

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.

February 10, 2015
JAPAN POST INSURANCE Co., Ltd.

**Announcement of Financial Results for
the Nine Months Ended December 31, 2014**

JAPAN POST INSURANCE Co., Ltd. (the “Company”; Masami Ishii, Director and President, CEO, Representative Executive Officer) hereby announces its financial results for the nine months ended December 31, 2014 (April 1, 2014 to December 31, 2014).

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[Attached document] Outline of Financial Results for the Nine Months Ended December 31, 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		December 31, 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	13,085	112.1	37,828.8	112.1
Individual annuities	1,194	3,443.9	1,294	108.4	3,599.7	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, %)

Nine months ended December 31	2013				2014					
	Number of policies	Policy amount			Number of policies		Policy amount			
			New policies	Net increase arising from the conversion		% of December 31, 2013 total	% of December 31, 2013 total	New policies	Net increase arising from the conversion	
Individual insurance	1,726	5,039.2	5,039.2	-	1,795	104.0	5,248.7	104.2	5,248.7	-
Individual annuities	120	425.2	425.2	-	110	91.3	393.1	92.5	393.1	-
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	December 31, 2014	
			% of March 31, 2014 total
Individual insurance	2,192.2	2,448.6	111.7
Individual annuities	661.4	668.8	101.1
Total	2,853.6	3,117.4	109.2
Medical coverage, living benefits and other	227.5	250.2	110.0

▪ New Policies

(Billions of yen, %)

Nine months ended December 31	2013	2014	
			% of December 31, 2013 total
Individual insurance	338.8	344.9	101.8
Individual annuities	147.0	133.9	91.1
Total	485.9	478.8	98.6
Medical coverage, living benefits and other	37.9	31.0	81.6

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

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

2. Investment Performance (General Account)

(1) Asset Composition

(Billions of yen, %)

As of	March 31, 2014		December 31, 2014	
	Amount	Ratio	Amount	Ratio
Cash, deposits, call loans	1,893.6	2.2	1,701.7	2.0
Receivables under resale agreements	-	-	-	-
Receivables under securities borrowing transactions	2,822.1	3.2	2,471.3	2.9
Monetary claims bought	107.4	0.1	248.6	0.3
Trading account securities	-	-	-	-
Money held in trust	581.6	0.7	1,331.7	1.6
Securities	69,378.9	79.7	67,308.3	79.2
Corporate and government bonds	68,138.5	78.2	65,300.8	76.8
Domestic stocks	0.9	0.0	0.9	0.0
Foreign securities	1,239.4	1.4	2,006.5	2.4
Foreign corporate and government bonds	1,099.4	1.3	1,866.5	2.2
Foreign stocks and other securities	140.0	0.2	140.0	0.2
Other securities	-	-	-	-
Loans	11,020.5	12.7	10,482.0	12.3
Real estate	75.6	0.1	107.3	0.1
Deferred tax assets	592.6	0.7	582.3	0.7
Other	616.9	0.7	780.2	0.9
Reserve for possible loan losses	(1.0)	(0.0)	(1.1)	(0.0)
Total	87,088.6	100.0	85,012.6	100.0
Foreign currency-denominated assets	1,128.7	1.3	2,094.4	2.5

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

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

(Billions of yen)

As of	March 31, 2014					December 31, 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	44,232.4	49,266.1	5,033.6	5,033.6	0.0
Policy-reserve matching bonds	17,953.6	19,052.8	1,099.1	1,100.4	1.3	15,888.6	17,207.6	1,319.0	1,319.0	-
Stocks of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	7,148.5	7,414.1	265.5	278.0	12.4	8,947.5	9,643.6	696.0	699.7	3.7
Corporate and government bonds	4,927.7	5,025.5	97.8	100.0	2.2	5,158.0	5,277.6	119.6	119.6	0.0
Domestic stocks	337.7	412.2	74.4	78.0	3.5	712.1	907.7	195.5	199.2	3.6
Foreign securities	1,072.5	1,164.5	92.0	98.7	6.6	1,763.8	2,142.4	378.5	378.5	-
Foreign corporate and government bonds	917.5	1,001.4	83.9	90.6	6.6	1,457.3	1,768.5	311.2	311.2	-
Foreign stocks and other securities	155.0	163.1	8.1	8.1	-	306.4	373.8	67.3	67.3	-
Other securities	-	-	-	-	-	-	-	-	-	-
Monetary claims bought	106.2	107.4	1.1	1.1	0.0	246.3	248.6	2.2	2.2	-
Negotiable certificates of deposit	704.3	704.3	-	-	-	1,067.2	1,067.2	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	70,359.5	74,894.0	4,534.4	4,552.5	18.1	69,068.6	76,117.4	7,048.7	7,052.4	3.7
Corporate and government bonds	68,040.7	72,403.6	4,362.9	4,370.8	7.9	65,181.1	71,648.9	6,467.8	6,467.8	0.0
Domestic stocks	337.7	412.2	74.4	78.0	3.5	712.1	907.7	195.5	199.2	3.6
Foreign securities	1,170.5	1,266.3	95.8	102.4	6.6	1,861.8	2,244.9	383.1	383.1	-
Foreign corporate and government bonds	1,015.5	1,103.2	87.7	94.3	6.6	1,555.3	1,871.1	315.7	315.7	-
Foreign stocks and other securities	155.0	163.1	8.1	8.1	-	306.4	373.8	67.3	67.3	-
Other securities	-	-	-	-	-	-	-	-	-	-
Monetary claims bought	106.2	107.4	1.1	1.1	0.0	246.3	248.6	2.2	2.2	-
Negotiable certificates of deposit	704.3	704.3	-	-	-	1,067.2	1,067.2	-	-	-
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 ¥1,018.6 billion with net unrealized gains of ¥262.9 billion as of December 31, 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	December 31, 2014
Held-to-maturity bonds	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Stocks of subsidiaries and affiliates	0.9	0.9
Available-for-sale securities	140.0	140.0
Unlisted domestic stocks (excluding OTC traded equities)	-	-
Unlisted foreign stocks (excluding OTC traded equities)	140.0	140.0
Unlisted foreign bonds	-	-
Others	-	-
Total	140.9	140.9

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

(Billions of yen)

As of	March 31, 2014					December 31, 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	-	-	-	1,331.7	1,331.7	-	-	-

- Money held in trust for trading purposes

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

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

(Billions of yen)

As of	March 31, 2014					December 31, 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	1,068.8	1,331.7	262.9	266.6	3.6

3. UNAUDITED NON-CONSOLIDATED BALANCE SHEETS

(Millions of yen)

Items	Term	As of March 31, 2014	As of December 31, 2014
		Condensed Balance Sheets	
		Amount	Amount
ASSETS:			
Cash and deposits		1,663,576	1,229,583
Call loans		230,025	472,164
Receivables under securities borrowing transactions		2,822,188	2,471,319
Monetary claims bought		107,448	248,604
Money held in trust		581,627	1,331,717
Securities		69,378,975	67,308,378
Japanese government bonds		52,522,914	49,072,364
Japanese local government bonds		9,173,780	9,535,247
Japanese corporate bonds		6,441,832	6,693,198
Stocks		984	984
Foreign securities		1,239,464	2,006,584
Loans		11,020,585	10,482,056
Policy loans		54,271	68,162
Industrial and commercial loans		763,298	797,384
Loans to the Management Organization		10,203,015	9,616,509
Tangible fixed assets		89,322	125,534
Intangible fixed assets		126,040	141,453
Agency accounts receivable		102,651	90,716
Reinsurance receivables		234	514
Other assets		374,320	529,383
Deferred tax assets		592,665	582,353
Reserve for possible loan losses		(1,036)	(1,101)
Total assets		87,088,626	85,012,677
LIABILITIES:			
Policy reserves and others		80,799,941	78,595,868
Reserve for outstanding claims		831,690	695,817
Policy reserves		77,745,490	75,754,709
Reserve for policyholder dividends		2,222,759	2,145,341
Reinsurance payables		1,234	1,765
Other liabilities		4,077,493	3,768,181
Payables under securities lending transactions		3,703,176	3,528,618
Income taxes payable		15,804	10,039
Lease obligations		1,528	2,191
Asset retirement obligation		15	15
Other liabilities		356,968	227,317
Reserve for possible claim payments		1,881	294
Reserve for employees' retirement benefits		59,385	66,992
Reserve for price fluctuations		614,233	692,958
Total liabilities		85,554,169	83,126,060
NET ASSETS:			
Capital stock		500,000	500,000
Capital surplus		500,044	500,044
Legal capital surplus		405,044	405,044
Other capital surplus		95,000	95,000
Retained earnings		349,627	402,988
Legal retained earnings		17,222	20,584
Other retained earnings		332,404	382,403
Retained earnings brought forward		332,404	382,403
Total shareholders' equity		1,349,671	1,403,032
Net unrealized gains (losses) on available-for-sale securities		184,774	483,538
Net deferred gains (losses) on hedges		11	46
Total valuation and translation adjustments		184,785	483,584
Total net assets		1,534,457	1,886,616
Total liabilities and net assets		87,088,626	85,012,677

4. UNAUDITED NON-CONSOLIDATED STATEMENTS of INCOME

(Millions of yen)

Items	Term	Nine months ended	Nine months ended
		December 31, 2013	December 31, 2014
		Amount	Amount
ORDINARY INCOME		8,401,615	7,723,394
Insurance premiums and others		4,514,921	4,487,972
[Insurance premiums]		[4,514,780]	[4,486,726]
Investment income		1,155,175	1,105,417
[Interest and dividend income]		[1,102,580]	[1,032,639]
[Gains on money held in trust]		[4,918]	[21,543]
[Gains on sales of securities]		[46,143]	[51,151]
Other ordinary income		2,731,518	2,130,004
[Reversal of reserve for outstanding claims]		[208,548]	[135,873]
[Reversal of policy reserves]		[2,514,333]	[1,990,781]
ORDINARY EXPENSES		8,072,534	7,345,665
Insurance claims and others		7,617,022	6,884,627
[Insurance claims]		[7,144,910]	[6,298,157]
[Annuity payments]		[189,213]	[224,688]
[Benefits]		[24,900]	[30,247]
[Surrender benefits]		[156,881]	[208,186]
[Other refunds]		[99,529]	[118,996]
Provision for policy reserves and others		4,017	1,066
Provision for interest on policyholder dividends		4,017	1,066
Investment expenses		16,407	9,381
[Interest expenses]		[3,743]	[3,274]
[Losses on sales of securities]		[10,205]	[4,963]
Operating expenses		377,817	379,576
Other ordinary expenses		57,268	71,013
ORDINARY PROFIT		329,080	377,729
EXTRAORDINARY GAINS		-	-
EXTRAORDINARY LOSSES		67,304	78,835
Losses on sales and disposal of fixed assets		8,254	110
Provision for reserve for price fluctuations		59,050	78,725
Provision for reserve for policyholder dividends		186,585	192,315
Income before income taxes		75,191	106,579
Income taxes - Current		145,178	152,794
Income taxes - Deferred		(111,305)	(119,917)
Total income taxes		33,873	32,876
Net income		41,317	73,702

NOTES TO THE UNAUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2014

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

1. Changes in Accounting Policies

Effective from the three months ended June 30, 2014, with respect to the application of the “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 26, May 17, 2012; hereinafter referred to as the “Retirement Benefits Accounting Standard”) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012; hereinafter referred to as the “Guidance on Retirement Benefits”), the Company has adopted provisions stated in the main clause of Paragraph 35 of the Retirement Benefits Accounting Standard and the main clause of Paragraph 67 of the Guidance on Retirement Benefits. Accordingly, the Company has revised the calculation methods for retirement benefit obligations and service cost and changed the method of attributing expected benefit to each fiscal year from the straight-line basis to the benefit formula basis. In addition, the method for determining the discount rate has been changed from the method using a discount rate based on the number of years which approximates the estimated average remaining service lives for employees to the method using a single-weighted average discount rate which reflects the estimated payment periods of retirement benefits and the amounts in the respective estimated payment periods.

In accordance with the transitional application provided for in Paragraph 37 of the Retirement Benefits Accounting Standard, the effects of changes of the calculation methods for retirement benefit obligations and service cost are recognized in retained earnings at the beginning of the nine months ended December 31, 2014.

As a result, reserve for employees’ retirement benefit increased by ¥5,104 million and retained earnings decreased by ¥3,533 million at the beginning of the nine months ended December 31, 2014.

The effect of these changes on ordinary profit for the nine months ended December 31, 2014 was immaterial.

2. Securities lent under lending agreements in the amount of ¥3,100,578 million were included in “Securities” in the balance sheets as of December 31, 2014.

3. Changes in reserve for policyholder dividends for the nine months ended December 31, 2014 were as follows:

a. Balance at the beginning of the fiscal year	¥2,222,759 million
b. Policyholder dividends paid during the nine months ended December 31, 2014	¥270,515 million
c. Interest accrual	¥1,066 million
d. Reduction due to the acquisition of additional annuity	¥283 million
e. Provision for reserve for policyholder dividends	¥192,315 million
f. Balance at the end of the nine months ended December 31, 2014	¥2,145,341 million

4. Dividends paid

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

▪ Dividends on common stock

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

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

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

Net income per share was ¥3,685.14.

5. Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

Nine months ended December 31		2013	2014
Core profit	A	352,697	389,261
Capital gains		52,502	72,702
Gains on money held in trust		4,918	21,543
Gains on trading securities		-	-
Gains on sales of securities		46,143	51,151
Gains on derivative financial instruments		-	-
Gains on foreign exchanges		1,434	7
Other capital gains		5	-
Capital losses		15,423	19,404
Losses on money held in trust		-	-
Losses on trading securities		-	-
Losses on sales of securities		10,205	4,963
Losses on valuation of securities		-	-
Losses on derivative financial instruments		1,961	605
Losses on foreign exchanges		-	-
Other capital losses		3,256	13,835
Net capital gains	B	37,078	53,297
Core profit including net capital gains (losses)	A+B	389,776	442,559
One-time income		70,335	67,695
Reinsurance income		-	-
Reversal of contingency reserve		70,335	67,695
Reversal of individual reserve for possible loan losses		-	-
Other one-time income		-	-
One-time expenses		131,030	132,525
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 expense		131,030	132,525
Net one-time income (expense)	C	(60,695)	(64,829)
Ordinary profit	A+B+C	329,080	377,729

- Notes:
1. Amount equivalent to income gains associated with money held in trust (¥3,256 million for the nine months ended December 31, 2013 and ¥13,835 million for the nine months ended December 31, 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 nine months ended December 31, 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 nine months ended December 31, 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 (¥131,030 million for the nine months ended December 31, 2013 and ¥132,525 million for the nine months ended December 31, 2014).

6. Solvency Margin Ratio

(Millions of yen)

As of		March 31, 2014	December 31, 2014
Total amount of solvency margin	(A)	5,130,031	5,629,771
Capital stock, etc.		1,332,862	1,403,032
Reserve for price fluctuations		614,233	692,958
Contingency reserve		2,588,798	2,521,103
General reserve for possible loan losses		91	75
Net unrealized gains (losses) on available-for-sale securities × 90% (if negative, × 100%)		238,976	626,470
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		(3,465)	(10,223)
Excess of continued Zillmerised reserve		358,533	395,937
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		-	417
Total amount of risk	(B)	632,004	682,909
$\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$			
Insurance risk	R ₁	168,426	165,236
Underwriting risk of third-sector insurance	R ₈	99,913	91,295
Anticipated yield risk	R ₂	198,138	188,186
Minimum guarantee risk	R ₇	-	-
Investment risk	R ₃	355,852	425,881
Business management risk	R ₄	16,446	17,411
Solvency margin ratio			
$\frac{(A)}{(1/2 \times (B))} \times 100$		1,623.4%	1,648.7%

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

7. Separate Account for the Nine Months Ended December 31, 2014

Not applicable.

8. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(Millions of yen)

Nine months ended December 31	2013	2014
Ordinary income	8,401,625	7,723,399
Ordinary profit	328,546	377,435
Net income	40,916	73,464
Comprehensive income	72,717	372,108

As of	March 31, 2014	December 31, 2014
Total assets	87,092,800	85,019,278
Consolidated solvency margin ratio	1,625.1%	1,650.2%

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

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

(3) Unaudited Consolidated Balance Sheets

(Millions of yen)

Items	Term	As of March 31, 2014	As of December 31, 2014
		Amount	Amount
ASSETS:			
Cash and deposits		1,670,837	1,238,505
Call loans		230,025	472,164
Receivables under securities borrowing transactions		2,822,188	2,471,319
Monetary claims bought		107,448	248,604
Money held in trust		581,627	1,331,717
Securities		69,377,991	67,307,394
Loans		11,020,585	10,482,056
Tangible fixed assets		89,453	125,656
Intangible fixed assets		124,161	140,152
Agency accounts receivable		102,651	90,716
Reinsurance receivables		234	514
Other assets		374,099	529,243
Deferred tax assets		592,532	582,334
Reserve for possible loan losses		(1,036)	(1,101)
Total assets		87,092,800	85,019,278
LIABILITIES:			
Policy reserves and others		80,799,941	78,595,868
Reserve for outstanding claims		831,690	695,817
Policy reserves		77,745,490	75,754,709
Reserve for policyholder dividends		2,222,759	2,145,341
Reinsurance payables		1,234	1,765
Other liabilities		4,080,744	3,773,976
Reserve for possible claim payments		1,881	294
Liability for retirement benefits		56,627	64,511
Reserve for price fluctuations		614,233	692,958
Total liabilities		85,554,663	83,129,375
NET ASSETS:			
Capital stock		500,000	500,000
Capital surplus		500,044	500,044
Retained earnings		351,010	404,133
Total shareholders' equity		1,351,054	1,404,177
Net unrealized gains (losses) on available-for-sale securities		184,774	483,538
Net deferred gains (losses) on hedges		11	46
Accumulated adjustments for retirement benefits		2,296	2,141
Total accumulated other comprehensive income		187,082	485,725
Total net assets		1,538,136	1,889,903
Total liabilities and net assets		87,092,800	85,019,278

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

(Unaudited Consolidated Statements of Income)

(Millions of yen)

Term Items	Nine months ended December 31, 2013	Nine months ended December 31, 2014
	Amount	Amount
ORDINARY INCOME	8,401,625	7,723,399
Insurance premiums and others	4,514,921	4,487,972
Investment income	1,155,175	1,105,417
[Interest and dividend income]	[1,102,580]	[1,032,639]
[Gains on money held in trust]	[4,918]	[21,543]
[Gains on sales of securities]	[46,143]	[51,151]
Other ordinary income	2,731,528	2,130,008
[Reversal of reserve for outstanding claims]	[208,548]	[135,873]
[Reversal of policy reserves]	[2,514,333]	[1,990,781]
ORDINARY EXPENSES	8,073,079	7,345,963
Insurance claims and others	7,617,022	6,884,627
[Insurance claims]	[7,144,910]	[6,298,157]
[Annuity payments]	[189,213]	[224,688]
[Benefits]	[24,900]	[30,247]
[Surrender benefits]	[156,881]	[208,186]
Provision for policy reserves and others	4,017	1,066
Provision for interest on policyholder dividends	4,017	1,066
Investment expenses	16,407	9,381
[Interest expenses]	[3,743]	[3,274]
[Losses on sales of securities]	[10,205]	[4,963]
Operating expenses	378,352	380,004
Other ordinary expenses	57,278	70,884
ORDINARY PROFIT	328,546	377,435
EXTRAORDINARY GAINS	-	-
EXTRAORDINARY LOSSES	67,335	78,835
Losses on sales and disposal of fixed assets	8,285	110
Provision for reserve for price fluctuations	59,050	78,725
Provision for reserve for policyholder dividends	186,585	192,315
Income before income taxes	74,625	106,285
Income taxes - Current	145,100	152,783
Income taxes - Deferred	(111,391)	(119,963)
Total income taxes	33,708	32,820
Net income	40,916	73,464
Net income attributable to non-controlling interests	-	-
Net income attributable to Japan Post Insurance	40,916	73,464

(Unaudited Consolidated Statements of Comprehensive Income)

(Millions of yen)

Term Items	Nine months ended December 31, 2013	Nine months ended December 31, 2014
	Amount	Amount
Net income	40,916	73,464
Other comprehensive income	31,800	298,643
Net unrealized gains (losses) on available-for-sale securities	31,820	298,763
Net deferred gains (losses) on hedges	(20)	34
Adjustments for retirement benefits	-	(154)
Total comprehensive income	72,717	372,108
Comprehensive income attributable to Japan Post Insurance	72,717	372,108
Comprehensive income attributable to non-controlling interests	-	-

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2014

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

1. Changes in Accounting Policies

Effective from the three months ended June 30, 2014, with respect to the application of the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012; hereinafter referred to as the “Retirement Benefits Accounting Standard”) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012; hereinafter referred to as the “Guidance on Retirement Benefits”), the Company has adopted provisions stated in the main clause of Paragraph 35 of the Retirement Benefits Accounting Standard and the main clause of Paragraph 67 of the Guidance on Retirement Benefits. Accordingly, the Company has revised the calculation methods for retirement benefit obligations and service cost and changed the method of attributing expected benefit to each fiscal year from the straight-line basis to the benefit formula basis. In addition, the method for determining the discount rate has been changed from the method using a discount rate based on the number of years which approximates the estimated average remaining service lives for employees to the method using a single-weighted average discount rate which reflects the estimated payment periods of retirement benefits and the amounts in the respective estimated payment periods.

In accordance with the transitional application provided for in Paragraph 37 of the Retirement Benefits Accounting Standard, the effects of changes of the calculation methods for retirement benefit obligations and service cost are recognized in retained earnings at the beginning of the nine months ended December 31, 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 nine months ended December 31, 2014.

The effect of these changes on ordinary profit for the nine months ended December 31, 2014 was immaterial.

2. Securities lent under lending agreements in the amount of ¥3,100,578 million were included in “Securities” in the consolidated balance sheets as of December 31, 2014.

3. Changes in reserve for policyholder dividends for the nine months ended December 31, 2014 were as follows:

a. Balance at the beginning of the fiscal year	¥2,222,759 million
b. Policyholder dividends paid during the nine months ended December 31, 2014	¥270,515 million
c. Interest accrual	¥1,066 million
d. Reduction due to the acquisition of additional annuity	¥283 million
e. Provision for reserve for policyholder dividends	¥192,315 million
f. Balance at the end of the nine months ended December 31, 2014	¥2,145,341 million

4. Dividends Paid

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

▪ Dividends on common stock

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

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

(Notes to the Unaudited Consolidated Statements of Income)

1. Net income per share was ¥3,673.23.

2. Depreciation and amortization for the nine months ended December 31, 2014 amounted to ¥26,202 million.

(5) Consolidated Solvency Margin Ratio

(Millions of yen)

As of		March 31, 2014	December 31, 2014
Total amount of solvency margin	(A)	5,134,732	5,634,010
Capital stock, etc.		1,334,246	1,404,177
Reserve for price fluctuations		614,233	692,958
Contingency reserve		2,588,798	2,521,103
Catastrophe loss reserve		-	-
General reserve for possible loan losses		91	75
Net unrealized gains (losses) on available-for-sale securities × 90% (if negative, × 100%)		238,976	626,470
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	3,093
Excess of continued Zillmerised reserve		358,533	395,937
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		-	417
Total amount of risk	(B)	631,890	682,808
$\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2 + R_4 + R_6}$			
Insurance risk	R ₁	168,426	165,236
General Insurance risk	R ₅	-	-
Catastrophe risk	R ₆	-	-
Underwriting risk of third-sector insurance	R ₈	99,913	91,295
Small amount, short-term insurance risk	R ₉	-	-
Anticipated yield risk	R ₂	198,138	188,186
Minimum guarantee risk	R ₇	-	-
Investment risk	R ₃	355,728	425,773
Business management risk	R ₄	16,444	17,409
Solvency margin ratio			
$\frac{(A)}{(1/2 \times (B))} \times 100$		1,625.1%	1,650.2%

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

(6) Segment Information

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

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

Based on the reports of the Financial Stability Forum (FSF), Japan Post Insurance Co., Ltd. discloses the following information with respect to its holdings of securitized products and investments related to subprime-related instruments as of December 31, 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	490.3	27.8	-

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.