Available-for-sale securities	7,294.8	265.5	6,591.7	224.9
Money held in trust	499.0	82.5	213.5	43.3

\* The amount of net unrealized gains (losses) on available-for-sale securities is before tax effects. Net unrealized gains (losses) after tax effects are ¥184.7 billion (as of March 31, 2014) and ¥155.7 billion (as of March 31, 2013).

### < The Stock Price Level at which Net Unrealized Gains (Losses) of Domestic Stocks Held as Money Held in Trust Become Zero >

	Nikkei Stock Average
Mar-14	12,000 yen
Mar-13	9,800 yen
Mar-12	9,900 yen
Mar-11	10,100 yen

### < Reference Indicator >

	Nikkei Stock Average	Yen/U.S. dollar exchange rate	Yen/euro exchange rate	Yen interest rate (10Y JGB)
Mar-14	14,827 yen	102.92 yen	141.65 yen	0.640 %
Mar-13	12,397 yen	94.05 yen	120.73 yen	0.560 %
Mar-12	10,083 yen	82.19 yen	109.80 yen	0.985 %
Mar-11	9,755 yen	83.15 yen	117.57 yen	1.255 %

## 5. Core Profit

- Negative spread was eliminated and core profit amounted to ¥482.0 billion.

### < Core Profit Breakdown (Three Major Profit Sources) >

(¥bn)

	Year ended Mar-14	Year ended Mar-13	Change	Year ended Mar-12
Core profit	482.0	570.0	(87.9)	571.6
Mortality and morbidity rate margin	290.4	385.2	(94.7)	381.9
Administrative expense margin	137.3	189.5	(52.1)	251.2
(Negative)/Positive Spread	54.2	(4.7)	58.9	(61.5)

### < (Reference) Average Assumed Rates of Return on Core Profit >

	Year ended Mar-14	Year ended Mar-13	Change	Year ended Mar-12
Average assumed rates of return (Note 1)	1.84%	1.88%	(0.04)%	1.91%
Investment return on core profit (Note 2)	1.91%	1.87%	0.04%	1.83%

\*1 Average assumed rates of return is the return of assumed interest on general account policy reserves.

General account policy reserves are calculated from policy reserves excluding contingency reserve using the following formula.

$(\text{Policy reserves at the beginning of the relevant fiscal year} + \text{policy reserves at the end of the relevant fiscal year} - \text{assumed interest}) \times 1/2$

\*2 Investment return on core profit (excluding net capital gains (losses)), etc. is the return on general account policy reserves.

## 6. Financial Soundness

- Internal reserves accumulated as liabilities amounted to ¥3,203.0 billion, which is the sum of ¥2,588.7 billion of contingency reserve and ¥614.2 billion of reserve for price fluctuations.
- Additional policy reserve to cover the negative spread amounted to ¥6,135.3 billion.

### < Status of Accumulation of Internal Reserves >

		(¥bn)	
		Mar-14	Mar-13
Contingency reserve		2,588.7	2,683.6
	Limit amount	2,753.1	2,899.4
	(Sufficiency Ratio)	(94%)	(93%)
Reserve for price fluctuations		614.2	522.8
	Limit amount	779.6	775.0
	(Sufficiency Ratio)	(79%)	(67%)
Total internal reserves		3,203.0	3,206.4

### < Status of Accumulation of Additional Policy Reserve >

		(¥bn)	
		Mar-14	Mar-13
		6,135.3	6,212.5

\* For reinsured whole life annuities from Management Organization for Postal Savings and Postal Life Insurance, the Company determined to provide additional policy reserves for 10 years from the fiscal year ended March 31, 2011. For the fiscal year ended March 31, 2014, the amount of additional provision was ¥175.1 billion.

### < Solvency Margin Ratio >

Mar-14	Mar-13
1,623.4%	1,467.9%

### < Real Net Assets >

		(¥bn)	
		Mar-14	Mar-13
		9,442.2	10,107.4