



Annual Report 2021

Year ended March 31, 2021

Management Philosophy, Management Policy and Code of Conduct

Our Management Philosophy is a determination that all executives and employees will work together to be always close at hand and to protect the well-being of every one of our customers.

Keeping this Management Philosophy in mind, we will work to realize sustainable growth and remain a company that is trusted and loved by our customers.

Management Philosophy

Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being.

Management Policy

We aim to become the No. 1 Japanese insurance company selected by customers.

1. We are always close to people's lives, offering easy-to-understand products and high-quality services.
2. We always ensure that employees who have contact with our customers make full use of their strengths to offer better customer services.
3. We create a working environment in which all employees can develop their talents and work with energy and vitality.
4. We practice sound management based on strong corporate governance, constantly creating new value to achieve sustainable growth.
5. We actively contribute to health promotion, environmental protection, and the development of local communities and society as a whole.
6. We work to communicate closely with all stakeholders.

Code of Conduct

1. We put the customer first in everything we do.
2. We offer comprehensive and heartfelt services by working together closely with our business partners.
3. We always improve ourselves, embarking on new challenges and contributing to the development of the company and society.
4. We leave no stone unturned in ensuring compliance based on a strong ethical sense of the company as a responsible member of society.
5. We respect human rights and create a diverse and inclusive working environment.

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Editorial Policy

This Annual Report presents an overview of the Company, our business strategies, management issues and other information in an integrated manner that includes both financial and non-financial information in order to communicate clearly to our stakeholders the initiatives undertaken by Japan Post Insurance for sustainable value creation. This Annual Report was compiled with reference to the "International Integrated Reporting Framework" issued by the International Integrated Reporting Council (IIRC) and the "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation" issued by the Ministry of Economy, Trade and Industry. We also issue this Annual Report as disclosure materials prepared based on Article 111 of the Insurance Business Act.

Japan Post Insurance Co., Ltd. has been commissioned by the Organization for Postal Savings, Postal Life Insurance and Post Office Network (the "Management Network"), which succeeded the rights and obligations of the Postal Life Insurance policies enrolled in before September 2007, to engage in insurance policy operations.

As of April 1, 2019, the Management Network changed its name from the Management Organization for Postal Savings and Postal Life Insurance (the "Management Organization").

- Notes: 1. This report is intended to provide information to the public and is not intended to constitute a solicitation to invest in stock or other marketable securities of Japan Post Insurance Co., Ltd. or its subsidiaries (the "Group"). This report contains forward-looking statements regarding the outlook and targets of the Group, which are based on information available when the report was prepared or on Japan Post Insurance's expectations derived from projections or assumptions made at the time of the report's preparation. Please note that these forward-looking statements are subject to a broad range of risks and uncertainties, and actual results might vary materially from the statements contained in this report as a result of changes in the economic conditions or business trends, revisions to laws or regulations, effects of large-scale disasters, fluctuations in the value of assets owned, harmful rumors or false information.
2. Unless otherwise noted, the numbers and percentages shown in this report are based on the latest available data as of March 31, 2021.
3. Unless otherwise noted, financial figures in this report are reported on a consolidated basis. Unless the context indicates otherwise, references in this report to "we," "us," "our," "the Company" or similar terms refer to Japan Post Insurance Co., Ltd.



We will devote ourselves to our new Medium-Term Management Plan, endeavoring to achieve the transformation of Japan Post Insurance.

SENDA Tetsuya

Director and President, CEO,
Representative Executive Officer

Regaining trust is the mission I must achieve.

Let me begin by extending my deepest sympathies to those who have been affected by COVID-19, as well as my sincerest gratitude to those who remain engaged in treating patients and preventing infection on the medical front lines, and those who bolster the lifeline infrastructure.

The Postal Life Insurance Service, the Company's predecessor, was created in 1916 with the social mission of "protecting the means of fundamental livelihood of the public through simple procedures." Even after becoming a private sector company, we remain firmly committed to this social mission, and continue pursuing our management philosophy, "Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being." During the COVID-19 pandemic, we have provided emergency measures such as the extension of the grace period for premium payments and the reduction or exemption of interest rates on loans, as well as the payment of insurance claims. We are resolved to continue fulfilling our social mission as a life insurance company.

Since assuming the position of President, CEO and Representative Executive Officer on January 6, 2020, I have made every effort to regain the trust of customers, which I believe is my mission. I would like to reiterate my deepest apologies for the trouble and concern experienced by many people due to the Company's solicitation quality issues. We have conducted and completed insurance claim surveys for all customers, with the exception of cases in which surveys could not be completed due to reasons attributable to customers. Furthermore, personnel involved in customer solicitation activities that violated laws and regulations have been disciplined. Going forward, we will continue to confirm the policy coverage of customers and compensate customers for any disadvantages caused.

On top of this, as President and CEO, I am taking the lead in devoting the Company to customer-first business operations to avoid the occurrence of similar incidents, and working to reform our corporate culture so that every employee acts autonomously and proactively to support and serve our customers.

Medium-Term Management Plan based on thinking from scratch and returning to our roots (p. 20)

I believe that the Company is currently facing the most challenging business environment that it has encountered since inception. We have entered into an era in which conventional values are rapidly changing, triggered by the ongoing global COVID-19 pandemic. Successful experiences and business models of the past are no longer useful or helpful for industries, including life insurance. Under such circumstances, we have formulated a new Medium-Term Management Plan (FY2021–FY2025), based not upon an extension of the conventional business model, but rather, a radical reconsideration of how the Company should be reborn.

The new Medium-Term Management Plan returns to the root of our management philosophy –“Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being”–and clearly demonstrates our social mission that “We will remain trusted and selected by customers, thereby protecting their lives by providing life insurance product.” Moreover, as the basic policy of the plan, we have set out the following themes: “reconstruction” of Japan Post Insurance to transform us into a company truly trusted by customers through continuous efforts to regain trust and enhancement of the business foundation; “sustainable growth,” which we will pursue by improving customer experience value (CX¹) and contributing to the resolution of social issues; and, as the foundation for achieving these, corporate culture and workstyle reforms as well as enhanced governance and capital policy.

Note 1: CX, an abbreviation for customer experience, refers to everything experienced by customers, not only functional items such as prices and performance of products and services, but also emotional and psychological values, like satisfaction, generated throughout the entire process from before buying insurance to after-sales support and insurance claim payment.

Reconstruction aimed at being a company truly trusted by customers (p. 22)

Since July 2019, the Company has placed the highest priority on regaining trust from customers, and refrained from proactively making proposals. We resumed proposal activities for customers in April 2021. In order to “revitalize” the Company and carry out sales activities while ensuring quality, the proper condition of a life insurance company, we will drastically change our sales

process and ensure that the customers using our products and services are well-informed and satisfied.

Supporting customers nationwide with the new Japan Post Insurance sales system (p. 24)

For our “reconstruction,” we need to strengthen our business foundation on top of continuing efforts aimed at regaining trust.

To respond to customers’ increasingly diverse insurance needs, it is essential to tailor our services to the life plans and family lives of our customers, along with meticulous and careful after-sales services. To do this, we will establish a new Japan Post Insurance sales system by accepting a total of approximately 13,000 consultants (employees mainly engaged in visiting customer homes, etc.) and other staff from Japan Post Co.

Under the new sales system, the roles of the consultants and post office counters will be clearly defined. The consultants will be devoted to making proposals for life insurance products and after-sales services as life insurance professionals, using their specialist knowledge and mobility. In addition, the introduction of a customer assignment system will allow them to provide high-quality and attentive after-sales follow up for customers. On the other hand, post office counters will respond to a variety of customer needs by proposing a wide range of financial products. Moreover, through the collaboration between these consultants and post office counters, we will achieve comprehensive consulting services provided by the Japan Post Group as a whole, featuring both specialization and breadth.

The establishment of this new Japan Post Insurance sales system is a project on which the future of the Company rests. We will make company-wide efforts under the resolution that top management, including the President and CEO, will take the lead in the challenge, see to its success, and achieve customer satisfaction.

Enhancing insurance services to provide support the age of the 100-year life (p. 26)

In addition to establishing the new Japan Post Insurance sales system, developing products that meet customers’ needs is crucial to strengthening our business foundation. As society enters the age of the 100-year life, we must develop products that thoroughly meet the insurance needs of customers

of all generations. We will improve the coverage of medical care riders to be added to basic insurance policies so that we can accurately meet customers' insurance needs, such as receiving generous protection at low premiums. We will also promote the development of our insurance services, including the expansion of products that meet the protection needs of the elderly and middle- to senior-aged population, and the research and development of products that contribute to extending a healthy life expectancy.

The Company, which is subject to additional restrictions under the Postal Service Privatization Act on top of general regulations based on the Insurance Business Act, conducted acquisition of its treasury shares in May 2021, and the ratio of voting rights of Japan Post Holdings in the Company decreased to around 49.9% in June 2021. Accordingly, the additional restrictions on new operations will be relaxed from a license system to an advance notification system. Going forward, we will develop products that meet customers' requirements with a sense of speed.

“Sustainable growth” that enhances our competitiveness (p. 30)

Along with the abovementioned “reconstruction,” “sustainable growth” is set as another pillar of the Medium-Term Management Plan. To achieve “sustainable growth,” we are working to “improve customer experience value (CX)” and “contribute to resolving social issues.”

We believe that “improving customer experience value (CX)” is a key to how we, as a life insurance company, can enhance our competitiveness in the life insurance market. We should be able to expand opportunities to connect with potential customers if, by enhancing customer convenience and services through measures such as through swift insurance benefits payments and the provision of simpler and more diverse services, we can ensure that our customers feel glad they chose Japan Post Insurance, and share their experience or even recommend the quality services of Japan Post Insurance to others.

As specific initiatives, we plan to transform our business model into one where insurance procedures can be mostly completed when we come in contact with customers. For example, when customers apply for a new policy, sales employees will be accompanied online by customer service center staff in charge of customer support, who will check the application

items for on-the-spot confirmation that the application procedures can be completed correctly. Moreover, we will enable the family of customers to be present online, even if they live in distant places, so that customers can feel safe and comfortable.

Additional focus will be placed on setting up a customer database. As quickly as possible, we will create a common platform that will enable us, not individually but as a team, to support customers by grasping information on each customer through all channels, including consultants, post office counters and customer service centers, in the same way.

Furthermore, when examining “improvement of customer experience value (CX),” emphasis will be placed on combining “physical” measures, or direct communications with customers and “digital” measures, which include using Web services and ICT. By increasing contact points with customers through DX² and adding personalized, heartfelt support, we will improve customer satisfaction. By integrating the “physical” channel of post offices, a strength of the Japan Post Group, and the new digital capabilities, we will make the customer experience (CX) better, or experiences that move customers.

Note 2: DX, an abbreviation for digital transformation, is a process where companies transform their products, services, and business models based on customer and societal needs, by leveraging data and digital technologies to respond to drastic changes in the business environment. This includes transformation of the operation itself, organization, processes, and corporate culture, which will lead to a competitive advantage.

Contribution to resolving social issues related to sustainability (p. 36)

Another key point for achieving “sustainable growth” is “our contribution to resolving social issues related to sustainability.”

The Postal Life Insurance Service was born more than a century ago when it was difficult for people, with only a handful of exceptions, to purchase life insurance. Behind this initiative was a commitment to popularizing basic coverage through the familiar network of post offices, by offering insurance for small coverage amounts through simple procedures. Inheriting this commitment to the goal of “contribution to resolving social issues,” the Company will proactively help to resolve the social issues of the present, including the “declining birthrate and aging population,” “extension of healthy life expectancy,” and “environmental issues.”

Specifically, in light of the SDGs (Sustainable Development Goals), we have laid out such material topics as heartfelt and friendly services for the elderly, extension of healthy life expectancy, enhancement of well being,³ initiatives for carbon neutrality⁴ and the promotion of diversity. By addressing these challenges as priorities, we will work to resolve various social issues.

For health promotion, in particular, the Company has long worked to popularize the Radio Exercise Program. Looking ahead, we would like to spread the word on how great the Radio Exercise Program is, while enhancing the value of our insurance services by, for example, studying the effects of the program on health, and accumulating and using the data to develop new products.

What is more, the Company is also a large institutional investor, having an asset portfolio of approximately 70 trillion yen. As a life insurance company that can make long-term investments, we have conducted ESG (environment, social, and governance) investments aimed at resolving social issues, including renewable energy, support for COVID-19 countermeasures, and the promotion of expanding roles for female employees. Starting in the current fiscal year, we are applying the ESG investment strategy to all assets in our portfolio. By carrying out investments that give a sense of

“warmth” typical of the Company, we would like to exert our leadership to achieve a sustainable society.

Note 3: Well-being is a state where one is physically, mentally, and socially fulfilled.

Note 4: Carbon neutrality refers to the idea of achieving “net-zero greenhouse gas emissions,” by subtracting the amount of greenhouse gases including carbon dioxide absorbed by trees, etc. from the amount emitted.

Aiming to enhance corporate value in a sustainable way

I believe that customers will trust us and keep choosing us only if we squarely face the issues of the era and region, and act to resolve them. The next five years covered by the new Medium-Term Management Plan represent an extremely important period for the Company's rebirth. As we aim to improve our corporate value in a sustainable way, we will listen carefully to and reflect on the thoughts and opinions of each of our stakeholders, including customers, shareholders, employees and local community members. I would like to ask for your continued support for Japan Post Insurance, as we endeavor to achieve “reconstruction” and “sustainable growth” for a better future.



Our History

The Postal Life Insurance Service, the predecessor of Japan Post Insurance, was founded in 1916. Created with the social mission of “protecting the means of fundamental livelihood of the public through simple procedures,” the Postal Life Insurance Service fulfilled its role of ensuring the stability of people’s lives by providing an insurance system available at relatively affordable fees with simple enrollment procedures and no medical examination. Although more than a century has passed since our founding, our mission to support the lifestyles of people through insurance has not changed, despite our transformation from a government-run entity to a private corporation in line with the changing times. Japan Post Insurance will continue to deliver insurance services as a means of security to customers nationwide through the network of post offices rooted in the community, thereby protecting the well-being of each and every customer with the power of insurance.

1885 Ministry of Communications

1949 Ministry of Posts and Telecommunications

2001 Postal Service Agency 2003 Japan Post

1885-1949

1916

- Commenced postal life insurance business



1926

- Commenced postal annuity business

1928

- National Health Exercise Program (precursor of the Radio Exercise Program) began



1949-2001

1949

- Ministry of Posts and Telecommunications was established
- Implemented double payment of insurance benefits

1951

- NHK started broadcasting the Radio Exercise No. 1 Program



1953

- Radio Exercise Summer Tour commenced



1962

- Festival of 10 Million People's Radio Exercise launched

1999

- Established special endowment insurance maturing at a specified age
- Minna no Taiso (“Exercise for Everyone”) Program began

2001-2006

2001

- Postal Service Agency was established
- Opened Japan Post Insurance Call Centers

2003

- Japan Post was established

2005

- Reorganized Postal Insurance Administration Center (from seven locations to five)
- Carried out nationwide customer consultations through Japan Post Insurance Call Centers

2006

- Kampo Co., Ltd. was established



Japan Post Insurance and Radio Exercise —History of Promoting Community Health—



The Postal Life Insurance Bureau of the Ministry of Communications created the Radio Exercise Program in 1928 in an effort to maintain and improve people's health. The Ministry introduced the program in celebration of the enthronement ceremony of the Showa Emperor.

Japan Post Insurance, which was created as a result of the privatization of the original Japan Post, has assumed the role of promoting the exercise program, first undertaken by the Ministry of Communications and then by its successors, namely the Ministry of Posts and Telecommunications, the Postal Service Agency and Japan Post prior to privatization. We have been working together with NHK (Japan Broadcasting Corporation) and the NPO Japan Radio-taiso Federation to promote the program.



2007 JAPAN POST INSURANCE

2007-2021

2007

- Japan Post Group was established
- Obtained approval for new operations (liberalization of investment products)

2008

- Commenced commissioned sales of life insurance products for corporate clients
- Launched *Sono hi kara*, a new hospitalization rider

2009

- Established branches in all prefectures through the opening of the Nara Branch and Wakayama Branch

2011

- JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd. (current consolidated subsidiary) became a subsidiary

2014

- Launched *Hajime no Kampo*, an educational endowment insurance



2015

- Launched *Shin Free Plan* (short-term premium payment), an endowment insurance
- Listed on the First Section of the Tokyo Stock Exchange
- Commenced commissioned sales of life insurance products for corporate clients (general welfare group term insurance, etc.)



2016

- 100th anniversary of Postal Life Insurance
- Revised our Management Philosophy
- Obtained approval for new operations (underwriting of reinsurance and related services)
- Business alliance with The Dai-ichi Life Insurance Company, Limited*

* Currently Dai-ichi Life Holdings, Inc.

2017

- Establishment and announcement of Basic Policies for Customer-first Business Operations
- Launched *Sono hi kara Plus*, a new medical care rider; *Shin Nagaiki Kun Low Cash Value Plan*, a new whole life insurance; and *Choju no Shiawase*, a longevity support insurance



2018

- Announcement of Medium-Term Management Plan (FY2019/3–FY2021/3)

2019

- Began providing *Sukoyakanpo* health support app
- Launched *Kampo ni Omakase*, products with relaxed underwriting criteria; and an advanced medical care rider
- Secondary offering of common stock of the Company

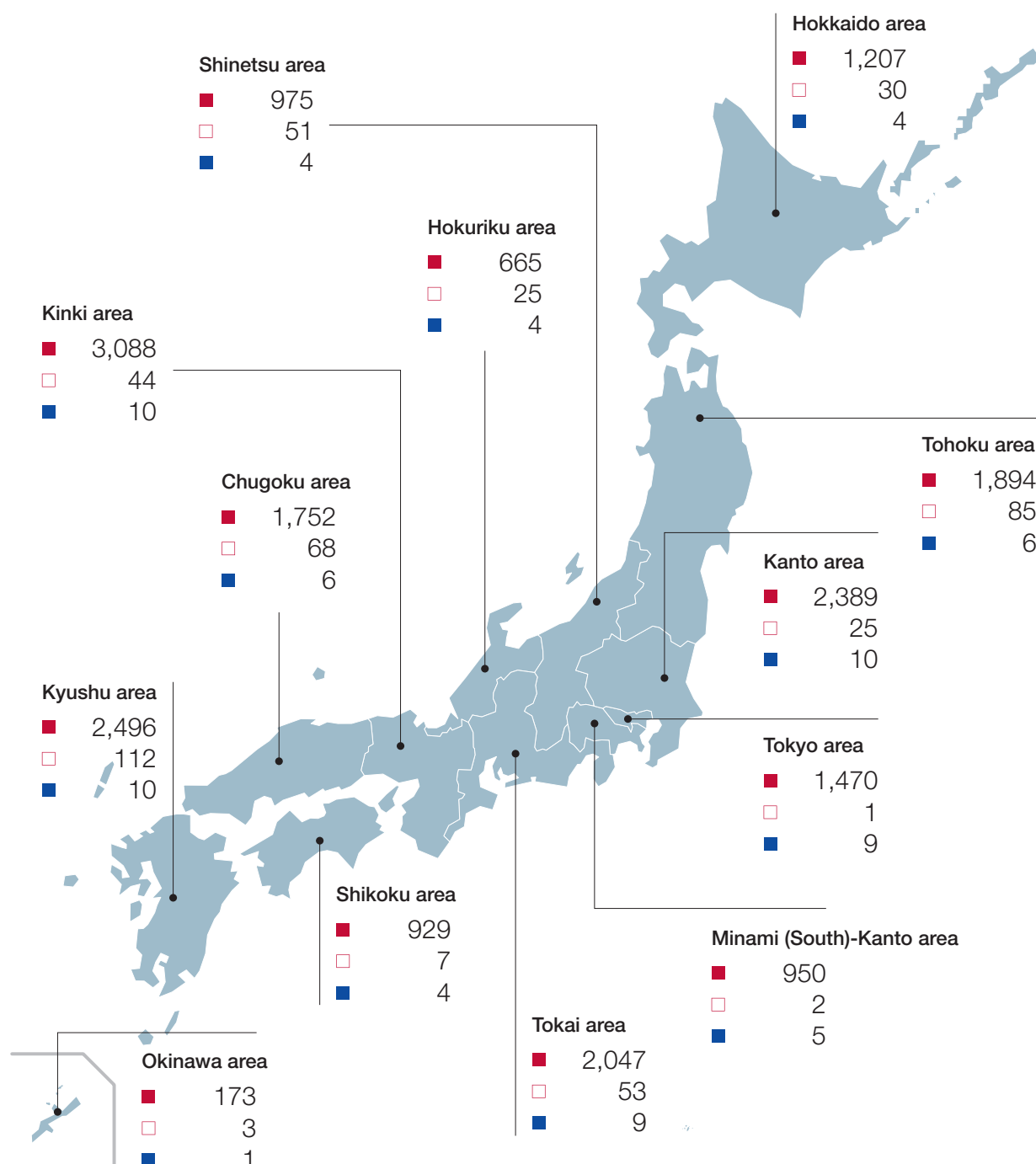


2021

- Announcement of Medium-Term Management Plan (FY2021–FY2025)

Our Features

► The Post Office Network and Japan Post Insurance Offices across Japan (As of March 31, 2021)

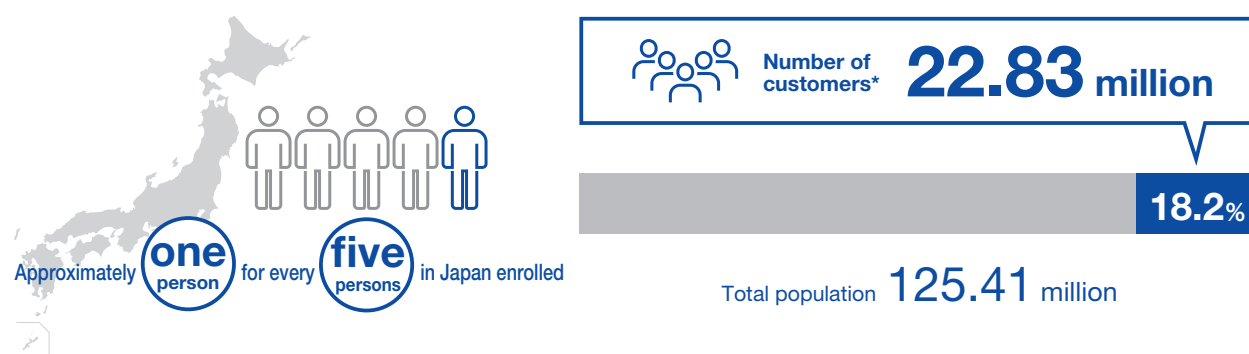


Note: "Post offices" indicates the number of post offices undertaking life insurance solicitation, and "Contracted post offices" indicates the number of contracted post offices that have concluded life insurance solicitation consentment contracts.

► Extremely Large Customer Base

Our approximately 22.83 million customers are equivalent to roughly 20% of Japan's population (approximately one in five people) (as of April 1, 2021).

► Number of Japan Post Insurance customers



Source: Population Estimates (Statistics Bureau of Ministry of Internal Affairs and Communications; total population and breakdown by sex as of April 1, 2021 (provisional estimates)) <https://www.stat.go.jp/english/data/jinsui/index.html>

* The number of customers is the sum of policyholders and insured persons (including individual insurance and individual annuities as well as Postal Life Insurance reinsured by us).

► Products with Easy Procedures and Smaller Coverage Amounts

- The Company provides simple and easy-to-understand products (with easy procedures and smaller coverage amounts) and services, focusing on endowment insurance and whole life insurance, through the nationwide network of post offices.
- Our basic approach is to sell mainly endowment insurance and whole life insurance with medical care riders.
- These products mainly have small coverage amounts, with an average policy amount of approximately ¥3.12 million per new policy.

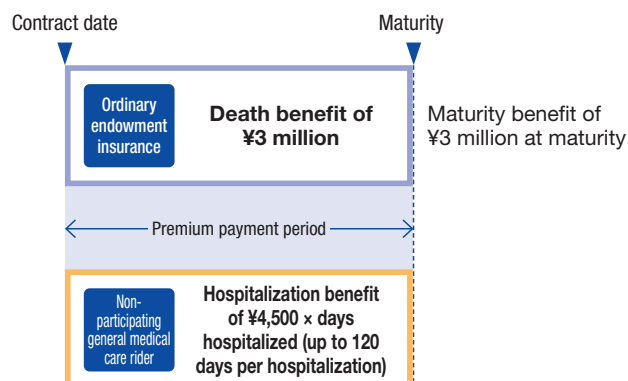
No examination by physician is required (no medical examination) when applying for enrollment

Customers can enroll by reporting health status (with a declaration form)

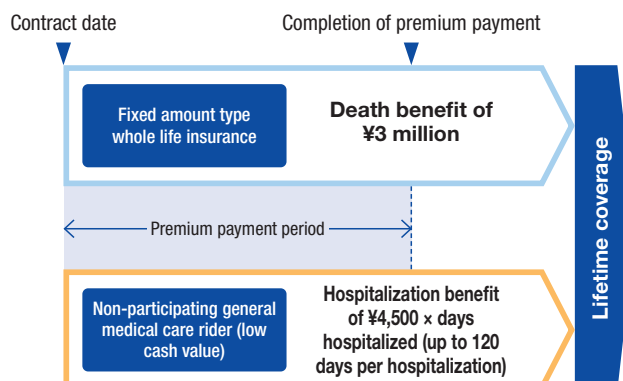
No occupational restrictions

► Examples of endowment insurance and whole life insurance policies with a medical care rider

Example of an **ordinary endowment insurance** (standard insured amount: ¥3 million) policy with a **non-participating general medical care rider** (standard insured amount of the rider: ¥3 million)



Example of a **fixed amount type whole life insurance** (standard insured amount: ¥3 million) with a **non-participating general medical care rider (low cash value)** (standard insured amount of the rider: ¥3 million)



Note: The applicability of insured event for claim payment and the restrictions on payments stated in "Examples of endowment insurance and whole life insurance policies with a medical care rider" show an outline of typical cases and matters, and actual details could vary.

Value Creation Process

Japan Post Insurance will reconstruct into a company that is truly trusted by its customers and shift to a business social mission to protect customers' lives by providing insurance products.

Changes in external environment

Demographics

- Extension of average life expectancy and healthy life expectancy
- Population decline and depopulation of rural areas
- Progress of declining birthrate and aging population

Society and economy

- Continuation of low interest rates
- Fiscal and monetary stimulus under the COVID-19 pandemic
- Increasing interest in the ESG management

Living environment

- Enhancing personalization
- Changes in medical services
- Interest in health promotion
- Advancement of digitalization
- Changes in customer behavior

Global environment

- Increase in the necessity for addressing climate change risks
- Enhancing awareness of sustainability

Management Resources

(As of March 31, 2021)

Financial Capital

Sound financial base

- Total assets (consolidated): **¥70,172.9** billion
- Consolidated solvency margin ratio: **1,121.2%**
- Insurer financial strength ratings (S&P): **A**

Social and Relationship Capital

Extremely large customer base

- Number of customers: **22.83** million

Community-based post office network

- Number of post offices engaged in life insurance solicitation: **20,035** offices

Human Capital

Diverse human resources

- Number of employees: **7,645**
- Human resources with expertise in insurance, asset management, etc.

Information Capital

Information systems to support customer services

- An IT system that manages policies for **22.83** million customers
- Utilization of AI in insurance claim payment examination operations and Call Centers

Be a trustful partner for and endeavoring to

We will remain protecting their lives

Provide basic protection through the network of community-based post offices with the opportunity of notice about necessity

Reconstruction

Efforts to regain

Strengthening the sales and service systems

Enhancing insurance services

Foundations for

Corporate culture reform

Reinforcement of governance

model that positions customer experience value as the top priority, to realize sustainable growth while fulfilling our

people, always being close at hand
protect their well-being.

trusted and selected by customers, thereby
by providing life insurance product.

Respond precisely
to the needs of
society in the age
of 100-Year Life
as a life insurance
company

Pay insurance
claims to customers
nationwide as
promised in a
reliable and smooth
manner

Social mission (purposes)

Sustainable growth

trust

Improving customer
experience value

Boosting the efficiency of
business operations

Achieving greater depth
and sophistication of
asset management

Promoting ESG
management

reconstruction and sustainable growth

Workstyle reform

ERM and capital policy

Value Created and Shared with Stakeholders

Customers

Provide insurance products and
services through the network of
post offices, etc.



Shareholders and Investors

Improve corporate value through
sustainable growth

- In principle, we will aim to not
reduce but increase dividends
during the period covered by the
Medium-Term Management Plan

Local Communities and Society

Extend healthy life expectancy
through health promotion, etc.
and increase well-being



Contribute to the development
of communities and society; and
environmental conservation



- 46% reduction in greenhouse
gas emissions by FY2031/3
(compared with FY2020/3)

Employees

Establish an environment where
each and every employee can
actively demonstrate his/her full
potential to empower himself/
herself



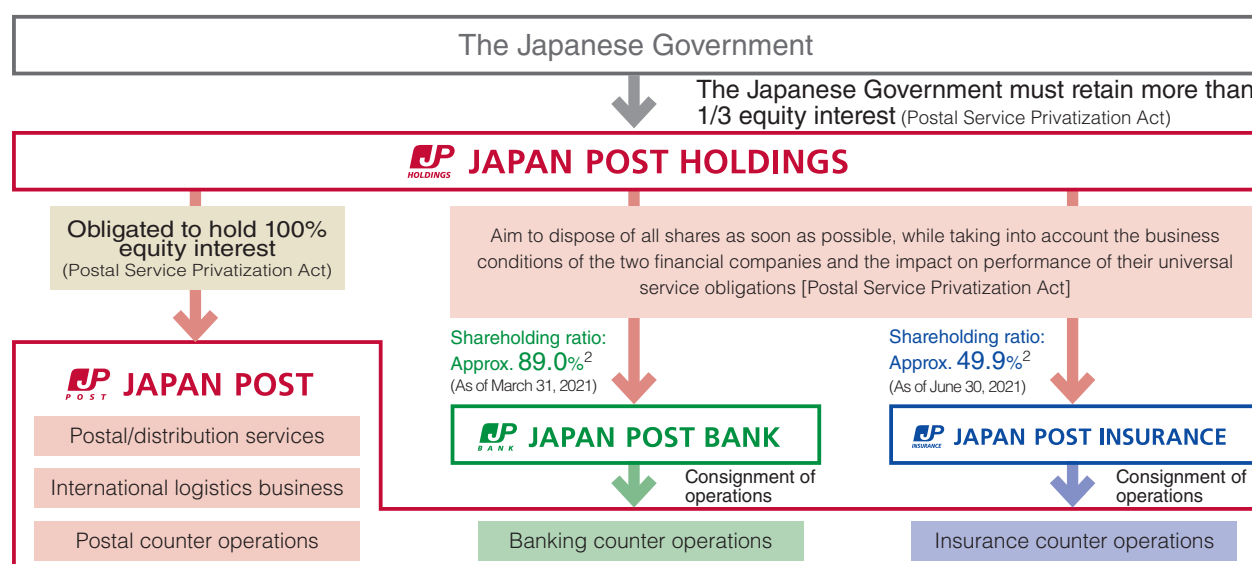
- Ratio of female managers at the
head offices of 30% by April 1, 2031

We aim to be an insurance company with a sense of “warmth” by demonstrating
the “quality unique to Japan Post Insurance” and achieving social mission

Our Position within the Japan Post Group

► Structure of the Japan Post Group

- The life insurance business, carried out by Japan Post Insurance, is one of the three main businesses of the Japan Post Group.
- In view of its universal service obligation, Japan Post Holdings aims to dispose of its entire equity interest in Japan Post Insurance and Japan Post Bank as soon as possible, in accordance with the Postal Service Privatization Act.¹



Notes: 1. Universal service refers to the obligation of Japan Post Holdings and Japan Post Co. to maintain a post office network to ensure that postal services, simple savings, transfer and receivables and payables settlement services, and easy-to-use life insurance services can be used uniformly at post offices via user-oriented simple methods, and that such services can be used in a universally fair manner in the future throughout Japan. Insurance counter operations include insurance solicitation for whole life insurance and endowment insurance, and accepting claims for payment of maturity and survival benefits for such insurance at post offices (Article 7-2 of the Postal Service Privatization Act and Article 5 of the Act on Japan Post Holdings Co., Ltd.).

2. Ratio of the number of shares held to the total number of issued shares excluding treasury shares.

► Additional Restrictions Under the Postal Service Privatization Act

- There are additional restrictions under the Postal Service Privatization Act to ensure fair competition with other life insurance companies.
- After acquisition of treasury stock, etc., additional regulatory restrictions relating to new businesses under the Postal Service Privatization Act will be relaxed and the Company will further provide insurance services to meet our customers' needs.
- Although Japan Post Holdings will hold approximately 49.9% of the Company's shares after acquisition of treasury stock, Japan Post Holdings will remain a parent company of the Company.

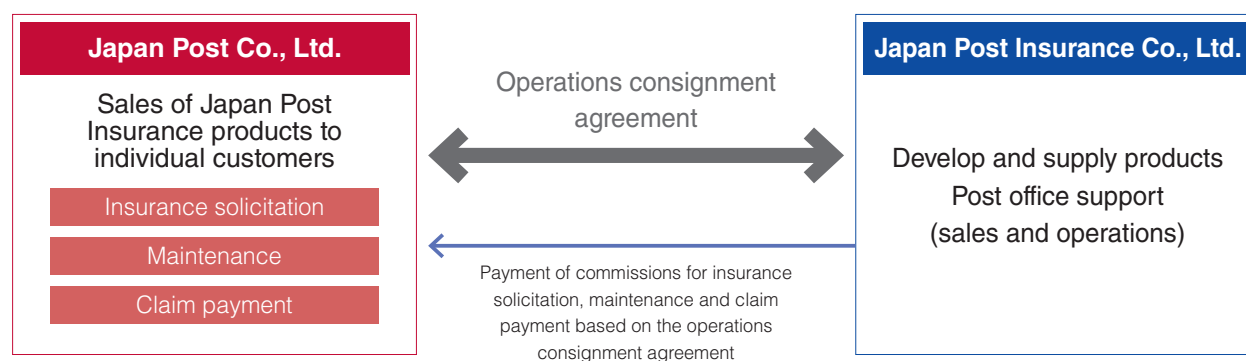
Item	Additional Restrictions Under the Postal Service Privatization Act
New business	<p>[Until Japan Post Holdings disposes of 50% or more of the shares of the Company]</p> <ul style="list-style-type: none"> ● Approval by the specified ministers¹ (a hearing at the Postal Privatization Committee is required) <p>[After Japan Post Holdings disposes of a 50% or more of all the shares of the Company until the designated date]</p> <ul style="list-style-type: none"> ● Prior notification to the competent ministers (obligation to consider competitors, notification to the Postal Privatization Committee is required) <p>[After the designated date²]</p> <ul style="list-style-type: none"> ● No regulations under the Postal Service Privatization Act (regulations under the Insurance Business Act will continue)
Limit on coverage amount	<p>[Until the designated date²]</p> <ul style="list-style-type: none"> ● Prescribed in a cabinet order (a hearing at the Postal Privatization Committee is required to revise) <ul style="list-style-type: none"> - Limit on coverage amount: in principle, ¥10 mn (total of ¥20 mn after 4 years have elapsed since start of coverage (ages 20-55)) <p>[After the designated date²]</p> <ul style="list-style-type: none"> ● No regulations based on the Postal Service Privatization Act
Subsidiary	<p>[Until the designated date²]</p> <ul style="list-style-type: none"> ● Prohibited from acquiring or holding as a subsidiary or merging with any insurance company <ul style="list-style-type: none"> - No specific statutory rules applicable to our minority investments, which is acquiring voting rights below 50% <p>[After the designated date²]</p> <ul style="list-style-type: none"> ● No regulations based on the Postal Service Privatization Act

Notes: 1. Specified ministers: Prime Minister (Commissioner of the Financial Services Agency) and Minister for Internal Affairs and Communications

2. Designated date: The earlier of (i) the disposal of 50% or more of Japan Post Holdings' equity interest in the Company and the determination by the Prime Minister and the Minister for Internal Affairs and Communications that the additional restriction does not apply to the Company and (ii) the disposal of Japan Post Holdings' entire equity interest in the Company

► Provision of Services through Post Offices

- The Company has entered into an operations consignment agreement with Japan Post Co., which has a nationwide network of post offices, and sells life insurance through post offices nationwide.
- The Company pays Japan Post Co. commissions for insurance solicitation, maintenance and claim payment based on the operations consignment agreement.



Commissions for insurance solicitation, maintenance and claim payment

○ Commissions for insurance solicitation

Payment of commissions for insurance solicitation operations consigned to Japan Post Co. is mainly linked to new policies (solicitation results).

Commissions are calculated based on a formula generally used in the life insurance industry and are paid in installments over several years.

○ Commissions for maintenance and claim payment

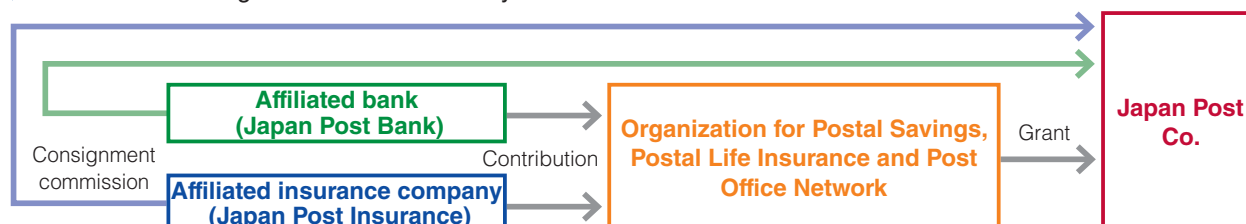
For maintenance and claim payment services consigned to Japan Post Co., a unit price is set and paid based on the processing time of the service at post offices.

Commissions include a commission proportional to the number of policies in force, the number of post offices, etc. (basic commission), and a commission based on the performance of the maintenance of policies in force and follow-up activities (incentive commission).

► Overview of the Grant and Contribution System

- The Act to Partially Revise the Act on the Management Organization for Postal Savings and Postal Life Insurance was enacted on December 1, 2018.
- From the fiscal year ended March 31, 2020, the basic expenses required for the maintenance of the post office network will be covered by the funds provided to Japan Post Co. from the Organization for Postal Savings, Postal Life Insurance and Post Office Network using the contributions from Japan Post Insurance and Japan Post Bank.

► Framework of the grant and contribution system

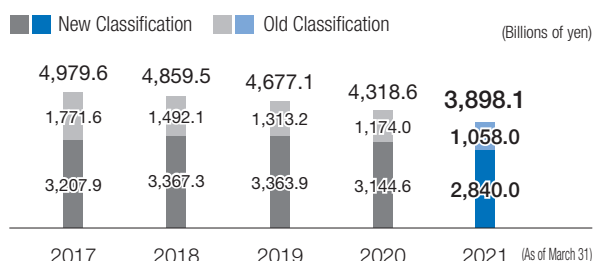


Financial and Non-Financial Highlights

Financial Highlights

Annualized Premiums from Policies in Force (Individual Insurance) ^{1, 2}

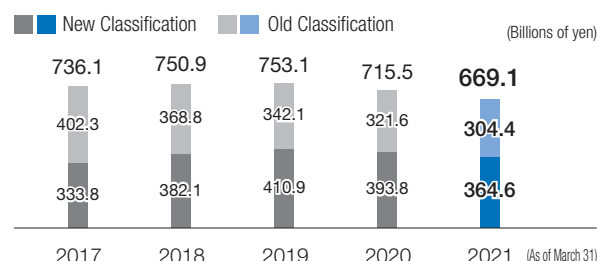
¥3,898.1 billion



As of March 31, 2021, annualized premiums from policies in force (individual insurance) amounted to ¥3,898.1 billion including reinsured Postal Life Insurance Policies (insurance), a 9.7% decrease year on year.

Annualized Premiums from Policies in Force (Third-Sector Insurance) ³

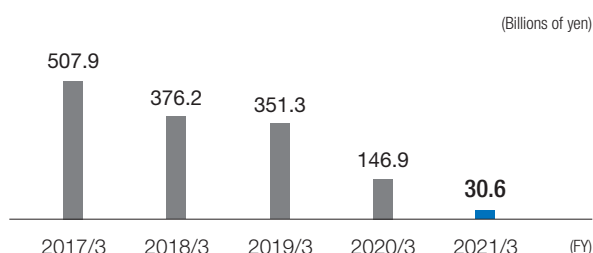
¥669.1 billion



As of March 31, 2021, annualized premiums from policies in force (third-sector insurance) amounted to ¥669.1 billion including reinsured Postal Life Insurance Policies, a 6.5% decrease year on year.

Annualized Premiums from New Policies (Individual Insurance)

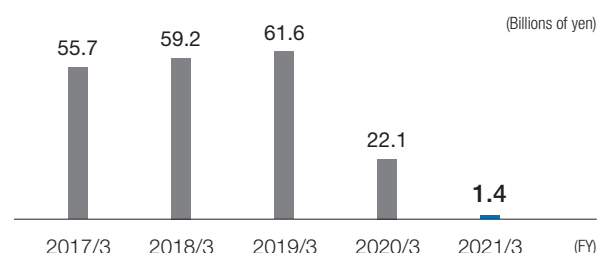
¥30.6 billion



During the fiscal year ended March 31, 2021, annualized premiums from new policies (individual insurance) amounted to ¥30.6 billion, a 79.1% decrease year on year, as a result of refraining from making proactive sales efforts.

Annualized Premiums from New Policies (Third-Sector Insurance)

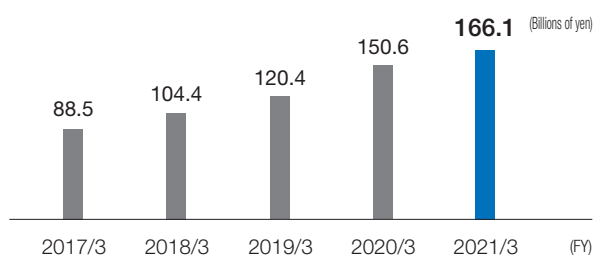
¥1.4 billion



During the fiscal year ended March 31, 2021, annualized premiums from new policies (third-sector insurance) amounted to ¥1.4 billion, a 93.4% decrease year on year (refer to "Annualized Premiums from New Policies (Individual Insurance)").

Net Income (Consolidated) ⁴

¥166.1 billion

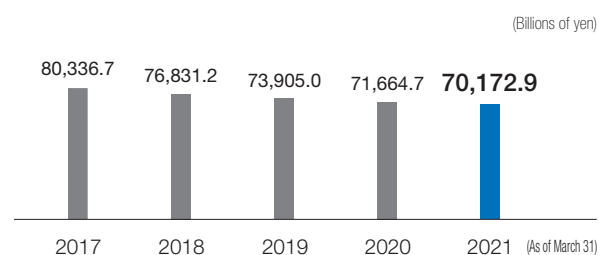


Net income in the fiscal year ended March 31, 2021 increased ¥15.4 billion (10.2%) year on year to ¥166.1 billion.

Although the monthly premiums we receive from customers to operate business are a fixed amount, the amount of commissions paid funded by the premiums are set unevenly, with initial payments set high. Therefore, net income increased because of a decrease in operating expenses caused by the decrease in new policies (refer to "Annualized Premiums from New Policies (Individual Insurance)").

Total Assets (Consolidated)

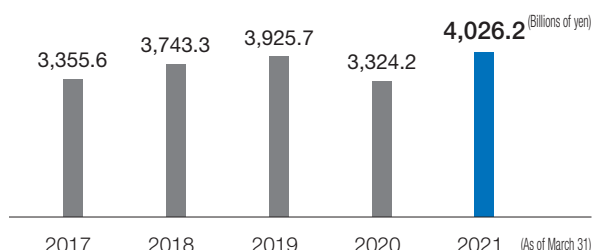
¥70,172.9 billion



We manage insurance premiums entrusted from customers and hold assets such as securities in order to provide for payments of insurance claims and others. Total assets as of March 31, 2021 amounted to ¥70,172.9 billion.

Embedded Value (EV)⁵

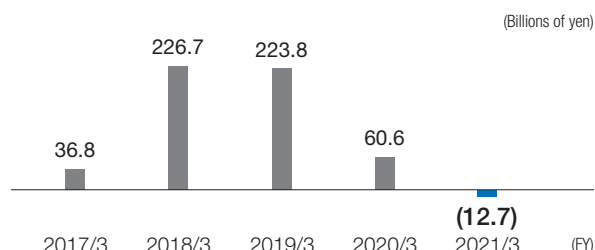
¥4,026.2 billion



Embedded value (EV) is one of the corporate value indicators for life insurance companies. Our EV as of March 31, 2021 was ¥4,026.2 billion, a ¥701.9 billion increase year on year.

Value of New Business⁵

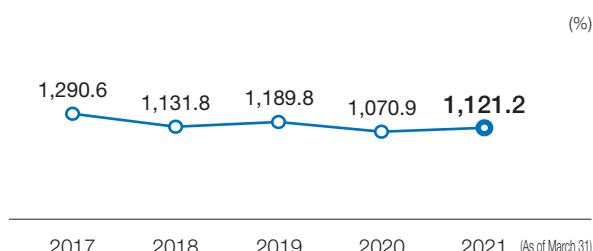
¥(12.7) billion



The value of new business is the present value of future profits expected from new business. The value of new business was negative because certain operating expenses were necessary for acquiring new policies regardless of the scale of sales efforts, while we refrained from making proactive sales efforts in the fiscal year ended March 31, 2021.

Consolidated Solvency Margin Ratio

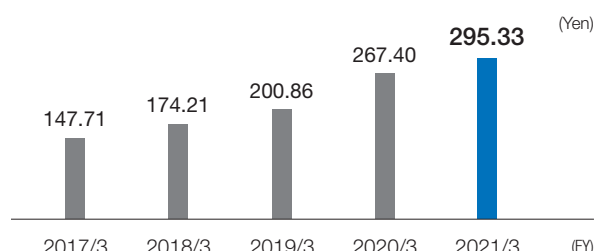
1,121.2%



Our consolidated solvency margin ratio as of March 31, 2021 remained high at 1,121.2%, significantly exceeding 200%, the criterion of prompt corrective action by the regulatory agency.

Earnings per Share (EPS)⁶

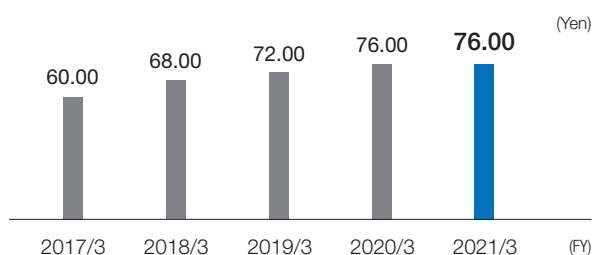
¥295.33



During the fiscal year ended March 31, 2021, earnings per share amounted to ¥295.33, a ¥27.93 increase year on year.

Dividend per Share (DPS)

¥76.00



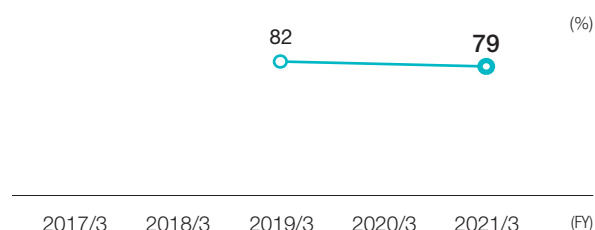
The dividend per share for the fiscal year ended March 31, 2021 was ¥76.

- Notes: 1. "New Classification" indicates policies in force underwritten by Japan Post Insurance, whereas "Old Classification" indicates Postal Life Insurance Policies that we received from the Management Network in the form of reinsurance.
2. The annualized premiums under "Old Classification" are calculated based on the same methods used for "New Classification."
3. "Third-sector insurance" includes annualized premiums corresponding to medical benefits (including hospitalization and surgery benefits).
4. Net income attributable to Japan Post Insurance
5. Please see pages 18 and 19 and 177-179 for the details of EV and the value of new business.
6. Figures for EPS are stated on a consolidated basis.

Non-Financial Highlights

Customer Satisfaction⁷

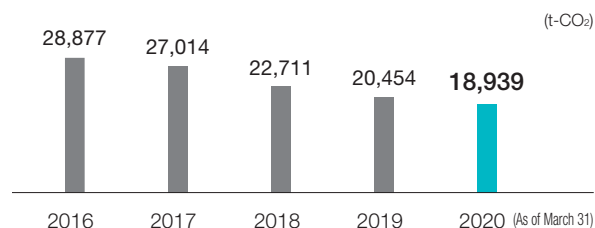
79%



We conduct a Customer Satisfaction Survey (Customer Feedback Survey) to improve services based on customers' evaluations.

Carbon Dioxide (CO₂) Emissions⁸

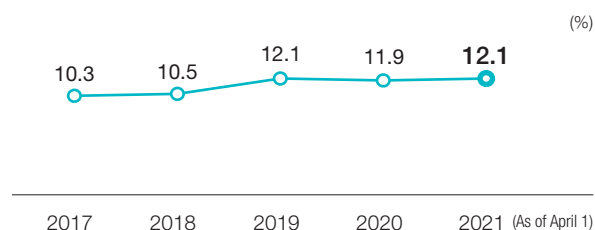
18,939 t-CO₂



During the fiscal year ended March 31, 2020, CO₂ emissions were 16,146 t-CO₂ from our facilities and 2,793 t-CO₂ from vehicles, amounting to total emissions of 18,939 t-CO₂. As efforts to reduce CO₂ emissions, we are improving the operation of lighting and air-conditioning systems at our facilities and promoting a switch to hybrid and eco-friendly vehicles.

Ratio of Female Managers

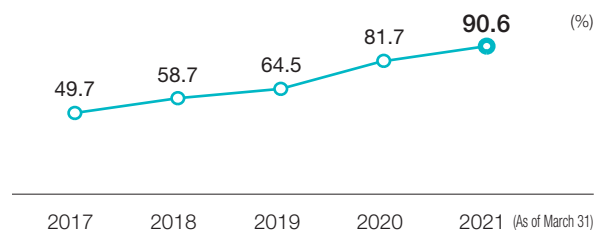
12.1%



We strive to promote women's career activities as an important diversity promotion measure. We conduct systematic training to support medium- to long-term career development for female employees and aim to increase the ratio of female managers at the head offices to 30% or more by FY2031/3.

Rate of Taking Childcare Leave

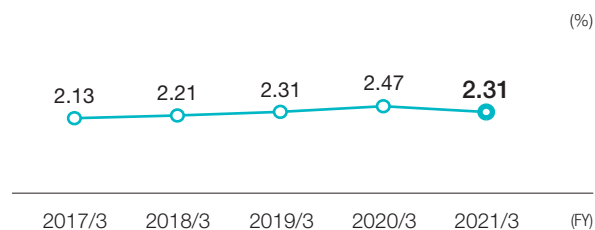
90.6%



We aim for a childcare leave utilization rate of 100% for both male and female employees by establishing an environment in which childcare leave is easy to use regardless of employee gender, as part of our efforts to create a working environment where every employee can work actively.

Ratio of Employees with Disabilities⁹

2.31%



Based on the philosophy of respecting human rights and creating workplaces in which a diverse workforce can participate actively, we are actively promoting the employment of people with disabilities at all of our locations nationwide, and are supporting their retention in the workplace.

Notes: 7. The satisfaction level was evaluated on a five-point scale of "satisfied," "somewhat satisfied," "not satisfied or dissatisfied," "somewhat dissatisfied," and "dissatisfied," and the total ratio of customers who answered "satisfied" and "somewhat satisfied" is shown. The results of the surveys of FY2018/3 and prior fiscal years are not shown because their survey methods differ from the current one. In FY2020/3, the Customer Satisfaction Survey was not performed as we concentrated our efforts on insurance claim surveys and other initiatives.

8. Emissions from facilities and vehicles of all organizations within Japan Post Insurance. We changed the method of calculating CO₂ emissions and now use the adjusted coefficient of emissions by electricity utility announced by the Ministry of the Environment and the Ministry of Economy, Trade and Industry. Accordingly, CO₂ emissions for the past fiscal years have been recalculated using the adjusted coefficient.

9. As of June 1 of each year.

External Evaluation

Credit Ratings

As of June 1, 2021

To provide our customers and shareholders with a deeper understanding of the Company, we have acquired credit ratings from rating agencies.

Rating and Investment
Information, Inc. (R&I)

Japan Credit Rating Agency, Ltd.
(JCR)

Standard & Poor's
(S&P)

AA-

AA

A

Insurance Claims Paying Ability

Ability to Pay Insurance Claims Rating

Insurer Financial Strength Ratings

Note: Ratings are the opinion of the rating agencies and do not represent any guarantee by the rating agencies regarding the payment of insurance claims or other matters. Ratings could change in the future based on the judgment of the rating agencies.

We were selected for the fourth consecutive year as a Certified Health and Productivity Management Outstanding Organization in the large enterprise category under a recognition program designed by the Ministry of Economy, Trade and Industry (METI) in which the Nippon Kenko Kaigi recognizes enterprises that are engaged in efforts to address health issues or are particularly outstanding in the practice of health and productivity management for promoting health. In addition, we were selected as one of the "White 500" companies, under the program which recognizes the top 500 corporations among the Certified Health and Productivity Management Outstanding Organizations in the large enterprise category.



We have received Kurumin Certification from the Ministry of Health, Labour and Welfare since 2015, and acquired Platinum Kurumin Certification in March 2019. The Platinum Kurumin Certification system recognizes companies that are pursuing initiatives at an advanced level among companies that have received Kurumin Certification as childcare support companies.



We were awarded a gold rating, the highest on the PRIDE INDEX, for the fourth year in a row. The PRIDE INDEX, created by the voluntary organization "work with Pride," recognizes workplace initiatives for sexual minorities such as LGBT.



As a company that promotes the establishment of a work environment which accommodates both work and nursing care for family members, the prevention of voluntary resignation due to nursing care for family members, and support toward reinstating employment, we have received the symbol mark "Tomonin" set up by the Ministry of Health, Labour and Welfare.



Support for Initiatives



Signatory of:



We expressed support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in April 2019.

We signed the United Nations Principles for Responsible Investment (PRI) in October 2017.

Major Financial and Non-Financial Data

Financial data	As of/For the years ended March 31	2012	2013	2014	2015
Results of operations and financial position					
Ordinary income	¥	12,538.6	¥ 11,834.9	¥ 11,234.1	¥ 10,169.2
Ordinary profit		531.2	528.9	462.7	492.6
Core profit		571.6	570.0	482.0	515.4
Spread (positive/negative spread)		(61.5)	(4.7)	54.2	66.9
Core profit attributable to life insurance activities		633.1	574.7	427.8	448.4
Net income		70.0	90.6	62.8	81.3
Capital stock		500.0	500.0	500.0	500.0
Number of shares issued (Thousands of shares)		20,000	20,000	20,000	20,000
Total assets		93,690.8	90,463.5	87,092.8	84,915.0
Contingency reserve		2,783.7	2,683.6	2,588.7	2,498.7
Reserve for price fluctuations		458.2	522.8	614.2	712.1
Securities		74,586.1	72,557.1	69,377.9	66,276.2
Major financial soundness indicators					
Consolidated solvency margin ratio (%)		1,337.0	1,468.8	1,625.1	1,644.2
Economic solvency ratio (ESR) (%)		—	—	—	179
Status of policies					
Annualized premiums from policies in force (individual insurance)		6,051.3	5,686.8	5,393.9	5,182.5
Annualized premiums from policies in force (third-sector insurance)		823.3	789.9	768.6	748.0
Annualized premiums from new policies (individual insurance)		410.9	431.6	439.0	457.8
Annualized premiums from new policies (third-sector insurance)		39.9	40.8	49.1	41.1
Corporate value					
EV		2,812.3	2,866.2	3,386.8	3,613.7
Value of new business		169.2	181.6	185.1	154.9
Per share indicators					
Earnings per share (EPS) (Yen)		3,503.28	4,533.93	3,140.11 104.67	4,066.16 135.54
Dividend per share (DPS) (Yen) (of which, interim dividend per share)		846.68 [—]	1,137.51 [—]	840.43 [—]	1,226.38 [—]

Non-financial data	As of/For the years ended March 31	2017	2018	2019	2020	2021
Customer satisfaction (%)		—	—	82	—	79
Carbon dioxide (CO ₂) emissions (t-CO ₂)		27,014	22,711	20,454	18,939	—
Number of employees (Persons)		7,424	7,490	7,617	7,638	7,645
Male (Persons)		4,322	4,301	4,307	4,270	4,233
Female (Persons)		3,102	3,189	3,310	3,368	3,412
Ratio of female managers (%)		10.3	10.5	12.1	11.9	12.1
Average age (Years)		38.6	38.8	39.0	39.4	39.9
Male (Years)		41.5	41.7	41.8	42.1	42.7
Female (Years)		34.6	35.0	35.3	35.9	36.5
Average years of service (Years)		14.5	14.6	14.7	15.0	15.4
Male (Years)		17.5	17.5	17.5	17.8	18.3
Female (Years)		10.4	10.7	11.0	11.5	11.8
Rate of employees with disabilities (%)		2.13	2.21	2.31	2.47	2.31
Number of foreign employees (Persons)		2	3	4	4	4
Monthly average amount of overtime per employee (Hours)		10.6	9.0	8.4	8.9	7.1
Rate of taking paid leave (%)		88.2	89.2	87.7	93.9	90.6
Rate of taking childcare leave (%)		49.7	58.7	64.5	81.7	90.6
Male (%)		6.3	17.6	28.5	65.3	80.7
Female (%)		99.3	98.8	100.0	99.4	100.0
Return-to-work rate of employees who took childcare leave (%)		98.8	99.3	98.2	97.7	96.8
Number of employees who returned to work (Persons)		—	143	162	169	210
Number of employees who took nursing care leave (Persons)		—	—	6	14	10
Status of retention of new employees (after 3 years) (%)		90.9	89.7	84.4	87.2	86.0

(Billions of yen unless specifically indicated)

2016		2017		2018		2019		2020		2021	
¥	9,605.7	¥	8,659.4	¥	7,952.9	¥	7,916.6	¥	7,211.4	¥	6,786.2
	411.5		279.7		309.2		264.8		286.6		345.7
	464.2		390.0		386.1		377.1		400.6		421.9
	97.4		78.5		65.8		58.4		80.4		76.3
	366.8		311.4		320.3		318.7		320.1		345.6
	84.8		88.5		104.4		120.4		150.6		166.1
	500.0		500.0		500.0		500.0		500.0		500.0
	600,000		600,000		600,000		600,000		562,600		562,600
	81,545.1		80,336.7		76,831.2		73,905.0		71,664.7		70,172.9
	2,374.8		2,254.0		2,114.3		1,962.7		1,797.3		1,611.3
	782.2		788.7		916.7		897.4		858.3		904.8
	63,609.9		63,485.2		60,130.9		58,451.5		55,870.5		55,273.6
	1,570.3		1,290.6		1,131.8		1,189.8		1,070.9		1,121.2
	167		176		186		225		116		205
	5,031.4		4,979.6		4,859.5		4,677.1		4,318.6		3,898.1
	738.7		736.1		750.9		753.1		715.5		669.1
	485.3		507.9		376.2		351.3		146.9		30.6
	49.5		55.7		59.2		61.6		22.1		1.4
	3,151.0		3,355.6		3,743.3		3,925.7		3,324.2		4,026.2
	192.7		36.8		226.7		223.8		60.6		(12.7)
	141.50		147.71		174.21		200.86		267.40		295.33
	56.00		60.00		68.00		72.00		76.00		76.00
	[—]		[—]		[—]		[—]		[38.00]		[—]

- Notes: 1. The financial data represent consolidated figures. However, core profit, number of shares issued, status of policies and dividend per share represent non-consolidated figures. Furthermore, net income represents net income attributable to Japan Post Insurance.
2. The consolidated solvency margin ratios have been calculated in accordance with the provisions set forth in Articles 86-2 and 88 of the Ordinance for Enforcement of the Insurance Business Act and in the public notification No.23 issued by the Financial Services Agency in 2011.
3. In the calculation of the consolidated solvency margin ratio from March 31, 2016 onwards, the total amount of solvency margin was partially amended in accordance with the Cabinet Office Ordinance No.16 of 2016. Accordingly, the consolidated solvency margin ratios on March 31, 2012 through 2015, and March 31, 2016 onwards were calculated based on different standards.
4. The economic solvency ratio (ESR) is the capital amount based on economic value divided by the integrated risk amount based on economic value and is one of the indicators that represent the financial soundness of life insurance companies (Figures are based on the Company's internal model; 99.5% confidence level).
5. Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined 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.
6. Annualized premiums from policies in force include reinsured Postal Life Insurance Policies (for individual insurance, limited to Postal Life Insurance Policies (insurance)).
7. Third-sector insurance includes medical benefits (including hospitalization and surgery benefits), living benefits (including limited illness and nursing care benefits), and premium payment waivers benefits (excluding disability and including specified diseases and nursing benefits).
8. In the calculation of EV and the value of new business for the fiscal year ended March 31, 2015 onwards, an approach which utilizes the ultimate forward rate is applied as the extrapolation method of interest rates at longer durations of the risk-free rates (an approach in which the forward rates for the last year of the market data onwards are assumed to be the same is used for the fiscal year ended March 31, 2014 and before).
9. The value of new business for the fiscal year ended March 31, 2016 onwards is calculated as the difference between the EV calculated on the basis of the profit and loss for all in-force covered business including new business issued, and the EV calculated on the basis of the profit and loss for all in-force covered business if no new business had been issued (the value of new business for the fiscal year ended March 31, 2015 and before is calculated on the basis of the profit and loss for new business on a stand-alone basis).
10. The Company cancelled its treasury stock on May 31, 2019, reducing the total number of shares issued by 37,400 thousand shares.
11. The Company implemented a 30:1 stock split effective August 1, 2015. The lower rows of the fiscal years ended March 31, 2014 and 2015 for EPS have been calculated assuming the stock split was implemented on April 1, 2013.
12. The Company established a Board Benefit Trust (BBT) in the fiscal year ended March 31, 2017. Shares of the Company held in the trust, which was recorded as treasury stock under the category of shareholders' equity, were included in treasury stock to be deducted from the calculation of the average number of shares during the fiscal year, for the purpose of calculating EPS.
13. The number of employees excludes employees assigned to other companies by Japan Post Insurance but includes employees assigned to Japan Post Insurance by other companies. The figures exclude non-regular employees (including indefinite-term employees based on the indefinite-term employment conversion system).
14. Ratio of female managers represents the ratio as of April 1 of the following fiscal year.
15. Average age and average years of service are based on attained ages and years of service as of March 31, 2021, and truncated to the first decimal place.
16. Average years of service represent the number of years of continuous service including years at the Ministry of Posts and Telecommunications, the Postal Services Agency (Ministry of Internal Affairs and Communications) and Japan Post.
17. Rate of employees with disabilities represents the number employed by the Company on a non-consolidated basis, as of June 1 of each fiscal year.
18. Status of retention of new employees represents the retention rate of new graduates for each year after three years from their employment.
19. CO₂ emissions for the fiscal year ended March 31, 2021 are being compiled at the time of the report's preparation.

Medium-Term Management Plan

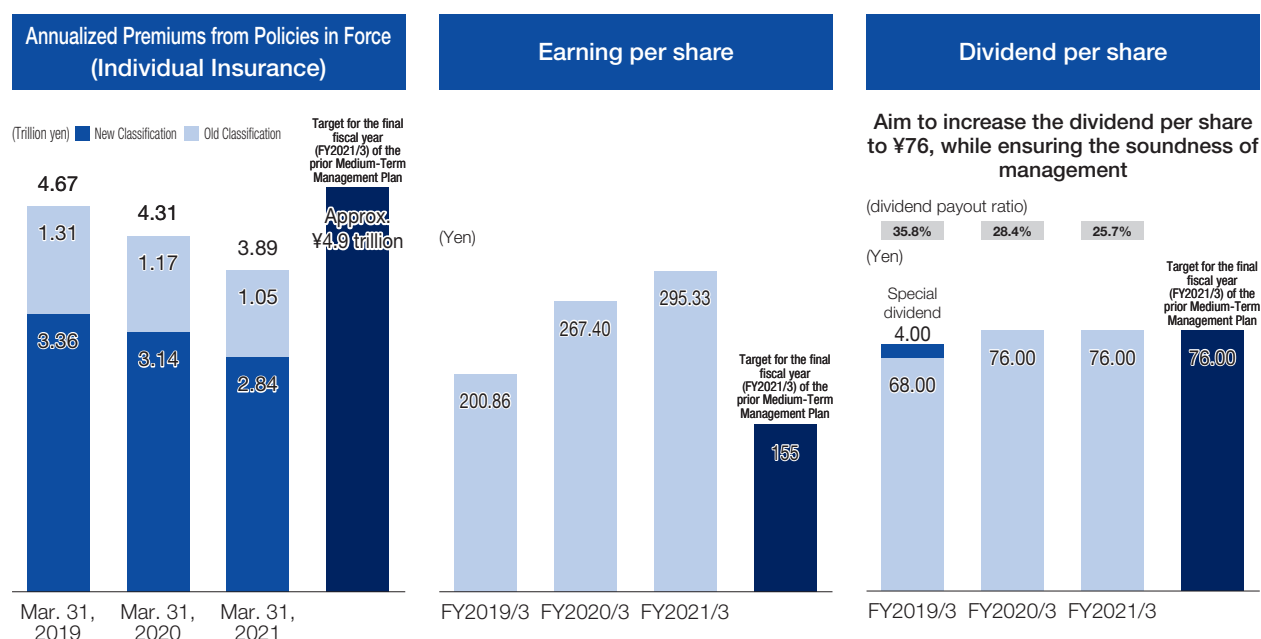
► Overview of Medium-Term Management Plan (FY2021–FY2025)

- In May 2021, Japan Post Insurance announced “Medium-Term Management Plan (FY2021–FY2025),” a new Medium-Term Management plan covering the period from the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2026.
- Going back to our management philosophy, “Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being,” we formulated our Medium-Term Management Plan positioning “We will remain trusted and selected by customers, thereby protecting their lives by providing life insurance product” as our social mission.
- In response to the solicitation quality issues surfaced in 2019 and changes in the external environment, we will aim to achieve sustainable growth by reconstructing into a company truly trusted by customers and providing insurance services that will impress our customers.
- To achieve these goals, we will reform into a corporate culture that allows every employee feel employee satisfaction (ES) while growing together with the company, and enhance governance.

* Employee Satisfaction

► Reflection on the Medium-Term Management Plan (FY2019/3–FY2021/3)

- In the prior Medium-Term Management Plan (FY2019/3–FY2021/3), we positioned “pursue customer-first business operations,” “achieve sustainable growth,” and “maintain sound business operations” as the foundation of management, and have been proceeding with these initiatives.
- However, regarding the solicitation quality issues that arose in and after July 2019, we take the findings for improving business by the regulatory agency, etc. very seriously, and have formulated various improvement measures under a business improvement plan as a mechanism to ensure that a similar incident does not occur in the future. We could not achieve our target for the annualized premiums from policies in force due to the preferential allocation of company-wide management resources to the promotion of various improvement measures to recover trust from customers.
- We exceeded our target for earning per share (EPS) due to a decrease in operating expenses as a result of refraining from making proactive sales efforts in response to solicitation quality issues, in addition to a steady increase in investment income. However, we recognize that challenging conditions will continue over the medium to long term.
- We achieved the dividend per share (DPS) target ahead of schedule.



► Basic Policy of Medium-Term Management Plan (FY2021-FY2025) Targets

We will reconstruct into a company that is truly trusted by its customers and shift to a business model that positions customer experience value as its top priority to ensure sustainable growth.

		Basic policy	Main initiatives
Reconstruction	Continue efforts to regain trust	<ul style="list-style-type: none"> Thoroughly implement customer-oriented business operations and regain customers' trust 	<ul style="list-style-type: none"> Based on appropriate solicitation processes, deploy activities for customers to understand and be satisfied with our insurance services Rebuild relationships of trust through careful after-sales follow-ups of customers
	Reinforce business foundations	<ul style="list-style-type: none"> Improve profitability by responding to the protection needs of customers in all age groups and through efficient business operations 	<ul style="list-style-type: none"> Build new Japan Post Insurance sales system with the aim of strengthening initiatives, etc. for the protection-centered insurance market Enhance insurance services to meet the coverage needs of customers of all generations Improving efficiency of business operations by DX¹ promotion Achieve greater depth and sophistication of asset management in anticipation of a new capital regulation
Sustainable Growth	Improve customer experience value	<ul style="list-style-type: none"> Build systems for provision of services that position customer experience value (CX²) as our top priority 	<ul style="list-style-type: none"> Transition to business model that positions customer experience value (CX) as our top priority while promoting DX through expanding our customer with services that impress them as the core
	Promote ESG management (Contribute to solutions to social issues)	<ul style="list-style-type: none"> Contribute to solutions to social issues around sustainability and achieve SDGs and sustainable growth 	<ul style="list-style-type: none"> Contribute to the resolution of social issues through the achievement of the Company's social mission Provide services that are closely connected to social issues including health promotion, nursing care, inheritance, etc.
Foundations for Reconstruction and Sustainable Growth			
Corporate culture and work-style reform		<ul style="list-style-type: none"> Reform into a corporate culture that allows every employee, feel employee satisfaction (ES) while growing together with the company 	<ul style="list-style-type: none"> Reinvigorate communication between management and employees and share future vision Support diverse career formation, reinforce management capabilities Achieve more flexible and diverse work styles
Reinforcement of governance, solvency policy		<ul style="list-style-type: none"> Through more sophisticated risk sensitivity, ensure soundness in business operations and realize sustainable growth 	<ul style="list-style-type: none"> Reinforce corporate governance Reinforce to prevent money laundering and criminal activity, etc. Based on ERM³, maintain the financial soundness while secure revenue and appropriately return to shareholders

Notes: 1. DX is an abbreviation for Digital Transformation
 2. CX is an abbreviation for Customer Experience
 3. ERM is an abbreviation for Enterprise Risk Management

► Primary targets of Medium-Term Management Plan (FY2021-FY2025)

The main targets for the Medium-Term Management Plan mentioned above are as follows.

Specifically, we will aim to improve "customer satisfaction" and "Net Promoter Score (NPS)" with customers' appraisals as the primary target, as well as achieve various targets such as the "number of policies in force" as a stock-based target focusing on the continuation of policies.

Financial Targets, etc.		ESG Targets	
	FY2025	CO ₂ emissions	
Customer satisfaction ¹ NPS ^{®2}	Customer satisfaction Aim for 90% or more NPS [®] Aim for One of the highest in the industry	FY2030 (compared to FY2019) Reduce 46% ^{4,5}	
Number of policies in force	20 million or more policies	Aim to achieve carbon neutrality by 2050 ⁵	
Net income	¥91.0 bn (FY2023 ¥78.0 bn)	Ratio of female managers	
Dividend-per-share (DPS)	In principle aim not to decrease but to increase dividend per share for the period of the Medium-Term Management Plan	FY2030 the ratio of female managers at the head offices of 30% ⁶	
EV growth (RoEV)	Aim for 6% to 8% growth ³	Strive to establish an adequate environment, raise awareness and develop human resources with a view to increasing employees who wish to become managers and executives, in an effort to increase female managers outside the head office as well	

Notes: 1. The total percentage of customers who responded as "satisfied" and "somewhat satisfied" with a 5-level rating of customer satisfaction.
 2. NPS[®] is an abbreviation for "Net Promoter Score" and a registered trademark of Bain & Company, Inc., Fred Reichheld, and Satmetrix Systems, Inc.
 3. Calculated by excluding economic variance factors.
 4. Subject to Scope 1 (direct emissions from the company) and Scope 2 (emissions associated with the use of electricity, etc. supplied by other companies) of the four main companies of Japan Post Group. Increases due to new businesses such as the real estate business have been excluded.
 5. In order to achieve the targets, the carbon neutralization is necessary, including the popularization of renewable energy in Japan. Japan Post Group will also support the carbon neutralization of Japan and the world. We will support the Paris Agreement and promote efforts to achieve carbon neutrality.
 6. Ratio of female managers at the head offices of the four main companies of Japan Post Group. The Group aims to achieve the ratio above as of April 1, 2031, a date when the effect of the initiatives up to FY2030 will have become apparent.

Continued Efforts to Regain Trust

Business improvement plan

We received orders from the Financial Services Agency (FSA) of Japan to suspend business (from January 1, 2020 to March 31, 2020) and improve business operations based on Article 132, Paragraph 1 of the Insurance Business Act on December 27, 2019. We submitted a business improvement plan to FSA on January 31, 2020, and have since been making regular reports on our progress. Based on the findings in the order to improve business, recommendations from the Special Investigation Committee, etc., we thoroughly implemented the preventive countermeasures listed in the business improvement plan (creation of a healthy corporate culture, establishing an appropriate sales promotion plan, strengthening solicitation quality control and strengthening governance by the Board of Directors, etc.) and completed most of the measures.

We will continue to verify the effectiveness of these measures and improve operations, including by making the necessary changes based on the results.

Pledge to Regain Customers' Trust

Since July 2019, we have refrained from making proactive sales efforts at post offices and our directly-managed offices, including during the period of the business suspension order from January to March 2020. However, the JP Reform Execution Committee assessed that the minimum necessary conditions for resuming sales activities have been met, and it has been confirmed that the purpose of operations for regaining customers' trust is shared and ensured by employees. Accordingly, on October 5, 2020, we conducted operations aimed at regaining customers' trust, placing top priority on apologizing to our customers. We apologized for causing customers concern, explained "Pledge to Regain Customers' Trust," and performed policy confirmation activities.

Pledge to Regain Customers' Trust

Pledge for our vision

We pledge to remain close beside each and every one of our customers, giving top priority to customer satisfaction and peace of mind, and to be a company that they can trust.

Pledge for our activities

- We are committed to customer-oriented business operations and providing satisfying and courteous services for customers.
- We will carefully listen to feedback from customers in order to reflect it in the improvement of our services.
- We will enhance the expertise of our employees so that they can provide accurate and easy-to-understand explanations to satisfy our customers.
- We will comply with laws and regulations and provide high-quality services that our customers can use with a peace of mind.
- We will provide products and services that will bring joy to our customers based on their needs.

Through these activities, we also received words of appreciation from customers, such as "Thank you for contacting me again and again," "It is a tough job to visit each customer, but it is a unique strength of post offices," and "Thank you for notifying me that I'm able to apply for hospitalization benefits."

After that, we resumed explanations and proposals of insurance products and services to customers who we previously visited or to those who requested explanations, etc. at our directly-managed offices on February 10, 2021, and then expanded these activities to include all customers on April 1 of the same year. In addition, on the same day, post offices started to provide information and make proposals on insurance products and services that meet customer needs. These actions marked a shift to a new sales style, one that builds a relationship of trust through sales activities.

New in-house system to respond to customers' requests

In the event that we detect any possibility of a problem with solicitation quality through reports by customers, we not only handle this as an individual problem but also analyze the possibility of an occurrence of similar problems, and expand active investigations. We grasp the depth of the problem in question and take preventive countermeasures.

Continuation of the initiatives during the Medium-Term Management Plan

In the best interests of every customer, we announced our vision for customer-first business operations, along with the measures needed to ensure its realization in terms of our framework and business operations, as our “Basic Policies for Customer-first Business Operations.”

The entire Company will work as one in an effort to further improve and develop customer-first business operations based on the “Basic Policies for Customer-first Business Operations.”

Basic Policy for Customer-first Business Operations

https://www.jp-life.japanpost.jp/aboutus/company/abt_cmp_fiduciary.html (in Japanese)

Under the current Medium-Term Management Plan, we will radically shift from the previous “proposal-first” sales approach based on products to a new sales approach and thoroughly conduct activities to ensure that “our customers can use our products and services based on their satisfaction and understanding.”

Solicitation Policy of Japan Post Insurance Co., Ltd.

https://www.jp-life.japanpost.jp/policy/pcy_sol_index.html (in Japanese)

Old sales approach	New sales approach
<ul style="list-style-type: none"> ● “Proposal-first” activities based on products ● Solicitation flow based on an approach of “assuming customers’ intentions” ● Insufficient checking systems ● Management based on excessive focus on new sales amounts 	<ul style="list-style-type: none"> ● Activities based on the solicitation policy¹, “standard model of Japan Post Insurance products (such as customer-first proposals)”² ● Solicitation flow based on an approach of “understanding customers’ intentions in advance” ● Multi-layered check systems to protect both customers and employees ● Management that appreciates policies in force and the process of sales activities

Notes: 1. The solicitation policy that reflects the customer-first philosophy, based on the principle of providing insurance coverage founded on high ethical standards which take the original roles and mission of life insurance into account.

2. “Standard of Japan Post Insurance sales” based on a solicitation policy that reflects the customer-first philosophy.

In addition, while keeping and fulfilling “Pledge to Regain Customers’ Trust,” throughout the insurance period, we will be engaged in careful follow-up services for strengthening ties with our customers, based on the concept of “providing services in the form of life insurance,” thereby rebuilding relationship with them.

First, we will work to enhance customers’ understanding of the necessity of their insurance protection in force, through “policy coverage confirmation activities” utilizing the “Notification of Policy Coverage” sent to each customer in the month prior to his/her birthday.

In addition, for initiatives to regain trust, we will thoroughly implement the PDCA cycle and strengthen checking systems and control to enhance risk sensitivity, verify and review the effectiveness of the improvement measures, and construct a scheme to prevent policies that are not in line with customers’ intentions, and ensure the effectiveness of these initiatives.

JP Reform Execution Committee

Four Japan Post Group companies, Japan Post Holdings Co., Ltd., Japan Post Co., Ltd., Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd. established the JP Reform Execution Committee on April 2, 2020, to seek advice from external experts from a fair and neutral standpoint, in order to restore public confidence in the Japan Post Group.

Meetings of this Committee have been held 10 times as of April 30, 2021. In the meetings, the progress of the business improvement plan, conditions for resuming sales activities, the whistleblowing contact point of the Japan Post Group, etc. were verified, and opinions and recommendations about the growth strategy of the Japan Post Group and other matters were presented from various viewpoints.

Strengthening the Sales and Service Systems

Take effective actions to ensure that customers using our products and services are well-informed and satisfied

For individual customers, we will provide stable and sustainable security under the new sales system.

For corporate clients, we will perform activities in line with their management thinking.



SAKAMOTO
Hidekazu

Managing Executive
Officer
Responsible for Sales
Planning Department
and Agency Support
Training Department



FUJIMORI
Norihiro

Managing Executive
Officer
Responsible for Whole
Sales Promotion Training
Department and Whole
Sales Department

Recognition of the environment and basic strategy

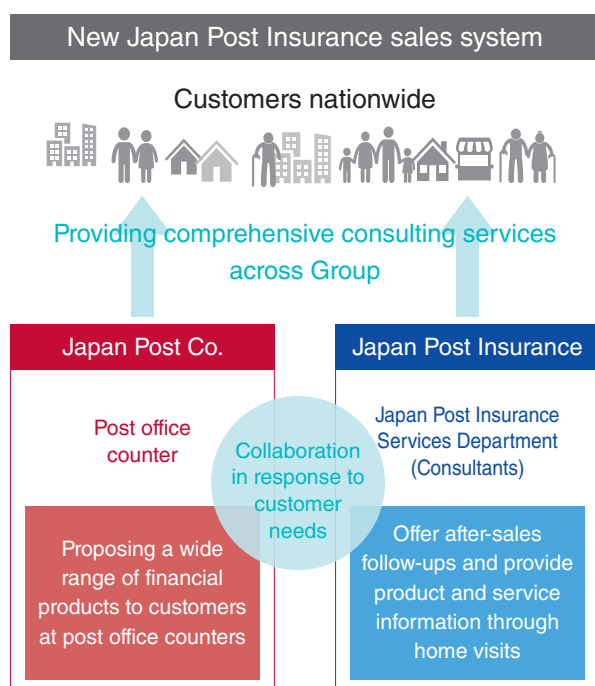
During the period of the prior Medium-Term Management Plan, to address the issues related to the quality of solicitations by the Company and our agents that occurred during the fiscal year ended March 31, 2020, we have made company-wide efforts to investigate insurance policies and take other measures to compensate affected customers for any disadvantages experienced, as well as to implement preventive countermeasures.

Going forward, we will radically shift to a new sales approach and thoroughly conduct activities to ensure that “our customers can use our products and services based on their satisfaction and understanding.”

Establishment of new Japan Post Insurance sales system

To offer insurance services that will meet the diverse coverage needs of our customers, we will build a new Japan Post Insurance sales system with specialty and extensiveness of which we will start operation from April 2022 and realize a comprehensive consulting service across the entire Group.

Consultants will be dedicated to proposing life insurance and providing after-sales follow-ups. Further, with the introduction of a customer assignment system, they will also give customers high-quality, attentive after-sales follow-ups.



Features of the “new Japan Post Insurance sales system”

1 Establishing consultants as insurance specialists

- Consultants will be dedicated to proposing life insurance and providing after-sales follow-ups. They will engage in high quality sales activities by ensuring proper solicitation quality
- Japan post Insurance will create a new system allowing it to hold direct responsibility for the management of consultants

2 Introduction of a customer assignment system

- A customer assignment system will be introduced, and consultants will take responsibility for providing attentive customer service to each customer with a view to building long-term, continuous relationships of trust

3 Consolidating consultant operation bases

- Consultant operation bases will be consolidated in line with market potential including the number of policies in force and population

Strengthening the service provision system for corporate clients

We will contribute to sustainable growth of companies through close communication with managers, with the trust of corporate clients as the cornerstone of our activities.

We will also improve customer experience values based on reliable solicitation quality, by revising products to meet customer needs and improving business processes and systems.

Main initiatives

1 Enhancing human resource development and improving management capabilities

- We aim to provide useful help to managers through close communication with corporate clients, by strengthening our framework and offering better services. To this end, we will conduct employee training to further improve the expertise applicable to corporate management as well as manager training designed to enhance management capabilities of the organization.

2 Improving administration and systems

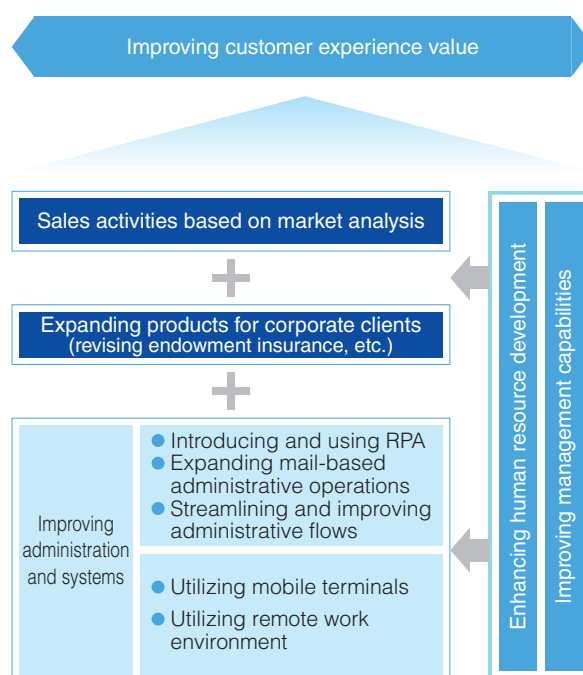
- We will improve customer services through DX promotion and support the activities of sales personnel, to provide optimal solutions for customers.

3 Expanding products for corporate clients

- We will revise current products to make them more useful, and enhance products and services in order to meet the diverse needs of managers. This will help companies in their efforts to boost benefits for employees and prepare funds for retirement allowances, among other efforts.

4 Sales activities based on market analysis

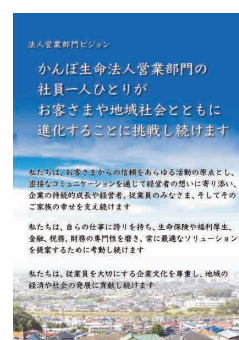
- We will provide beneficial information to customers through market analysis using database marketing, and perform sales activities with the aim of constantly providing optimal solutions.



Vision of the Whole Sales Divisions

We have established the “Vision of the Whole Sales Divisions” as a foundation for the above activities. This vision sets the goals of the Whole Sales Divisions to be achieved in about three to five years, to fulfill our management philosophy.

All employees engaged in corporate sales are committed to customer-first activities and tackling various issues to realize this vision.



Poster displayed in our offices

Every employee of the Whole Sales Divisions of Japan Post Insurance will continue the challenge of growing with customers and local communities

With the trust of customers as the foundation for all our activities, we will stay close to the intentions of managers through close communication, and continue to support sustainable growth of companies and the happiness of managers, employees, and their families.

We will take pride in our work, hone our expertise in life insurance, benefits, banking, tax affairs, and finance, and continue making every effort to consistently propose optimal solutions.

We will respect the corporate culture of valuing employees and keep contributing to the development of local economies and societies.

Enhancing Insurance Services

Provide secure coverage and new services to support customers of all generations, and radically strengthen our capabilities to deliver insurance services in an age of the 100-year life

We will aim to provide new experience values to customers by offering insurance products which appropriately meet the coverage needs of all generations such as healthcare and nursing care, as well as by taking care of customers' issues and offering new services to support their healthy and secure lives without being constrained by the boundaries of an insurance company.



ONISHI Toru

Managing Executive
Officer
Responsible for
Product Planning
Department

Recognition of the environment and basic strategy

We will develop products mainly from the perspective of improving security and convenience, reflecting the conditions of social and economic environments and changes in customer needs.

For environmental changes, the average life expectancy is expected to keep extending, so we believe that the needs will increase for healthy and rich post-retirement lives while preparing for the longevity risks. The low-interest-rate environment is also expected to continue.

Considering these circumstances, we will enhance the coverage of medical care riders in order to provide well-balanced coverage with low insurance premiums. In addition, in response to the advent of an age of the 100-year life, we will expand the range of coverage to meet varied needs, such as nursing care, inheritance, and preparation for longevity risks. We will also aim to develop more attractive products by researching products that contribute to the extension of healthy life expectancy using health data.

We will develop insurance services which meet the coverage needs of all generations and various scenes and provide insurance services connecting generations and services tailored to the lives of customers.

Past activities

To meet customers' needs, we started offering the following products and services in the previous Medium-Term Management Plan period.

Products and services	Start time	Overview
Products with relaxed underwriting criteria	April 2019	Started to sell whole life insurance, endowment insurance, and comprehensive medical care riders with lower underwriting criteria/standards than those then available in order to meet the needs for insurance of those who have concerns about their health due to a chronic disease or preexisting condition
Advanced medical care rider	April 2019	Started to sell a non-participating advanced medical care rider (no cash value term insurance) to cover technical fees for advanced medical treatment, which have a heavy economic burden, as a wider range of treatment options become available with the advancement of medical technologies
Ordinary term insurance and special endowment insurance with extended insurance periods	April 2021	Started to sell ordinary term insurance and special endowment insurance with longer insurance periods than before in order to more appropriately meet the coverage needs of young and middle-aged customers
Policy conversion system	April 2021	Started to make available a policy conversion system, so that customers could change coverage without cancelling their existing policies

Priority initiatives of the Medium-Term Management Plan (FY2021–FY2025)

- We will enhance insurance services to meet the coverage needs of customers of all generations

Insurance coverage needs of all generations and various scenes



Want to prepare against risk with low premiums

- Needs for generous protection at low insurance premiums in the young and middle-aged population, etc.

Want to prepare against economic uncertainty

- Traditional insurance needs to prepare for unexpected injury and illness, risk of nursing care needs, corporate welfare and benefits, and other events

Want to live a secure and healthy post-retirement life

- Needs for living a secure and healthy post-retirement life while preparing for longevity risks, promoting health, and improving well-being*

Want to prepare for inheritance and asset succession

- Needs among the elderly population for inheritance and asset succession to children and grandchildren

* State of being satisfied physically, mentally and socially.

Insurance services that meet customers' protection needs

Future direction of product development

- Provide balanced protection at low premiums (revisions such as enhancing the coverage of medical care riders)
- Expanding products that meet the needs for coverage of the middle- to senior-aged and elderly population, etc. in view of the age of the 100-year life (expanding the coverage scope, etc.)
- Research into products that contribute to extending healthy life expectancy (accumulating and using health promotion data)

"Connecting" to the young and middle-aged population with educational endowment insurance as the starting point



Parents' generation



Children's and grandchildren's generation

"Connecting" by strengthening the contact points with the young and middle-aged population with nursing care, inheritance issues, etc. as the starting point



Services that support the lives of our customers

- Provide services to support not only major life events of customers but also their concerns in everyday life, so that we can become their trusted partner

We would like to provide health and security to customers through insurance products

The Product Planning Department is in charge of a wide range of operations related to insurance products, such as the development of insurance products and the maintenance of existing products. As the Company aims to provide services to customers of all generations, we accurately grasp requirements and develop products needed by many customers.

I mainly research the relationships between lifestyles and diseases using health data. Using the findings from this research, and leveraging our knowledge of mitigating disease risks through effective prevention measures, we aim to develop products that deliver to customers a sense of healthiness and safety. We are working to contribute to the extension of healthy life expectancies so that our customers can fully benefit from the services we offer.



AIHARA Ryohei
Product Planning Department

Achieving Greater Depth and Sophistication of Asset Management

For Japan Post Insurance to become a “world-leading institutional investor”

We secure stable investment income under effective risk management to pay insurance claims and other obligations to customers without fail, and aim to become a “world-leading institutional investor” by achieving greater depth and sophistication of asset management for both portfolio development and investment in each field, including alternative investments.



HARUNA Takayuki

Managing Executive Officer

Responsible for Investment
Operation Department,
Alternative Investment
Department and Global Credit
Investment Department

Recognition of the environment and basic strategy

During the fiscal year ended March 31, 2021, the global economy rapidly deteriorated at the beginning of the fiscal year due to the implementation of countermeasures against the spread of COVID-19, which was followed by a recovery trend due to large-scale fiscal and monetary policy packages and gradual easing of movement restrictions in many countries. However, the recovery was moderate due primarily to the intermittent resurgence of COVID-19. During the fiscal year ending March 31, 2022, the global economy is expected to recover gradually thanks to the continuation of large-scale fiscal and monetary policy packages in various countries and the gradual normalization of economic activities associated with the propagation of vaccines.

Under the enterprise risk management (ERM) framework, we will continue to invest in return-seeking assets using rigorous risk management to secure stable income in the low-interest-rate environment, while implementing ALM-based asset management through asset-liability matching, to ensure the payment of insurance claims to customers.

Past activities

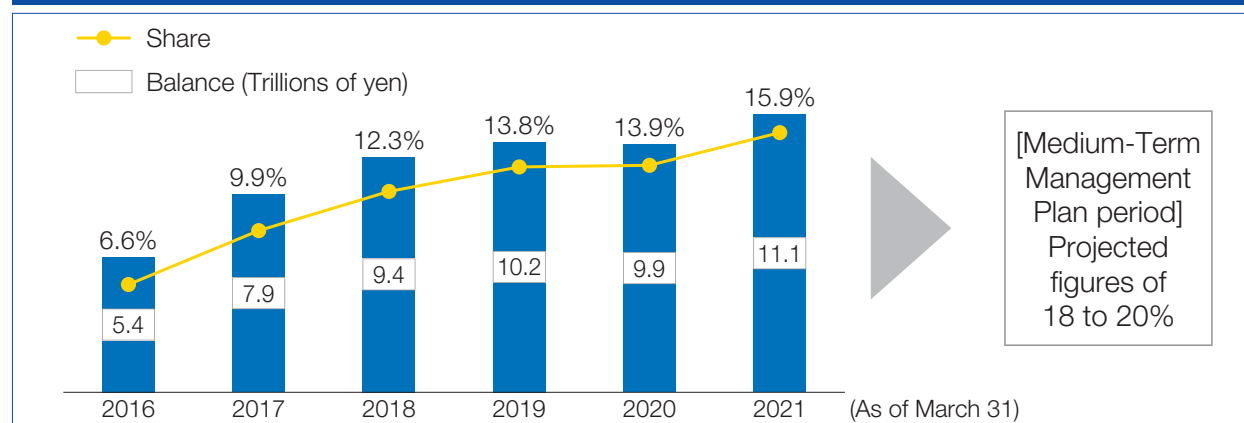
To ensure the yields promised to customers, we have promoted the diversification of assets in response to the prolonged low-interest-rate environment.

While we have diversified assets centered on assets that are externally managed, with the aim of achieving stable profit improvement in the low-interest-rate environment, we have started in-house management of U.S. corporate bonds and Japanese equities in phases, steadily promoting the diversification of our assets.

We consider various factors of ESG when making investment decisions, in order to realize a sustainable society, improve investment results, and reduce risks in the long term.

As a result of promoting the diversification of assets to increase the profitability of our ALM-based asset management, the ratio of return-seeking assets to total assets as of March 31, 2021 increased to 15.9%.

Return-seeking assets



Priority initiatives of the Medium-Term Management Plan (FY2021–FY2025)

- Under the ERM framework, we aim to secure stable asset management earnings based on ALM management.
- We will achieve greater depth and sophistication of asset management in terms of both portfolio building and each investment field such as alternative investment, while responding appropriately to the introduction of the new solvency regulation.
- We will promote ESG investments that create a sense of warmth unique to Japan Post Insurance.

Deepening and sophisticating asset management

- Set up specialized departments, e.g., Alternative and Global Credit Investment Departments, and reinforce management for each investment field
- More sophisticated portfolio building based on the use of highly elaborate risk analysis
- Recruit and cultivate sophisticated management personnel with the introduction of a specialist profession personnel system
- Reinforce risk management readiness through the establishment of various risk scenarios and impact analysis, etc.

Responses to new solvency regulations

- Implement asset allocation processes in anticipation of the introduction of a new economic value-based solvency regulation
- Aim to improve and stabilize ESR while reducing interest rate risk, etc.
- Diversification of portfolio management methods in preparation for the introduction of the new solvency regulation

Promotion of ESG investments

Aiming for investments that create a feeling of warmth unique to Japan Post Insurance



- Promoting theme-based investment and financing focusing on priority areas of well-being* improvement, regional and social development, and environmental conservation including climate change based on our ESG investment approach
- More proactive investment and financing that contributes to the achievement of a carbon-neutral society
- Start and improve ESG integration on all investments
- Measure, analyze, and disclose carbon footprint of investment portfolio



* State of being satisfied physically, mentally and socially

Investment in solar power generation business

I would like to contribute to the realization of a sustainable society through investments and loans with warmth unique to Japan Post Insurance

I am in charge of investments and loans to local governments. We have a long history of loans to local governments, spanning more than 100 years, including the period of the Ministry of Communications. So far, we have contributed to many initiatives with awareness of the environment and society through investments and loans such as the construction and maintenance of compulsory education facilities and sewerage systems. For the next 100 years, we will work to realize a sustainable society by making investments and loans with warmth unique to Japan Post Insurance.



TANAKA Daisuke
Global Credit Investment
Department

Improving Customer Experience Value (CX)

Creating experience values which leads to the total satisfaction of our customers in their choice of insurance company

We will pursue ways to impress our customers and radically reform all services including insurance proposals, support and procedures from the viewpoint of improving the “customer experience value.”

We will improve the “customer experience value” by providing “warmth” and “convenience” by combining physical and digital measures.



HIRONAKA
Yasuaki
Senior Managing
Executive Officer
Responsible for Customer
Experience Department

Recognition of the environment and basic strategy

The life insurance industry is going through a structural change, owing to factors such as the reformation of the life insurance market associated with the rapid progress of the falling birthrate and the aging population in Japan, as well as the entry of companies from other industries. In line with these changes, the business model of life insurance itself is undergoing transformation, with the propagation of smartphones, social media, etc. and the diversification of communication methods, as well as the advancement of digital technologies, changes and diversification of lifestyles of customers, and rapid advances in medical technologies.

From 2020 onward in particular, due in part to the impact of COVID-19, the daily lives and awareness of customers have changed, and the transformation of digital technologies in company activities has accelerated. In the age of living with and post COVID-19, it is our responsibility to fulfill our social mission and role as a life insurance company without fail, adapting to customer needs in this turbulent environment.

In addition, governments are also promoting the use of digital technologies in corporate settings based on the concept of Society 5.0, and proceeding with the digitalization of their own operations, including a plan to establish the Digital Agency.

Companies are rapidly proceeding with the digital transformation (DX) of their business models in order to create new services and business approaches and to secure competitive advantages. On the other hand, we see a gap between customers who can use these digital technologies, etc. and those who cannot when we provide them with services.

Under these circumstances, we recognize it is essential to promote DX in a way that customers of diverse ages and values will feel warmth, by making use of physical contact points with customers, like post offices and consultants.

Given this environment, we plan to radically reform all services, including insurance proposals and other procedures, from the viewpoint of improving the customer experience value (CX). Our goal is to provide convenience to customers and support customers anywhere at any time. To do this, we will construct IT system platforms to underpin improved experience values and provide services combining physical means of contact that convey warmth with convenient digital systems.

We intend to enhance the customer experience by providing quality services that ensure customers feel truly glad they chose Japan Post Insurance, and aim to expand the customer base through family and friends, to communities and societies.

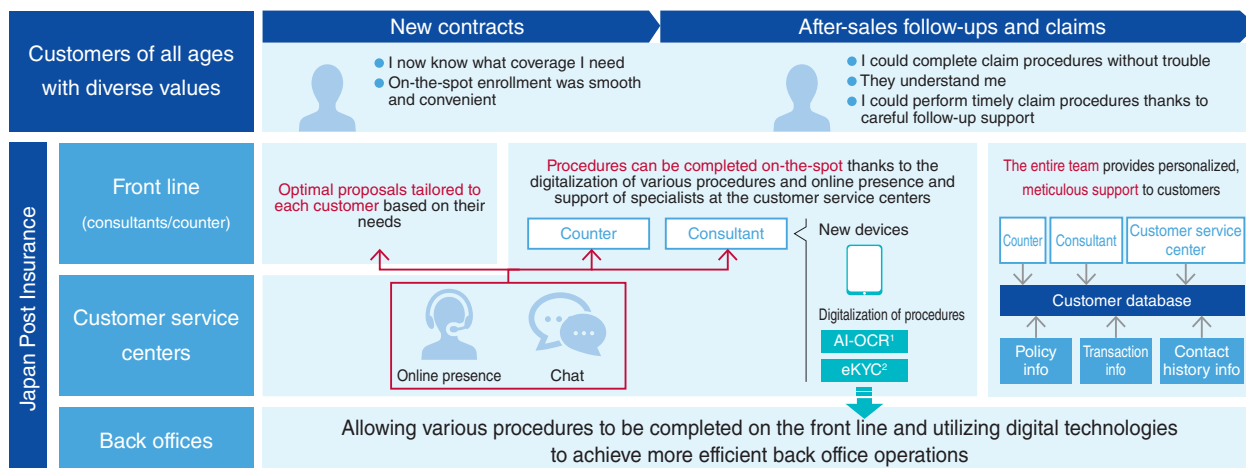
Past activities

We are responding to various changes in lifestyles, including the rising number of non-face-to-face service users due to the COVID-19 outbreak. We are also working to improve customer convenience by expanding the functions of “My Page,” a Web service for policyholders, accessed using familiar devices, such as home PCs and smartphones.

Priority initiatives of the Medium-Term Management Plan (FY2021–FY2025)

- Transition to business model that positions customer experience value (CX) as our top priority while promoting DX through expanding our customer with services that impress them as the core.

(Comprehensive image after realization)



Notes: 1. OCR (Optical Character Recognition) that uses AI for improved rate of recognition of handwritten text, etc.
2. Identification procedure by electronic means

(Investment in systems infrastructure)

Investment in systems infrastructure that help enhance customer experience value

Establish a customer database to centralize and share information

- Establish a database that integrates policy and inquiry information, etc. for each customer
- Support activities of consultants by introducing applications, thereby further enhancing solicitation quality

System infrastructure for customer service centers

- Develop system infrastructure for communicating with customers using various methods such as on-line attendance

Develop systems that support customers' application and claim-filing procedures

- Develop digital-based systems for procedures with new devices (AI-OCR, eKYC, etc.)
- Expand the scope of online-based procedures accessible at night and on holidays

Next-generation system infrastructure

- Develop next-generation system (utilization of cloud services, zero trust security, etc.) infrastructure enabling flexible and speedy system development with a view to realizing the aforementioned

Develop system infrastructure for enhancing customer support

Strategic IT investments: Approx. **¥100.0 billion** over **5 years**³

Note 3: In addition to "investments" in financial accounting, this includes expenses related to strategic IT.

Providing all customers with experiences and services that ensure they feel glad they chose Japan Post Insurance

I belong to the CX Promotion Department, which is in charge of the Customer Satisfaction Survey conducted once a year and has evaluations of Japan Post Insurance from customers to improve products and services. In the fiscal year ended March 31, 2021, we started a trial of a survey conducted immediately after procedures in order to gather evaluations, etc. for each important contact point with customers in real-time. We will continue to speedily collect evaluations and feedback from customers, and swiftly proceed along the PDCA cycle from the customer-first viewpoint to help support those providing experiences and services that impress all our customers.



KANDA Akiyo
Customer Experience
Department

Corporate Culture Reform

Reform personnel to reform the culture

The most important factor in the promotion of corporate culture reform is personnel reform. We will create a culture that can reliably respond to the expectations of customers by ensuring that all employees understand our social mission and engage in their duties with job satisfaction.



TACHIBANA Atsushi

Senior Managing Executive Officer

Responsible for Human Resources Department and Human Resources Development Department

Recognition of the environment (Recognition of the issues)

The issues surrounding solicitations for our products revealed the unreasonable nature and irrationality of our sales targets and our poor awareness of compliance and customer protection. We now recognize that the underlying causes of the issues were poor communication between the head office and front-line personnel and the low risk sensitivity, which were rooted in our organization itself, including the awareness of employees and the corporate culture.

We consider it necessary to work hard to recover the trust of customers and promote initiatives to reformation of our corporate culture by going back to the Company's management philosophy, in order to promote reconstruction and achieve sustainable growth.

► Vision

The reformation of our corporate culture is a major pillar of our reconstruction. In the fiscal year ended March 31, 2021, we set up a dedicated team specially assigned by the President to improve the issues noted above, namely communication and risk sensitivity, as a company-wide effort. In addition, to identify the issues existing in every organization, we conducted an ES (employee satisfaction) survey for all employees, and have been working to solve the identified company-wide issues and issues unique to each organization.

Through these activities, we aim to achieve these goals:

- All officers and employees across the Company work together to make the Company grow by facilitating internal communication and mutual understanding
- Share the challenges of the Company among all organizational units
- All officers and employees share the management vision, etc. of the Company and act autonomously and independently based on the customer-first principle.

► Improving communication

The causes of poor in-house communication are the lack of sharing information between the head office and front-line personnel and limited information dissemination from management. To solve these issues, we have gone ahead with communication measures, such as the introduction of "Direct Suggestions to the President of Japan Post Insurance" for employees to directly present opinions and proposals to the President, periodic distribution of messages from the President to all employees, and opinion exchange meetings between officers and employees. As with feedback from customers, management and related departments focuses on the effectiveness and feasibility of implementing opinions and proposals received from employees through "Direct Suggestions to the President of Japan Post Insurance" to improve operations. In addition, they function to detect risks.

We will continue these communication programs, strengthen collaboration not only between the head office and front-line personnel but also with organizations and departments, and aim to become a company that strives to respond to customers' expectations with company-wide togetherness.

► Support for diverse career formation

We are constructing a mechanism to support every employee to set up their own career plan, gain professional experience, and improve their skills for the realization of that plans, in order to promote the independent growth of employees. Specifically, we will proceed with such measures as the acquisition and accumulation of information about the future hopes of employees through career interviews, the clarification of personnel, skills, etc. necessary for each department going forward, personnel allocation that contributes to the growth of employees, and the establishment of a personnel system in which employees can select from diverse work styles.

► Initiatives to strengthen management capabilities

For our reconstruction and sustainable growth, all employees must fulfill their roles to the maximum extent. In particular, managers, who are the core of each organization, must perform operations and fulfill their duties from the viewpoint of management beyond the boundaries of the benefits of their own organizations, as well as construct an environment where their subordinates can exercise their capabilities to the maximum level. For that purpose, we will aim to transform the behavior of managers by more clearly showing the image of managers we desire and then evaluating not only their performance but also their everyday behavior in the conduct of duties.

► Enhance the personnel evaluation system

We are working to realize “personnel evaluations for the development of human resources” through which all employees can find their “strengths” and “weaknesses” and improve their capabilities. Specifically, we will introduce a mechanism for organizations to evaluate and cultivate every employee, in addition to revising the personnel evaluation standards.

► Human resources development

Our aim is to create an environment where every employee can make full use of his or her capabilities in order to offer customers superior services and to enhance corporate value. Our “Human Resources Development Basic Policies” emphasize development of people who put the customer first. We are vigorously supporting our employees so that they are motivated to grow together with the Company with job satisfaction, while always being mindful of corporate social responsibility.

In addition to training by job level according to employees’ positions, such as training for new employees, we also make voluntary training programs available in order to develop their capabilities. We also provide programs to support employees’ self-development, including a program encouraging employees to acquire qualifications and certifications.

Through the linkage of these programs with practical training at each workplace, we promote effective human resources development so that “all employees can develop their talents and work with energy and vitality.”

► Human Resources Development Basic Policies

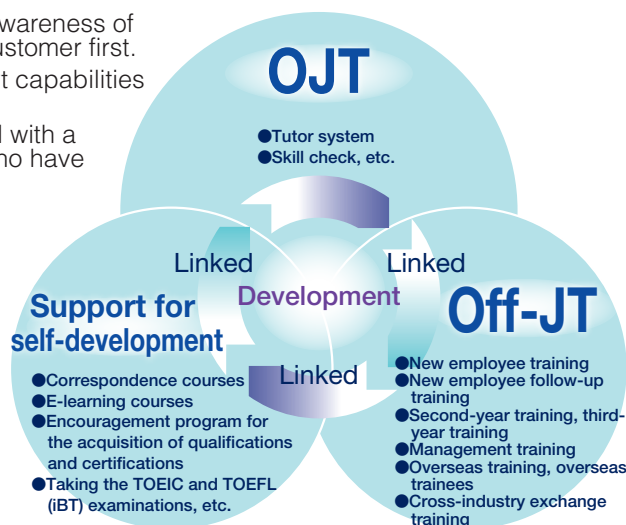
- We shall cultivate human resources who have self-awareness of corporate social responsibility and who place the customer first.
- We shall cultivate human resources who have expert capabilities and a well-rounded character.
- We shall cultivate human resources who are imbued with a spirit of challenge for addressing new issues and who have the ability to get things done.

In order to motivate each and every employee for personal development and foster them to become human resources capable of taking action expressing the four orientations ^(Note 1) based on the customer-first concept while implementing the PDCA cycle on a daily basis, we have a system in which OJT ^(Note 2), support for self-development and Off-JT ^(Note 3) are linked under the “Human Resources Development Basic Policies”.

Notes: 1. “Four orientations” refer to “Ownership oriented,” “Challenge oriented,” “Speed oriented,” and “Customer oriented,” which are listed as elements of our desired image of human resources.

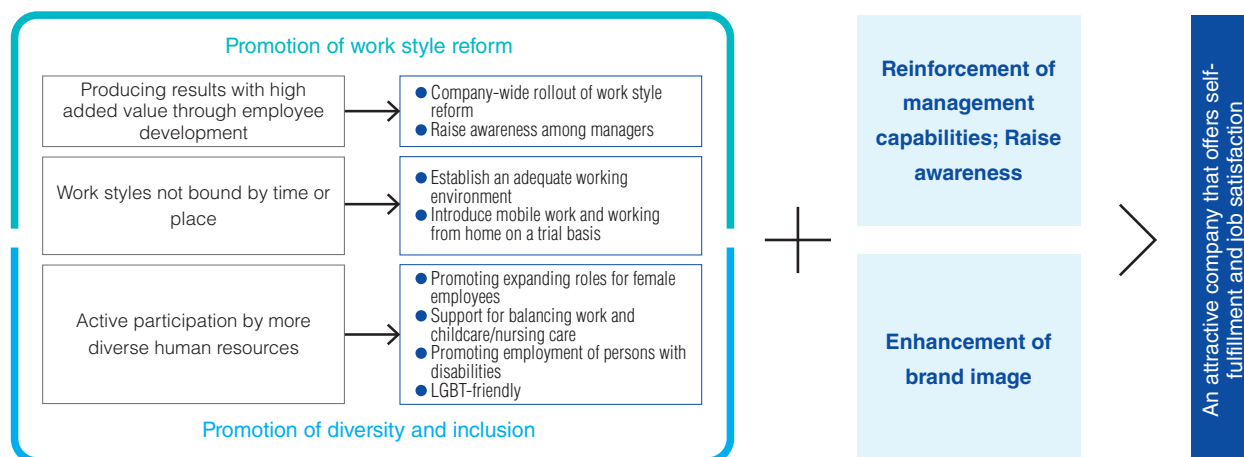
2. OJT: On-the-job training. OJT is personalized training. A superior provides the knowledge and skill set his/her subordinates need in order to do the job in the course of the daily performance of tasks.

3. Off-JT: Off-the-job training. For off-JT, away from daily tasks, personnel participate in a training program, etc. conducted by the in-house human resources development section or an external training institution and acquire the knowledge and skill set required for doing the job.



Work Style Reform

We are taking various initiatives during the period covered by the Medium-Term Management Plan, which includes a phase for development and reconstruction of work style reform, to develop human resources who can produce results with high added value through the participation of more diverse human resources and work styles not bound by time or place. Based on the know-how we have accumulated up to now, we are rolling out work style reforms throughout the Company to create a corporate culture where all employees find self-fulfillment and job satisfaction.



Initiatives in each organization



Improving the work environment

We will improve the work environment using the ES survey.

We will clarify "images of the ideal company and workplace for employees" through this survey to identify the issues and problems of each base and make continual improvements.

We will also make innovations happen as advanced initiatives with new ideas in each base and roll them out company-wide.

Promoting remote working

We are working to improve operations and productivity by allowing remote working. In the fiscal year ending March 31, 2022, we will further promote telework by allowing employees to work remotely about twice a week. We will also promote the shift to paperless work as part of our shift away from operation flows based on physical attendance. In the fiscal year ending March 31, 2022, we plan to go paperless, except for processes that have legal constraints or revised work flows on a company-wide basis.

Promoting Diversity and Inclusion

Promoting expanding roles of female employees

To support medium- to long-term career development for female employees and to stably produce female managers, we are proactively promoting expansion of roles for female employees including through training by job level, network formulation among employees, and measures for unconscious bias involving all employees. We will continue to promote further initiatives to achieve a ratio of female managers of 30% by April 1, 2031.

Support for balancing work and childcare/nursing care, etc.

To support employees who are engaged in childcare and nursing care while working, we are engaged in setting up and improving systems, introducing e-learning, providing online seminars, and cooperation with company-led childcare facilities, among other initiatives. In addition, we have been promoting flexible work styles by introducing remote working since the fiscal year ended March 31, 2021.

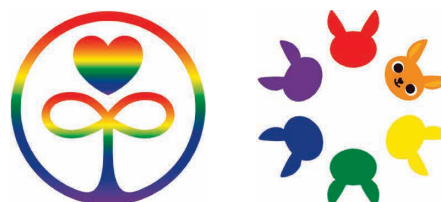
We received “Platinum Kurumin” certification from the Ministry of Health, Labour and Welfare in recognition of these initiatives in the fiscal year ended March 31, 2019.



Virtuous cycle under workstyle reforms

LGBT-friendly

We are conducting training to deepen the understanding of polymorphous sexuality and promoting the expansion of allies who understand and support LGBT, aiming to become a LGBT-friendly company. We continue to create a working environment in which all employees can develop their talents, so that they can work with energy and vitality. (We were awarded a gold rating in the PRIDE INDEX for the fourth year in a row.)



Our trademarked LGBT ALLY logo mark

Promoting employment for people with disabilities

We promote the employment of people with disabilities, recognizing that fairly evaluating and providing work opportunities for a diverse population is a part of our corporate social responsibility.

Helping to build a diverse society by supporting wheelchair tennis

We have been supporting wheelchair tennis as a top partner of the Japan Wheelchair Tennis Association since April 2018.

In the fiscal year ended March 31, 2020, we supported OHTANI Momoko, one of the world's top wheelchair tennis players, as a member of our team. She became a full-time employee of the Company in the following year, and we continue to provide her with support. In the fiscal year ended March 31, 2021, she achieved brilliant results including becoming the runner-up at the French Open, one of the four major tournaments.



Wheelchair Tennis player
OHTANI Momoko

Realizing a Sustainable Society

Our predecessor, Postal Life Insurance Service, was launched with the social mission of “protecting the means of fundamental livelihood of the public through simple procedures.” We have been privatized, but our mission to support people’s lives through insurance has not changed.

Under our management philosophy “Be a trustful partner for people, always being close at hand, and endeavoring to protect their well-being,” we clarified a new social mission (purpose). We have set a “Sustainability Policy” to help resolve social issues and to work to achieve the SDGs by fulfilling this social mission (purpose) and meeting social needs in an age of the 100-year life.

We are also working to resolve issues related to sustainability through our business activities.

Management Philosophy	Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being.
Social mission (purpose)	<p>We will remain trusted and selected by customers, thereby protecting their lives by providing life insurance product.</p> <div> <div> <ul style="list-style-type: none"> ✓ Provide basic protection through the network of community-based post offices with the opportunity of notice about necessity </div> <div> <ul style="list-style-type: none"> ✓ Respond precisely to the needs of society in the age of 100-Year Life as a life insurance company </div> <div> <ul style="list-style-type: none"> ✓ Pay insurance claims to customers nationwide as promised in a reliable and smooth manner </div> </div>

Social needs in the age of 100-Year Life	
Customers and products	<p>Growing needs of customers of all generations in the age of 100-Year Life</p> <ul style="list-style-type: none"> ● Needs of all generations <ul style="list-style-type: none"> - Prepare for any emergency ● Needs of middle-aged and elderly population <ul style="list-style-type: none"> - Prepare for succession and inheritance of assets - Have a safe and healthy post-retirement life (with enhanced Well-being*) ● Needs of young and working-age customers <ul style="list-style-type: none"> - Prepare for risks with lower premiums
Contact point with customers	<ul style="list-style-type: none"> ● Follow-up services for customers nationwide ● Promotion of multi-channel strategy utilizing digital technologies
Environmental consideration	<ul style="list-style-type: none"> ● Business management that considers sustainability, such as reduction of greenhouse gas and contribution to regional communities

Sustainability Policy

Japan Post Insurance will aim to realize sustainable growth and SDGs by contributing to resolving social issues related to sustainability through the embodiment of our management philosophy and fulfillment of our social mission to protect customers’ lives with the power of insurance.

[Promotion system]

To strengthen the sustainability promotion system, we set up the Sustainability Promotion Office and the Sustainability Committee as a consultation committee for the Executive Committee in April 2021.

The Sustainability Committee promotes strategies, plans, etc. that contribute to resolving social issues related to sustainability by discussing specific strategies toward the realization of SDGs, reporting on the implementation of sustainability activities, etc.

Japan Post Insurance

Board of Directors
Executive Committee
Sustainability Committee (Office: Sustainability Promotion Office of the Public Relations Department) <div> Matters related to the promotion of the sustainability strategy <ul style="list-style-type: none"> - Discussing specific strategies toward the realization of SDGs - Reporting the implementation conditions of sustainability activities, etc. </div>

[Social Challenges (Materiality) to Address with Priority]

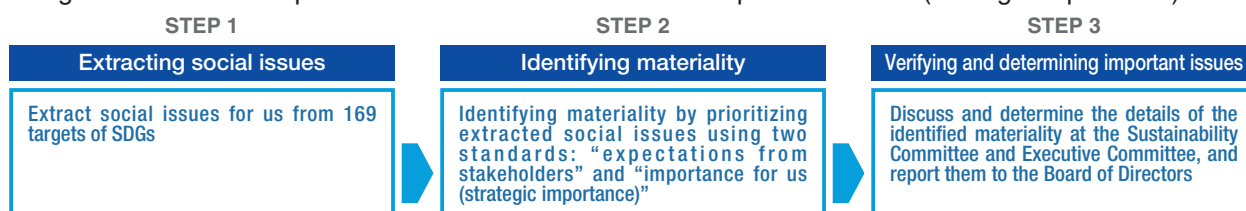
To fulfill our social mission based on the sustainability policy, we set up five “Social Challenges (Materiality) to Address with Priority.”

We will work to resolve social issues through various initiatives.

Social Challenges (Materiality) to Address with Priority and goals	Main Initiatives	Reference page
<p>Provide insurance products and services through the network of post offices, etc.</p>  	<ul style="list-style-type: none"> Provide basic protection and services through the network of community based post offices Integrate the network of post offices and digital contact points through DX promotion Develop products that respond to the protection needs of all generations 	<p>P24</p> <p>P30</p> <p>P26</p>
<p>Contribute to the development of communities and society; and environmental conservation</p>  	<ul style="list-style-type: none"> Initiatives for carbon neutrality Initiatives in accordance with the TCFD proposal Promote ESG investment 	<p>P43</p> <p>P42</p> <p>P38</p>
<p>Extend healthy life expectancy through health promotion, etc. - Increase well-being</p>  	<ul style="list-style-type: none"> Popularize radio exercise Provide services utilizing health promotion app “Sukoyakanpo” Provide insurance services based on interest in health promotion and social needs Promote ESG investment Respond to the spread of COVID-19 	<p>P44</p> <p>P45</p> <p>P26</p> <p>P38</p> <p>P46</p>
<p>Establish an environment where each and every employee can actively demonstrate his/her full potential to empower himself/herself</p>  	<ul style="list-style-type: none"> Corporate culture reform/work style reform Human resources development, strengthening the use of human resources Promote diversity (promoting expanding roles for female employees, providing support for balancing work and childcare/nursing care, promoting employment of persons with disabilities, and responding to gender diversity) 	<p>P32</p> <p>P33</p> <p>P35</p>
<p>Corporate governance supporting the meaning of our business and social mission</p>  	<ul style="list-style-type: none"> Regain customers' trust Thorough compliance Strengthen corporate governance 	<p>P22</p> <p>P66</p> <p>P48</p>

[Identification process]

We identified social challenges (materiality) by extracting issues based on SDGs and prioritizing them using two standards: “expectations from stakeholders” and “importance for us (strategic importance).”



ESG Investment

We will take on initiatives for realizing a sustainable society through asset management, considering ESG elements for the entire asset portfolio as an institutional investor that manages long-term assets.



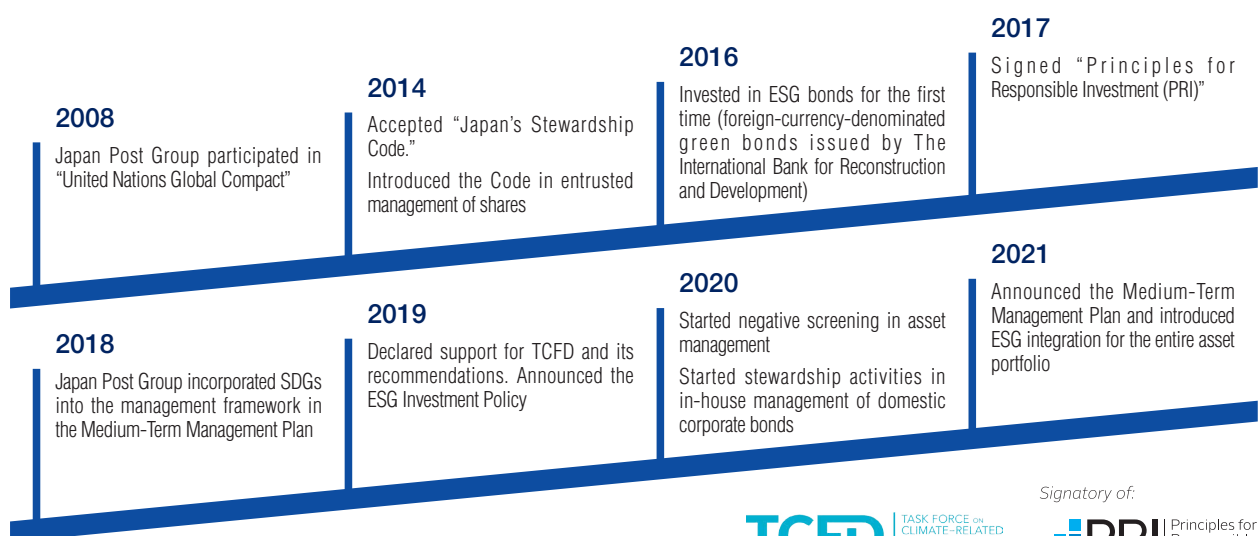
ESG Investment Policy

From the perspective of fulfilling our social responsibilities to all stakeholders, we are promoting initiatives to solve environmental, social and governance (ESG) issues facing society, and actively taking on challenges toward the sustainable growth of corporate value and social development.

In asset management, we will consider various factors of ESG in making investment decisions, in order to realize a sustainable society, improve investment results and reduce risks in the long-term.

- We will integrate ESG factors into the investment processes (such as investment analyses and decision-making processes) in phases, according to the characteristics of respective assets. For example, we will invest in the environmentally-friendly natural energy power generation business, and will actively evaluate companies with technology, business foundations, and other characteristics that contribute to the solution of ESG issues in the area of internal domestic equity investments.
- By appropriately conducting constructive dialogue and exercising voting rights in consideration of ESG factors, we will encourage investee companies to contribute to the realization of a sustainable society through their business activities, and to improve their corporate value. In addition, we will also seek substantial disclosure of non-financial information, including ESG factors, in order to improve our investment processes.
- We will monitor the status of ESG investment activities at the investment managers that we do business with, and will encourage their ESG investment activities such as by sharing successful examples.
- We will work on information exchange and collaboration with other institutional investors, industry groups, and others, in order to further contribute to the realization of a sustainable society.
- We will disclose the status of our ESG investment activities regularly on our website and through disclosure and other materials.

Results of the initiatives for ESG investments



TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Signatory of:

PRI Principles for Responsible Investment

Framework for ESG investments

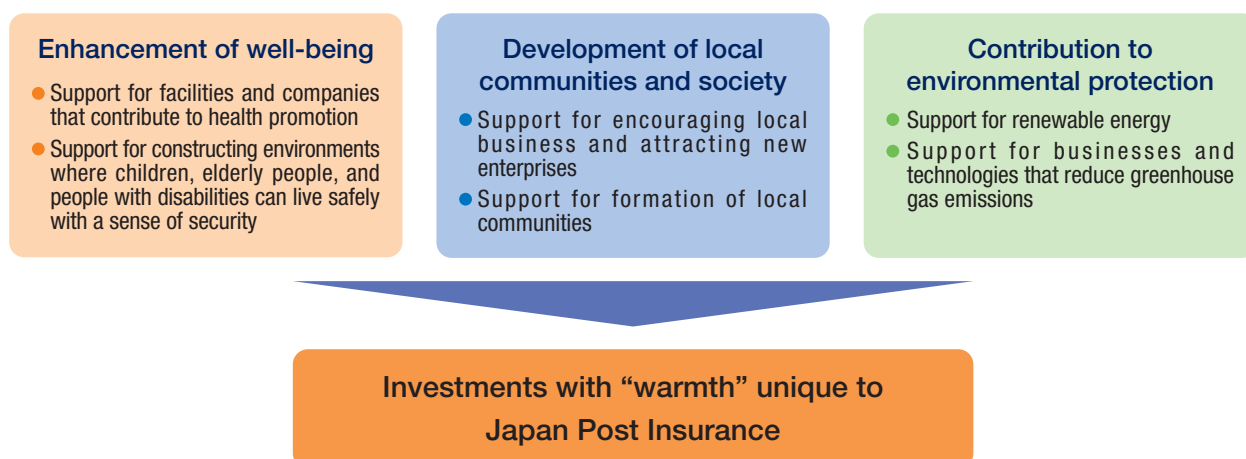
For our ESG investments, we will handle mainly ESG integration, engagement, and impact investments.

ESG integration	<p>Having introduced ESG integration for the entire asset portfolio¹, we comprehensively evaluate and use financial information as well as the ESG initiatives of investees in our investment decision-making.</p> <p>(Note 1) Including externally managed assets. For externally managed assets, we review and evaluate the initiatives for ESG investments when selecting and monitoring investment managing organizations and fund managers.</p>
Engagement and exercising voting rights	<p>We accurately grasp the conditions of investees to engage constructively with them. While building relationships with investees, we demand disclosure of not only financial information but also non-financial information, including ESG elements to confirm their initiatives for ESG issues, etc.</p> <p>Our voting activities are based on our Policies on the Exercise of Shareholders' Voting Rights. When voting, we take into consideration non-financial information, including ESG factors, and information gained from dialogues with companies.</p> <p>Japan Post Insurance has accepted Japan's Stewardship Code and has established Company policies in accordance with it.</p> <p>For details of Japan Post Insurance's stewardship activities, please refer to the Company's website.</p> <p>https://www.jp-life.japanpost.jp/aboutus/csr/responsible_investment/stewardship/ (in Japanese)</p>
ESG-themed investments and impact investments	<p>We promote ESG-themed investments and impact investments² in accordance with our priority initiative themes (shown below) based on "warmth."</p> <p>(Note 2) Impact investments mean investment activities intended to generate positive and measurable social and environmental impact in parallel with financial returns.</p>
Negative screening	<p>We do not invest in any manufacturers of controversial weapons or new domestic or overseas project financing for coal-fired power generation, which emits a lot of CO₂ and is known to have an adverse impact on climate change.</p>

Priority initiative themes of ESG investments












We will focus on the "enhancement of well-being," "development of local communities and society," and "contribution to environmental protection" as initiative themes and make investments with "warmth" unique to Japan Post Insurance.

[Specific initiative proposals]



Major ESG-themed investment examples

We make ESG-themed investments considering ESG elements. We invest in projects which can widely contribute to the achievement of the SDGs and the resolution of issues upon confirmation of feasibility and limitation of use of funds.

Investment cases	Relevant SDGs
Investment in an Education Bond to support school education, vocational training, gender equality, in the Asia-Pacific region (March 2021) © Asian Development Bank	  
Investment in a Sustainable Development Bond to support "One Health," optimal health outcomes in people, animals, and global environment taken as a whole. (March 2021) © Inter-American Development Bank	   
Investment in a Sustainable Development Bond to support the purchase and distribution of vaccines through the international framework "COVAX" (March 2021) © Inter-American Development Bank	   
Investment in a Green Bond to support green recovery (the transition to sustainable low-carbon society under the COVID-19 pandemic) (January 2021) © World Bank	  
Investment in a Green Transition Bond to support the transition toward decarbonization of carbon-intensive industries (January 2021) © European Bank for Reconstruction and Development	  
Investment in a Sustainable Development Bond in response to the COVID-19 (May 2020)	 
Investment in a Sustainability Awareness Bond to fight against COVID-19 (May 2020)	
Investment in a Climate Awareness Bond (May 2019)	 
Investment in a Social Bond themed Feed Africa to increase food production on the African continent (May 2018)	 
Investment in a Sustainable Development Bond to Raise Awareness of Health and Nutrition of Women, Children, and Adolescents (May 2018)	 
Investment in a Thematic Bond promoting gender equality (May 2018)	
Investment in renewable energy projects such as solar power generation and biomass power generation (project finance) (since 2017)	 

Initiatives as signatory to the Principles for Responsible Investment (PRI)

We promote ESG investments in accordance with PRI and report the status of the initiatives once a year. In the Assessment Report 2020 for activities in 2019, we obtained the highest rating of "A+" for "Listed Equity - Active Ownership" and "A" for "strategy and governance," "Listed Equity - Incorporation" etc.

Signatory of:

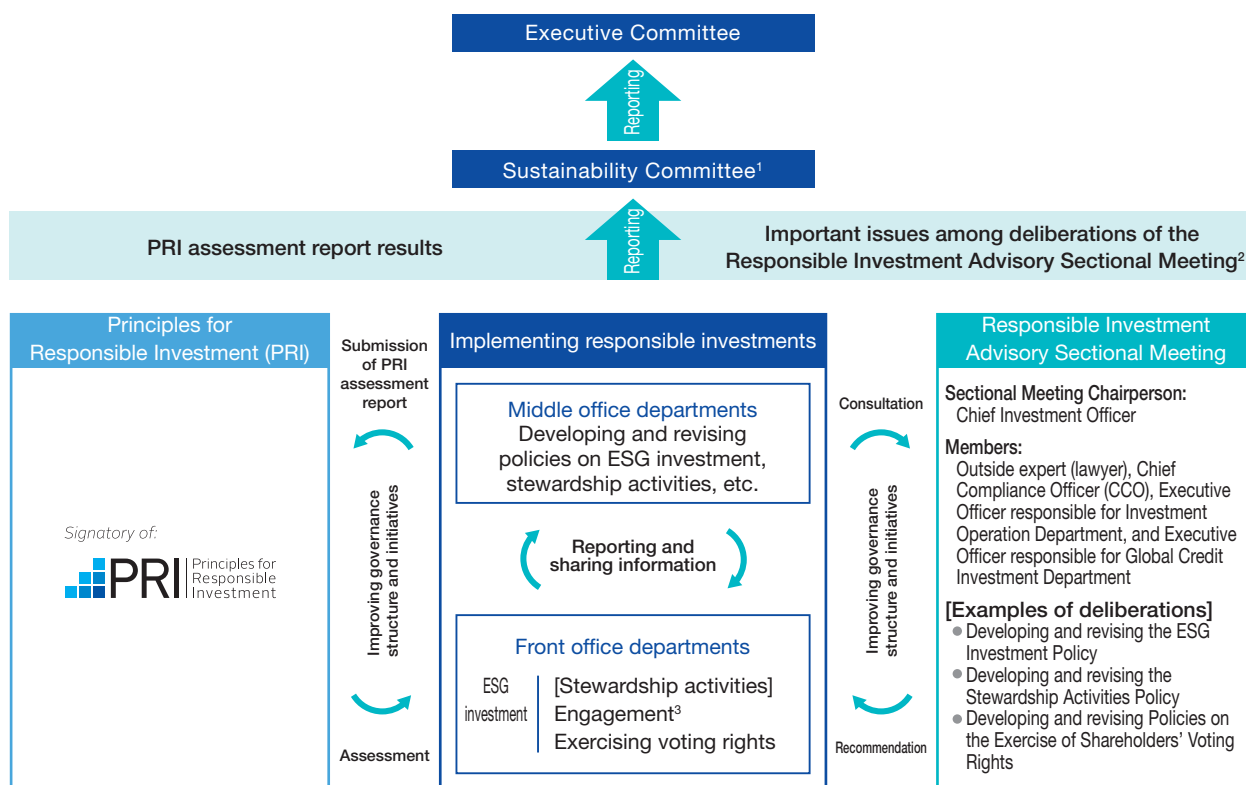


Collaboration with industry groups

Through our participation in the Stewardship Activities Working Group and the ESG Investment Working Group of The Life Insurance Association of Japan, we share information with other participants. As a member of the Stewardship Activities Working Group, we participate in collaborative engagement with a view to vitalizing the stock market and realizing a sustainable society.

Governance structure for promoting responsible investments

We promote responsible investment, including ESG investment and stewardship activities, under the following governance structure.



Notes: 1. For details on the Sustainability Committee, refer to P36.

2. The Sustainability Committee discusses all matters for deliberation from a company-wide perspective, except those with possible conflicts of interest such as stewardship activities and exercising voting rights.

3. "Constructive dialogue" with investee companies

I want to help resolve social issues through ESG investments

In the Investment Planning Department, I am in charge of the planning and promoting ESG investments. I am searching for solutions to issues every day, while interest is growing in environmental and social problems, which have a great impact on society in the medium to long term. These issues are being discussed actively inside and outside the Company.

I believe that the growth of ESG investments, one of the solutions, will lead to achieving the SDGs (Sustainable Development Goals), and I want to consider ESG investments based on the characteristics of Japan Post Insurance, and carry out actual investments.



HOSUMI Anna
Investment Planning Department

Environment



Initiatives for the TCFD Recommendations

In April 2019, we expressed support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB).

We will promote our existing initiatives related to climate change even more and make further efforts on information disclosure.

Governance

- We established the Sustainability Committee in April 2021 to aim for our sustainable growth and the realization of SDGs by contributing to solving social issues, including climate change-related initiatives.
- Future initiatives will include the consideration and discussion of issues related to climate change by specialized committees including the said Committee, and the status of progress, etc. will be reported to the Executive Committee. Important issues will be discussed and decided by the Executive Committee and reported to the Board of Directors.



Formulate medium- to long-term policies, grasp and analyze status of progress in initiatives

Grasp and analyze status of climate-related risks, etc.

Strategy

- We recognize the impact of climate change on our business as follows:

Life insurance business



- Rise in insurance claim payment due to increased damage from natural disasters, etc.
- Changes in mortality and morbidity rates over the medium to long term due to the impact of rising average temperature and abnormal weather
- Changes in consumers' insurance needs such as rising demand for products and services related to maintaining health, etc.

Asset management



- Impaired value of invested assets due to expanding loss incurred by investees upon increased damage from natural disasters, etc.
- Impaired value of investees due to the impact of changes in regulations in line with the shift to a low-carbon society, stricter regulations and changes in consumer preference
- Expanding green finance market and increasing investment opportunities including investments in renewable energy business (infrastructure)

Risk management

- We will manage climate change-related risks by honing the risk management process through scenario analysis (recognition/management/evaluation).
- As for asset management, we conduct ESG investment by integrating ESG factors and considering engagement in the investment process based on the ESG Investment Policy formulated in April 2019. Going forward, we will measure greenhouse gas emissions of investees to consider a method of portfolio management that takes emissions into account.

Indicators and targets

- Aiming to achieve carbon neutrality by 2050, we have set a reduction target for CO₂ emissions:
(FY2031/3 target: a reduction by 46% from FY2020/3 results)*

* Applicable to Scope 1 (direct emissions from the Company) and Scope 2 (emissions associated with the use of electricity, etc. supplied by other companies), and excluding the increase caused by new business.

Achieving carbon neutrality

To realize a decarbonized society, we will aim to reduce greenhouse gas emissions by 46% from FY2020/3 levels by the fiscal year ending March 31, 2031, and achieve carbon neutrality by 2050.

To achieve the long-term target of the Paris Agreement, we will reduce greenhouse gas emissions (CO₂ emissions) by cutting back on electricity consumption through energy-saving and streamlining facilities and vehicles and by using decarbonized power sources, on the basis of a shift to a carbon-neutral society including the associated technological innovation.

Based primarily on the results of an energy-saving diagnosis, we are improving the operation of

lighting and air-conditioning equipment, cutting back on energy consumption, mainly by installing energy-saving equipment, and reducing greenhouse gas emissions (CO₂ emissions) by introducing hybrid and eco-friendly vehicles.

By the fiscal year ending March 31, 2020, we reduced CO₂ emissions by 9,148 t-CO₂ (32% of total emissions) compared with the fiscal year ended March 31, 2014.

Reducing paper consumption

In addition to conventional brochures, we provide the Contract Guidelines and Policy Conditions online on our website in PDF format for customers who choose Web viewing when concluding an agreement, which reduces paper consumption.

In addition, we are working to reduce paper use by encouraging cutting back on copy paper and converting office forms to digital format.

Supporting environmental conservation

We support programs to revitalize forests and increase greenery, such as making donations to forestation activities.

In the fiscal year ending March 31, 2021, we donated ¥2 million to the "Green Fund" operated by the National Land Afforestation Promotion Organization. This was used to support for such activities as reforestation by citizens' groups.



Workers revitalizing a forest (thinning) funded by a supported group

Social



Popularizing and promoting Radio Exercise



Radio Exercise is a popular exercise routine that anyone can participate in anywhere, anytime. Recently, people have come to spend more time at home due to COVID-19, so Radio Exercise has come to attract attention as an exercise that is easy to do at home.

We want to convey the warmth and attractiveness of Radio Exercise in order to use it as a solution to social issues such as health promotion and revitalization of local communities in an age of the 100-year life.

We hold Radio Exercise events throughout Japan.

Festival of 10 Million People's Radio Exercise and Minna no Taiso ("Exercise for Everyone")

This is the biggest Radio Exercise event. We have held this event every year since 1962, and many people have participated in it through TV and radio.

Radio Exercise and Minna no Taiso Tour

We hold the summer tour (July 20 to August 31) and the special tour (April to October excluding the period of the summer tour), which are broadcast live on NHK Radio 1.



Radio Exercise Digital Tour/Digital Radio Exercise Competition

In the fiscal year ended March 31, 2021, the Radio Exercise Tour was canceled due to COVID-19, so we held the "Radio Exercise Digital Tour" and "Digital Radio Exercise Competition" as alternative events (distribution of Radio Exercise videos). For the Radio Exercise Digital Tour, we donated the amount corresponding to the number of views of the videos as of the end of March 2021 (¥1,250,900) to the Japanese Red Cross Society to support the activities of health care practitioners and the prevention of infection.

All-Japan Elementary School Radio Exercise Competition

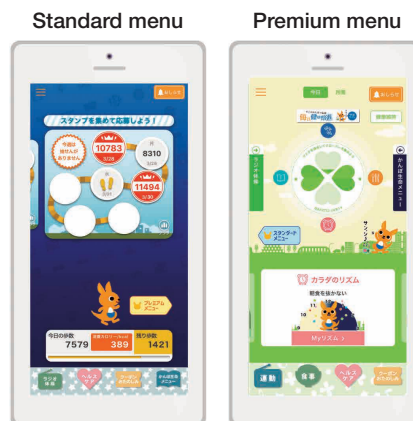
This competition for elementary school students started in 2014. The event contributes to developing the physical strength of elementary school students nationwide.

Radio Exercise Attendance Card

Every year, we create and distribute Radio Exercise Attendance Cards to many people through post offices and branches of Japan Post Insurance nationwide.

Providing services through a health support app

With the advent of the super-aging society, the role expected of life insurance is no longer limited to conventional services. For example, we make insurance payments in cases such as hospitalization due to illness or injury, but includes providing services for preventing illness and injury, and for promoting and maintaining health. To fulfill such a role, we are vigorously supporting healthy and affluent lifestyles, and as a measure of this support, we have launched the Sukoyakanpo health support app which helps people pursue health with ease. The app is available for free, and features both the Standard menu for everyone, and the Premium menu with more enhanced content for policyholders and insured people, as well as policyholders' families.



○ Main functions of the Sukoyakanpo health support app

Standard menu Free

Support 1 Enjoy "walking"

Step count management/ Radio Exercise

The basis of health maintenance is to do physical exercise every day. Easy step count management and useful Radio Exercise functions support your healthy lifestyle.

Standard menu Premium menu

Support 2 "Learn" your body

Health Improvement Advice

You can analyze your body from a medical examination result. This function helps you solve your health-related problems through advice to improve your health.

Standard menu Premium menu

Premium menu Free

Support 3 Know the "rhythm of your body"

Body Rhythm Advice

Support the correct cycle of meals, exercise, and sleep. Summarize the next goal and the past results in an easy-to-understand way to raise your motivation.

Premium menu

Support 4 Support "eating"

Diet Advice

Support a well-balanced diet with healthy and delicious recipes and the check function which calculates the calories and nutrients of meals in photos.

Premium menu

*In the "Health Improvement Advice" function, "Disease Risk Check" and "My Column" are available only via the Premium menu.

Promotion of Kampo Platinum Life Service

Japan Post Insurance is conducting a company-wide initiative called "Kampo Platinum Life Service" to win the favor of its growing number of elderly customers by offering age-friendly services based

on a sense of security and trust that has been enabled by improving contacts with all customers from the perspective of our elderly customers.

Provision of health and medical information

- Free telephone consultation service for policyholders
 - Consultation on health, medicine, nursing care and childcare
 - "Taxes in life" consultation

Provision of information contributing to enhancement of customers' QOL

- Publication of "Kampo Platinum Life Service," an information magazine for elderly customers

Establishment of systems friendly to elderly customers/training of employees

- Establishment of a dedicated call center for elderly customers
- Encouraging employees to acquire qualifications
 - Carefitter
 - Dementia Supporter

Countermeasures and initiatives in response to COVID-19

We would like to extend our deepest sympathies and condolences to those who have been affected by the outbreak of COVID-19. We perform the following initiatives to fulfill our social mission and our role as a life insurance company throughout the COVID-19 pandemic.

Actions to be implemented	Key initiatives (overview)
Initiatives to support customers	<ul style="list-style-type: none"> ● Emergency treatment such as extending the grace period for premium payments and the omission of some necessary documents ● Payment of additional insurance benefits in the event of death due to COVID-19 on top of the death benefit (the “double payment of insurance benefits”)* ● Payment of hospitalization benefits, even if medical institutions did not allow hospitalization due to the effects of COVID-19, to people receiving medical treatment in hotels or other places provided by the local government, or in the case of treatment at home, upon submission of a doctor's certificate or other documentation
Responding to lifestyle changes	<ul style="list-style-type: none"> ● Expansion of “My Page,” a Web service for policyholders, to include a function for requesting documents necessary for payment of hospitalization and surgery benefits in November 2020, in order to respond to the growing demand for non-face-to-face use of our services
Initiatives as a responsible institutional investor	<ul style="list-style-type: none"> ● Purchase of bonds issued by international organizations in response to COVID-19
Donation	<ul style="list-style-type: none"> ● Donation of an amount corresponding to the number of views of the Radio Exercise videos (YouTube) as of the end of March 2021, ¥1,250,900, to the Japanese Red Cross Society to support health care workers and to prevent the spread of infections.

*Depending on the type of insurance policy, the double payment of insurance benefits might not apply. The double payment of insurance benefits does not apply if the insured person passes away before one year and six months has elapsed since the enrollment date (contract date).

(*)The up-to-date availability is shown on the website of Japan Post Insurance, so please see this before making an application or inquiry.

Contribution to local communities

Based on our management philosophy “Be a trustful partner for people, always being close at hand, and endeavoring to protect their well-being,” we are performing social contribution activities at branches, etc. around Japan.



Donation to a food bank group (Chiba Branch)



Participation in a weeding event in the Tottori sand dunes (Tottori Branch)

Support for wheelchair tennis

Japan Post Insurance has been supporting wheelchair tennis as a top partner of “Japan Wheelchair Tennis Association (JWTA)” since the fiscal year ended March 31, 2019 by sponsoring wheelchair tennis competitions and wheelchair tennis events for the junior generation, etc. nationwide. We will contribute to the formation of a diverse society through support for wheelchair tennis, and proactively perform initiatives for SDGs.



Human rights

Human rights policy

We have formulated the “Japan Post Insurance Human Rights Policy” and are promoting human rights education activities to raise awareness of human rights among all employees. We respect human rights, and do not discriminate on the basis of race, color, gender, sexual orientation, sexual identity, language, religion, politics or creed, nationality or social origin, poverty or wealth, birth, disability, etc. We also aim to avoid indirect discrimination.

Location on the website

Home ▶ Social Contribution Initiatives ▶ Creating a People-Friendly Business Environment ▶ JAPAN POST INSURANCE Human Rights Policy

Promotion system for human rights awareness

We have set up the “Work Style Reform Committee,” chaired by the Executive Officer responsible for the Human Resources Department, for ways to promote human rights awareness in the Company, etc. as one of its major roles.

In addition, the “person responsible for management of human rights awareness” and “person in charge of human rights awareness” of each organization promote human rights initiatives, responding to problems related to human rights, and taking other actions.

Initiatives to eliminate of harassment

We believe that harassment in the workplace is a problem related to human rights and not only deeply impacts the dignity of individuals and causes irreparable damage to victims, but also negatively affects the people nearby and prevents all employees working in the same workplace from making full use of their abilities. We have stipulated “Prohibition of harassment” in the rules of employment and raise awareness through education as well as training to prevent harassment. In addition, we have set up a consultation desk to enable victims to consult us with a sense of security.



Human rights awareness training, education, and activities

We help to raise awareness of human rights at various ways, such as training by job level for officers, executive employees, administrators, new employees, etc. as well as DVD training, e-learning, workshops in the workplace, etc. for all employees.

In addition, we also invite employees to come up with human rights awareness slogans every year, and create and display posters of the best entries in all workplaces.

Governance



Corporate Governance Systems

► Basic Concept of Corporate Governance

We take the solicitation quality issues of Japan Post Insurance products very seriously, and are working to strengthen corporate governance through our Board of Directors and other bodies in order to ensure that a similar incident does not happen again in the future. The Company has established the “BASIC POLICY REGARDING CORPORATE GOVERNANCE,” which lays out our basic concept of corporate governance, its framework and operations, and the corporate governance structure is developed accordingly.

BASIC POLICY REGARDING CORPORATE GOVERNANCE

https://www.jp-life.japanpost.jp/english/aboutus/company/en_abt_cmp_report.html

Basic Concept of Corporate Governance

- The Company shall continue to create new convenience for customers and pursue the provision of high-quality services, while generating consistent value by providing life insurance services through the post office network.
- Fully recognizing its fiduciary responsibility to its shareholders, the Company shall give consideration to effectively secure rights and equal treatment of shareholders.
- The Company shall place emphasis on dialogue with all stakeholders including customers and shareholders with an aim to ensure appropriate collaboration and sustainable coexistence. To this end, the Company shall strive to secure management transparency and commit to appropriate disclosure and provision of information.
- The Company shall carry out swift and decisive decision-making and business execution under the effective supervision by the Board of Directors, in order to promptly cope with changes in social and economic environment and meet the expectation of all stakeholders.

► Board of Directors (Management Supervision)

The Board of Directors of the Company determines matters such as the basic management policy of the Company, segregation of duties of Executive Officers and the fundamental policy for establishment of internal control systems and has the authority of supervising the execution of duties by Executive Officers. Meanwhile, the Board of Directors promotes the development of a framework that enables supervision of management from the external and broader perspective by appointing lawyers and corporate managers as Outside Directors.

The three committees, the Nomination Committee, the Audit Committee and the Compensation Committee, have been established to fully utilize external views on the management of the Company and ensure the transparency and fairness of decision-making of the management. The specific roles of these committees are as follows:

● Nomination Committee

The committee determines proposals for general meetings of shareholders concerning the election and dismissal of Directors.

Committee Chair: HARADA Kazuyuki (Outside Director)
Members: SENDA Tetsuya, MASUDA Hiroya, SAITO Tamotsu (Outside Director), YAMADA Meyumi (Outside Director)

● Audit Committee

The committee audits the execution of duties by Directors and Executive Officers, prepares audit reports, determines the content of proposals regarding the election and dismissal of the accounting auditor to be submitted to general meetings of shareholders and approves the compensation for the accounting auditor.

Committee Chair: SAITO Tamotsu (Outside Director)
Members: NARA Tomoaki, SUZUKI Masako (Outside Director), YAMADA Meyumi (Outside Director), YAMAZAKI Hisashi (Outside Director)

● Compensation Committee

The committee formulates compensation policies for Directors and Executive Officers and determines detailed compensation for each individual.

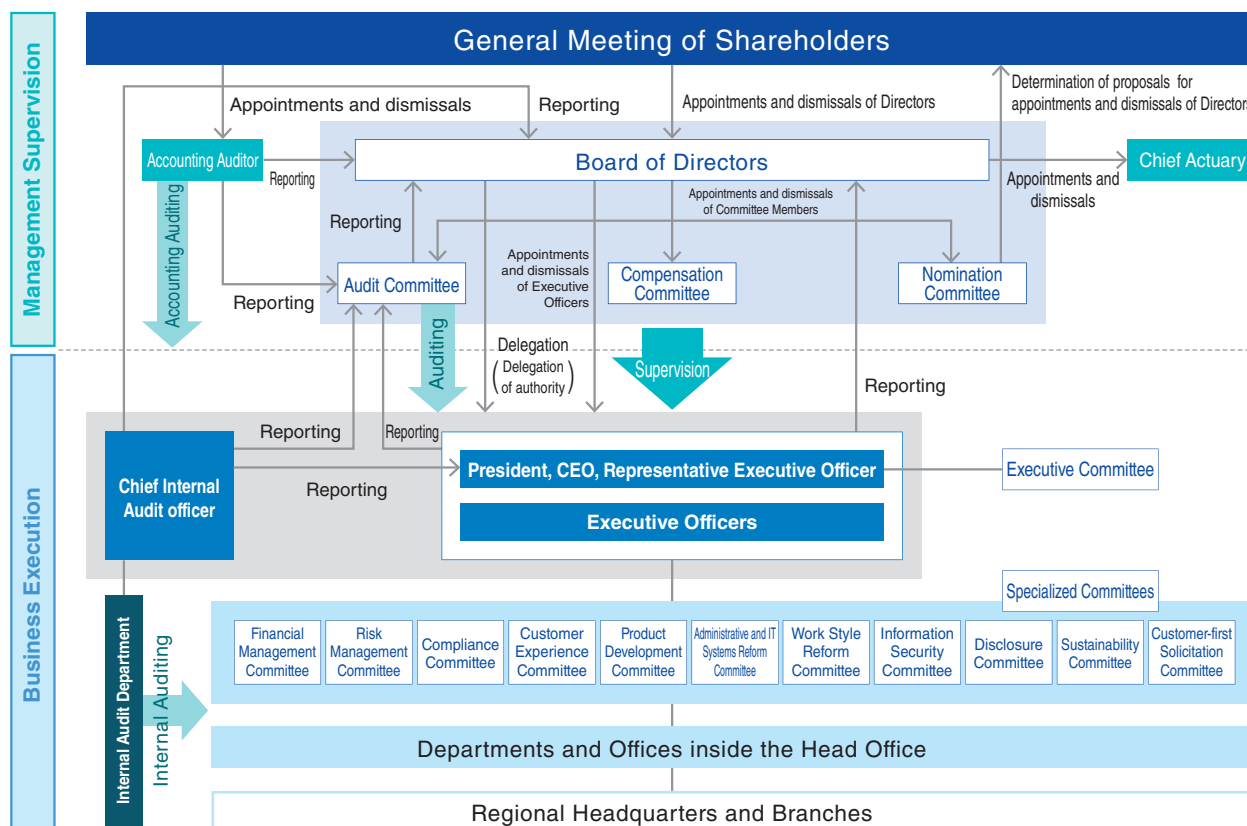
Committee Chair: SUZUKI Masako (Outside Director)
Members: MASUDA Hiroya, HARADA Kazuyuki (Outside Director)

(Membership composition as of July 1, 2021)

► Outline of the Corporate Governance Structure

To speed up decision-making and enhance the transparency of management, we have adopted a company with a three-committee structure, under which the Board of Directors' role of management supervision is separated from the Executive Officers' role of business execution, thereby clarifying responsibilities with respect to corporate management.

Corporate Governance Structure



► Internal Control Systems (Business Execution)

Japan Post Insurance considers the establishment of strong internal control systems to be extremely important to increasing our corporate value and to our goal of becoming the “No. 1 Japanese insurance company selected by customers.” We

■ Outline of Organization and Systems

Important management decisions related to business execution are first discussed by the Executive Committee and then made by the President, CEO, Representative Executive Officer. The Executive Committee is comprised of the President, CEO, Representative Executive Officer and the Executive Officers in charge of the

have established systems for the execution of our business based on the principle of self-responsibility and have continued our efforts to enhance our organization and systems.

respective business operations. In addition, we set up the following 10 specialized committees to serve as advisory bodies to the Executive Committee. Among the items subject to approval of each Executive Officer, cross-divisional issues are discussed by the respective specialized committees.

- | | |
|-----------------------------------|---|
| 1. Financial Management Committee | 6. Administrative and IT Systems Reform Committee |
| 2. Risk Management Committee | 7. Work Style Reform Committee |
| 3. Compliance Committee | 8. Information Security Committee |
| 4. Customer Experience Committee | 9. Disclosure Committee |
| 5. Product Development Committee | 10. Sustainability Committee |

Furthermore, in order to promptly and reliably implement measures under the leadership of management and improve solicitation quality, we

have established a Customer-first Solicitation Committee and hold discussions.

■ Initiatives for Internal Control

We have resolved the “Fundamental Policy for Establishment of Internal Control Systems” at a meeting of the Board of Directors as a fundamental policy related to the establishment of a system for ensuring proper operations (revised on March 25, 2020).

Pursuant to the aforementioned policy, the Company is striving to establish appropriate internal control systems, including the development of the following systems:

- System for ensuring the execution of duties by the Executive Officers and employees of Japan Post Insurance is in compliance with laws and regulations and the Articles of Incorporation
- System for retaining and managing information concerning the execution of duties by the Executive Officers
- System and rules for managing the risk of loss to Japan Post Insurance
- System for ensuring the efficient execution of duties by the Executive Officers
- System for ensuring proper operations within the corporate group comprising Japan Post Insurance and Japan Post Holdings, and subsidiaries of Japan Post Insurance
- System for ensuring effective audits by the Audit Committee

■ Internal Audit System

We have established the Internal Audit Department, which is independent from our business-executing departments, to contribute to sound and appropriate business operations.

The Internal Audit Department carries out internal audits of the head office, regional headquarters, branches, our subsidiaries, and agencies to review the appropriateness and effectiveness of the Company's Internal Control System including the execution status of management activities, compliance, and risk management in accordance with the “International Standards for the Professional Practice of Internal

Auditing” developed by the Institute of Internal Auditors (IIA). The Internal Audit Department reports the results of internal audits to the President, CEO, Representative Director, the Audit Committee, and the Board of Directors.

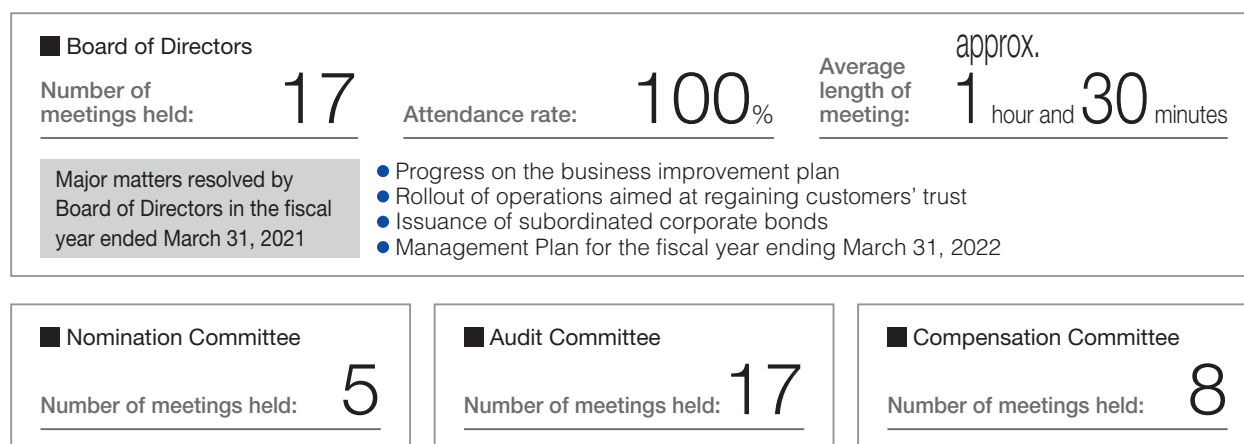
The Internal Audit Department has also taken steps to strengthen the Internal Audit System through efforts such as improving internal audit quality, enhancing internal audit framework and awareness, securing and developing human resources, and further cooperating with the Audit Committee.

► Status of Operations of the Board of Directors, etc.

Japan Post Insurance has established opportunities to enhance the exchange of opinions among Directors. They include establishing the “deliberation” process that will leverage the expertise of Outside Directors from the resolution drafting stage as well as the existing resolution and report in order to discuss management issues in advance, holding extraordinary meetings of the Board of Directors as necessary, and meetings of Outside Directors.

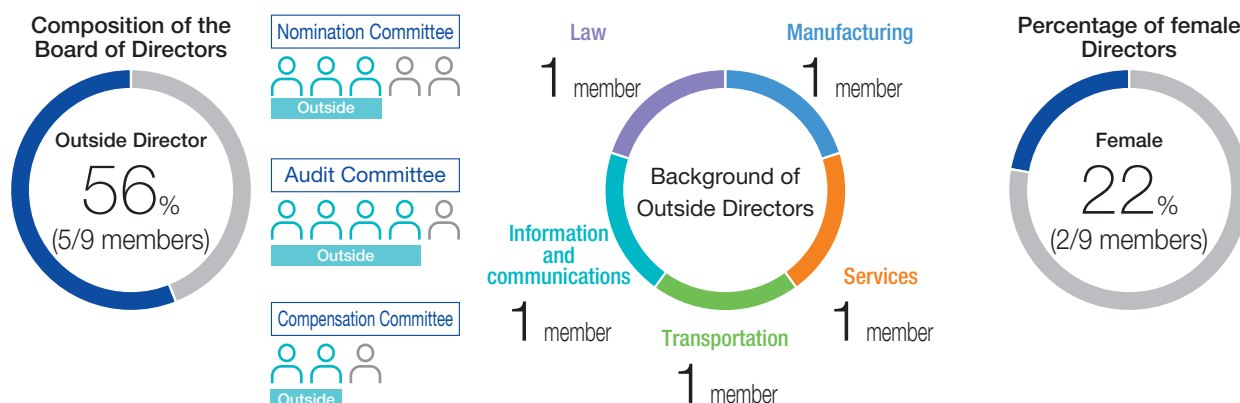
We are also working to ensure effective and smooth operations of the Board of Directors such as by providing Directors with accurate information as needed, providing thorough explanations on the details of proposals in advance, and ensuring that there is time for prior discussion and question-and-answer sessions at the Board of Directors.

The operations of the Board of Directors and the committees in the fiscal year ended March 31, 2021 were as follows.



► Composition of the Board of Directors

The Company's Board of Directors has a high level of independence and diversity, with a majority (5 out of 9 members) of Outside Directors from a wide range of backgrounds and including two female Directors.



(Composition of the Board of Directors as of July 1, 2021)

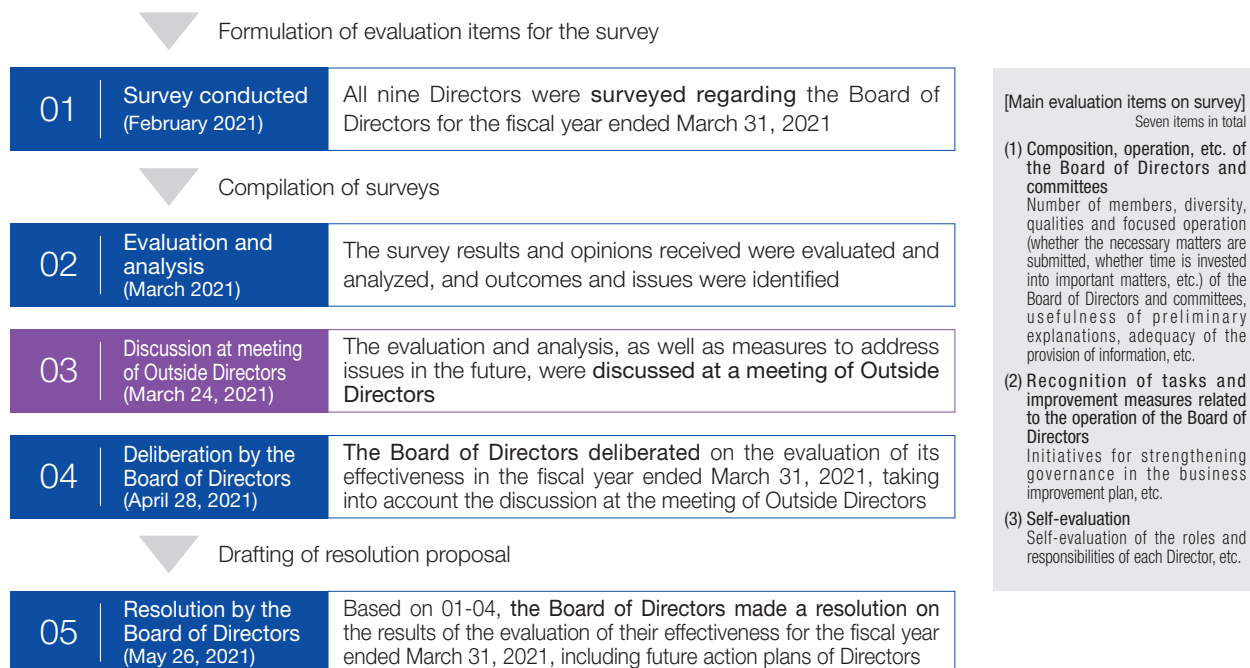
► Evaluation of the Effectiveness of the Board of Directors

The Board of Directors analyzes and evaluates the effectiveness, etc. of the Board of Directors as a whole every year through specific actions, such as confirming the opinions of every Director regarding the Board of Directors' effectiveness and uses the results to improve operations.

A summary of the evaluation results is posted on the Company's website.

https://www.jp-life.japanpost.jp/english/aboutus/company/en_abt_cmp_report.html

Process for evaluating effectiveness of the Board of Directors for the fiscal year ended March 31, 2021



*We are advised by a third-party lawyer regarding the formulation of evaluation items for the survey and the results of the evaluation of the effectiveness of the Board of Directors.

Initiatives for the fiscal year ending March 31, 2022 based on the effectiveness evaluation

- To systematically provide opportunities for discussion, for example, at social gatherings of the Board of Directors
- To provide opportunities for Outside Directors to acquire knowledge and front-line inspection tours to facilitate their understanding of the insurance business and our characteristics
- To send reference materials earlier and review the structure of materials to further improve meeting agenda

► Nomination Criteria for Candidates for Directors / Designation Criteria for Independent Officers

The Nomination Committee has formulated the “Nomination Criteria for Candidates for Directors” that stipulates our philosophy regarding balance of knowledge, experience and skills, as well as the diversity and scale of the Board of Directors as a whole, along with qualifications the Company requires of Directors. Based on these standards, the Nomination Committee selects candidates for Directors. The Nomination Committee also formulates the “Designation Criteria for Independent Officers” stipulating the Company’s requirements for Outside Directors with no concerns of risk of conflict of interest with shareholders, and designates Independent Officers from among the Outside Directors.

■ Nomination Criteria for Candidates for Directors

https://www.jp-life.japanpost.jp/english/aboutus/company/assets/pdf/criteria_directors.pdf

■ Designation Criteria for Independent Officers

https://www.jp-life.japanpost.jp/english/aboutus/company/assets/pdf/independent_officers.pdf

► Executive Compensation

■ Compensation Policies for Directors and Executive Officers

With respect to compensation for our Directors and Executive Officers, the Compensation Committee has established the “Compensation Policies for Directors and Executive Officers by Individual” and determines compensation based on these policies.

Compensation for Directors shall comprise a fixed monetary compensation of a certain level commensurate with their positions based on the primary role of supervising management.

Compensation for Executive Officers shall comprise basic compensation (fixed monetary compensation) of a certain level commensurate with their duties in light of the differences in responsibilities depending on position, as well as performance-linked stock compensation that reflects factors such as the degree of achievement of management plans.

■ Compensation Policies for Directors and Executive Officers by Individual

https://www.jp-life.japanpost.jp/english/aboutus/company/assets/pdf/compensation_policies.pdf

■ Amount of Compensation for Directors and Executive Officers (fiscal year ended March 31, 2021)

Total Amount of Compensation, etc., Total Amount of Compensation, etc. by Type, and Number of Eligible Officers by Officer Category

Officer category	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation, etc. by type (Millions of yen)		Number of eligible officers (Persons)
		Fixed compensation	Performance-linked stock compensation	
Directors (excluding Outside Directors)	21	21	—	1
Outside Directors	48	48	—	7
Executive Officers	625	630	(4)	31

Notes: 1. As the Company does not give compensation, etc. for Directors who concurrently serve as an Executive Officer of the Company or the parent company, etc., the number of eligible officers in the Directors category in the chart above does not include those who concurrently serve as an Executive Officer of the Company or the parent company, etc.

2. The amount recorded as performance-linked stock compensation is the amount recorded in the fiscal year ended March 31, 2021. In principle, we record the amount assumed to have been incurred during the fiscal year at the end of every fiscal year as an allowance and reverse these allowances at the time of officers’ retirement (payment). The finalized amount could differ from the recorded amount of allowances, and the difference is shown as a reduction in the current fiscal year.

3. No bonuses are paid.

Directors and Executive Officers (As of July 1, 2021)

Directors



SENDA Tetsuya

Director and President, CEO,
Representative Executive Officer

Number of shares of the
Company held 6,600 shares
Number of years and months
in office as a Director 1 year
Status of attendance at the
Board of Directors
100% (14/14 meetings)
Status of attendance at the
Nomination Committee
100% (3/3 meetings)

Significant concurrent positions:
Director of Japan Post Holdings Co., Ltd.

Past experience, positions and responsibilities
Apr. 1984 Joined the Ministry of Posts and Telecommunications
Oct. 2007 Senior General Manager of Customer Service
Department of the Company Oct. 2008 Senior General Manager
of Tokyo Service Center of the Company Apr. 2010 General
Manager of Business Process Planning Department of the
Company Jul. 2010 Senior General Manager of Business
Process Supporting Department of the Company Apr. 2011
Senior General Manager of Corporate Planning Department of
the Company Jul. 2011 Executive Officer and Senior General
Manager of Corporate Planning Department of the Company
Oct. 2011 Director of JAPAN POST INSURANCE SYSTEM
SOLUTIONS Co., Ltd. Jun. 2013 Managing Executive Officer of
Japan Post Holdings Co., Ltd. Jul. 2013 Managing Executive
Officer of the Company Jun. 2016 Senior Managing Executive
Officer of the Company Nov. 2017 Senior Managing Executive
Officer of Japan Post Holdings Co., Ltd. Apr. 2019 Deputy
President, Representative Executive Officer of the Company
Aug. 2019 Managing Executive Officer of Japan Post Holdings
Co., Ltd. Jan. 2020 President, CEO, Representative Executive
Officer of the Company Jun. 2020 Director and President, CEO,
Representative Executive Officer of the Company (current
position) Jun. 2020 Director of Japan Post Holdings Co., Ltd.
(current position)

Reasons for election
He has considerable knowledge and experience in the life
insurance business, as he has held prominent positions in the
corporate planning, business process and other departments of
the Company, and has also taken part in the management of the
Company as President, CEO, Representative Executive Officer.
We elected him because we expect him to continue to play a
significant role in making decisions on the execution of our
important operations, and in supervising the execution of duties
by Executive Officers by drawing on his considerable experience
and achievements.



ICHIKURA Noboru

Director and Deputy
President, Representative
Executive Officer

Number of shares of the
Company held 800 shares
Number of years and months
in office as a Director 1 year
Status of attendance at the
Board of Directors
100% (14/14 meetings)

Significant concurrent positions:
Managing Executive Officer of Japan Post Holdings Co., Ltd.

Past experience, positions and responsibilities
Apr. 1983 Joined the Japan Tobacco and Salt Public Corporation
Jun. 2009 Executive Officer and Senior General Manager of IPO
Planning Office of Japan Post Holdings Co., Ltd. Aug. 2009
Executive Officer, Senior General Manager of IPO Planning Office
and General Manager of Corporate Planning Department of
Japan Post Holdings Co., Ltd. Jan. 2010 Executive Officer and
General Manager of Corporate Planning Department of Japan
Post Holdings Co., Ltd. Oct. 2010 Executive Officer of Japan
Post Holdings Co., Ltd. Sep. 2013 Executive Officer and Senior
General Manager of Accounting Department of Japan Post
Holdings Co., Ltd. Nov. 2013 Executive Officer of Japan Post
Holdings Co., Ltd. Jun. 2014 Managing Executive Officer of
Japan Post Holdings Co., Ltd. Jun. 2016 Senior Managing
Executive Officer of Japan Post Holdings Co., Ltd. Jun. 2020
Director and Deputy President, Representative Executive Officer
of the Company (current position) Jun. 2020 Managing
Executive Officer of Japan Post Holdings Co., Ltd. (current
position)

Reasons for election
He has considerable knowledge and experience in the life
insurance business, as he has held prominent positions in the
finance and other departments of Japan Post Holdings Co., Ltd.,
the parent company of the Company, and has also taken part in
the management of the Company as Deputy President,
Representative Executive Officer. We elected him because we
expect him to continue to play a significant role in making
decisions on the execution of our important operations, and in
supervising the execution of duties by Executive Officers by
drawing on his considerable experience and achievements.



NARA Tomoaki

Director

Number of shares of the
Company held 1,100 shares
Number of years and months
in office as a Director - years
Status of attendance at the
Board of Directors
- % (-/- meetings)

Significant concurrent positions:
None

Past experience, positions and responsibilities
Apr. 1984 Joined the Ministry of Posts and Telecommunications
Oct. 2007 General Manager of the Company Dec. 2007 Head
of Office of Task Force Payment Services Improvement of the
Company Jun. 2010 Executive Officer, Senior General Manager
of Claim Settlement Planning and Management Department and
Head of Office of Task Force Payment Services Improvement of
the Company Oct. 2010 Executive Officer, Senior General
Manager of Claim Settlement Planning and Management
Department and Senior General Manager of Payment Services
Office of the Company Jan. 2012 Executive Officer, Senior
General Manager of Claim Settlement Planning and
Management Department and Senior General Manager of
Payment Services Office and Senior General Manager of
Representative Office for Future Claim Payment Processing of
the Company Feb. 2013 Executive Officer of the Company Jul.
2013 Executive Officer and Senior General Manager of
Investment Planning Department of the Company Jun. 2017
Managing Executive Officer of the Company Jun. 2020 Senior
Managing Executive Officer of the Company Jun. 2021 Director
of the Company (current position)

Reasons for election
He has considerable knowledge and experience in the life
insurance business, as he has held prominent positions in the
investment, business process and risk management and other
departments of the Company, and has also taken part in the
management of the Company as Senior Managing Executive
Officer. We elected him because we expect him to play a
significant role in making decisions on the execution of our
important operations, and in supervising the execution of duties
by Executive Officers by drawing on his considerable experience
and achievements.



MASUDA Hiroya

Director

Number of shares of the
Company held - shares
Number of years and months
in office as a Director 1 year
Status of attendance at the
Board of Directors
100% (14/14 meetings)
Status of attendance at the
Nomination Committee
100% (3/3 meetings)
Status of attendance at the
Compensation Committee
100% (6/6 meetings)

Significant concurrent positions:
Director and Representative Executive Officer, President & CEO
of Japan Post Holdings Co., Ltd.
Director of Japan Post Co., Ltd.
Director of Japan Post Bank Co., Ltd.
Visiting Professor, Graduate School of Public Policy, The
University of Tokyo

Past experience, positions and responsibilities
Apr. 1977 Joined the Ministry of Construction Apr. 1995
Governor of Iwate Prefecture Aug. 2007 Minister for Internal
Affairs and Communications Aug. 2007 Minister of State for
Decentralization Reform, Cabinet Office, Government of Japan
Apr. 2009 Adviser, Nomura Research Institute, Ltd. Apr. 2009
Visiting Professor, Graduate School of Public Policy, The
University of Tokyo (current position) Jan. 2020 Representative
Executive Officer, President & CEO of Japan Post Holdings Co.,
Ltd. Jun. 2020 Director of the Company (current position) Jun.
2020 Director and Representative Executive Officer, President &
CEO of Japan Post Holdings Co., Ltd. (current position) Jun.
2020 Director of Japan Post Co., Ltd. (current position) Jun.
2020 Director of Japan Post Bank Co., Ltd. (current position)

Reasons for election
He has extensive knowledge of the Japan Post Group, having
served as the chairman of the Postal Privatization Committee,
as well as having held government positions including the
Governor of Iwate Prefecture and the Minister of Internal Affairs
and Communications. He has also taken part in the
management of the entire Japan Post Group as Director and
Representative Executive Officer, President & CEO of Japan Post
Holdings Co., Ltd., the parent company of the Company. We
elected him because we expect him to continue to play a
significant role in making decisions on the execution of our
important operations, and in supervising the execution of duties
by Executive Officers by drawing on his considerable experience
and achievements.



SUZUKI Masako

Outside Director

Number of shares of the Company held 2,600 shares

Number of years and months in office as a Director 5 years

Status of attendance at the Board of Directors 100% (17/17 meetings)

Status of attendance at the Audit Committee 100% (17/17 meetings)

Status of attendance at the Compensation Committee 100% (6/6 meetings)

Significant concurrent positions:

Executive Advisor of Pasona Group Inc.
President and Representative Director of Pasona Force Inc.

Past experience, positions and responsibilities

Jul. 1983 Joined Temporary Center Inc. Apr. 1999 Executive Officer of Pasona Inc. Sept. 2004 Senior Managing Director of Pasona Inc. Dec. 2007 Senior Managing Director of Pasona Group Inc. Jun. 2010 Director, Vice President of Benefit One Inc. Aug. 2010 Director of Pasona Group Inc. Mar. 2012 Director of Benefit one Solutions Inc. May 2012 Auditor of Benefit one Health care Inc. Jan. 2016 President and Representative Director of Benefit one Health care Inc. Jun. 2016 Director of the Company (current position) Jun. 2018 Director, Executive Vice President of Benefit One Inc. Jul. 2019 Executive Advisor of Pasona Group Inc. (current position) Dec. 2019 President and Representative Director of Pasona Force Inc. (current position)

Reasons for election

We expect her to fulfill supervisory and monitoring functions over management based on her experience and insight as a management expert nurtured through her career in the management of companies in the field of deploying human resource and health support services including Pasona Group Inc. Since taking office as Director of the Company in June 2016, she has been deeply engaged in discussion at the Board of Directors, the Audit Committee and the Compensation Committee, and actively provided opinions and suggestions especially from the perspective of personnel affairs/human resource development and corporate management. We elected her because we expect her to continue to contribute to maintaining and strengthening governance of the Company through the board and committees.



SAITO Tamotsu

Outside Director

Number of shares of the Company held 1,000 shares

Number of years and months in office as a Director 4 years

Status of attendance at the Board of Directors 100% (17/17 meetings)

Status of attendance at the Nomination Committee 100% (5/5 meetings)

Status of attendance at the Audit Committee 100% (13/13 meetings)

Status of attendance at the Compensation Committee 100% (2/2 meetings)

Significant concurrent positions:

Senior Counselor of IHI Corporation
Outside Director of Oki Electric Industry Co., Ltd.
Outside Director of Furukawa Electric Co., Ltd.

Past experience, positions and responsibilities

Apr. 1975 Joined Ishikawajima-Harima Heavy Industries Co., Ltd. Jun. 2006 Executive Officer, Vice President of Aero-Engine & Space Operations of Ishikawajima-Harima Heavy Industries Co., Ltd. Jul. 2007 Executive Officer, Vice President of Aero-Engine & Space Operations of IHI Corporation Jan. 2008 Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation Apr. 2008 Director, Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation Apr. 2009 Director, Managing Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation Apr. 2010 Director of IHI Corporation Apr. 2011 Executive Vice President of IHI Corporation Apr. 2012 President, Chief Executive Officer of IHI Corporation Apr. 2016 Chairman of the Board, Chief Executive Officer, General Manager of Monozukuri System Strategy Planning Headquarters of IHI Corporation Apr. 2017 Chairman of the Board of IHI Corporation Jun. 2017 Director of the Company (current position) Jun. 2018 Outside Director of Oki Electric Industry Co., Ltd. (current position) Apr. 2020 Director of IHI Corporation Jun. 2020 Senior Counselor of IHI Corporation (current position) Jun. 2021 Outside Director of Furukawa Electric Co., Ltd. (current position)

Reasons for election

We expect him to fulfill supervisory and monitoring functions over management based on his experience and insight as a management expert nurtured through his career in the management of IHI Corporation, a company operating internationally. Since taking office as Director of the Company in June 2017, he has been deeply engaged in discussion at the Board of Directors, the Nomination Committee, the Audit Committee and the Compensation Committee, and actively provided opinions and suggestions especially from the perspective of corporate culture reform and corporate management. We elected him because we expect him to continue to contribute to maintaining and strengthening governance of the Company through the board and committees.



YAMADA Meyumi

Outside Director

Number of shares of the Company held 1,800 shares

Number of years and months in office as a Director 4 years

Status of attendance at the Board of Directors 100% (17/17 meetings)

Status of attendance at the Nomination Committee 100% (3/3 meetings)

Status of attendance at the Audit Committee 100% (17/17 meetings)

Significant concurrent positions:

Director of istyle Inc.
Outside Director of Seino Holdings Co., Ltd.
Outside Director of Somo Holdings, Inc.

Past experience, positions and responsibilities

Apr. 1995 Joined KOEI KOGYO Co., Ltd May 1997 Joined Kiss Me Cosmetics co., Ltd. Jul. 1999 Representative Director of I-Style Co., Ltd. Apr. 2000 Representative Director of istyle Inc. Dec. 2009 Director of istyle Inc. (current position) May 2012 President and Representative Director of CyberStar Inc. Sept. 2015 Director of MEDIA GLOBE CO., LTD. (current position) Mar. 2016 President and Representative Director of IS Partners Inc. Sept. 2016 Director of Eat Smart, Inc. Jun. 2017 Director of the Company (current position) Jun. 2017 Outside Director of Seino Holdings Co., Ltd. (current position) Nov. 2019 Director of IS Partners Inc. (current position) Jun. 2021 Outside Director of Somo Holdings, Inc. (current position)

Reasons for election

We expect her to fulfill supervisory and monitoring functions over management based on her experience and insight as a management expert nurtured through her career in the management of companies with strength in digital strategies including istyle Inc. Since taking office as Director of the Company in June 2017, she has been deeply engaged in discussion at the Board of Directors, the Nomination Committee and the Audit Committee, and actively provided opinions and suggestions especially from the perspective of business reform through IT and corporate management. We elected her because we expect her to continue to contribute to maintaining and strengthening governance of the Company through the board and committees.



HARADA Kazuyuki

Outside Director

Number of shares of the Company held - shares

Number of years and months in office as a Director 3 years

Status of attendance at the Board of Directors 100% (17/17 meetings)

Status of attendance at the Nomination Committee 100% (5/5 meetings)

Status of attendance at the Compensation Committee 100% (8/8 meetings)

Significant concurrent positions:

President and Representative Director of Keikyu Corporation
Outside Director of Japan Airport Terminal Co., Ltd.

Past experience, positions and responsibilities

Apr. 1976 Joined Keikyu Corporation Jun. 2007 Director of Keikyu Corporation Jun. 2010 Executive Director of Keikyu Corporation Jun. 2011 Senior Executive Director of Keikyu Corporation Jun. 2013 President and Representative Director of Keikyu Corporation (current position) Jun. 2015 Outside Director of Japan Airport Terminal Co., Ltd. (current position) Jun. 2018 Director of the Company (current position) Jun. 2019 President and Executive Officer of Keikyu Corporation (current position)

Reasons for election

We expect him to fulfill supervisory and monitoring functions over management based on his experience and insight as a management expert nurtured through his career in the management of Keikyu Corporation, a company serving as a social infrastructure with a strong public nature. Since taking office as Director of the Company in June 2018, he has been deeply engaged in discussion at the Board of Directors, the Nomination Committee and the Compensation Committee, and actively provided opinions and suggestions especially from the perspective of corporate culture reform and corporate management. We elected him because we expect him to continue to contribute to maintaining and strengthening governance of the Company through the board and committees.



YAMAZAKI Hisashi

Outside Director

Number of shares of the Company held 400 shares

Number of years and months in office as a Director 1 year

Status of attendance at the Board of Directors 100% (14/14 meetings)

Status of attendance at the Audit Committee 100% (13/13 meetings)

Significant concurrent positions:

Attorney-at-law
Supervisory Board Member, National Federation of Agricultural Cooperative Associations
Outside Director of Sumitomo Corporation

Past experience, positions and responsibilities

Apr. 1974 Assistant Judge, Osaka District Court Apr. 1995 Presiding Judge, Tokyo District Court Dec. 2000 Chief, Training and Research Institute for Family Court Probation Officers Dec. 2002 Chief, Family Bureau, General Secretariat, Supreme Court Dec. 2005 Chief Judge, Maebashi District Court Feb. 2007 Chief Judge, Yokohama Family Court Dec. 2008 Presiding Judge, Tokyo High Court Aug. 2009 Chief Judge, Tokyo Family Court Feb. 2011 President, Sapporo High Court Mar. 2013 Commissioner, Japan Fair Trade Commission Aug. 2016 Registered as attorney-at-law (Tokyo Bar Association) Aug. 2016 Attorney-at-law of Kikuchi Sogo Law Office (current position) Jul. 2017 Supervisory Board Member, National Federation of Agricultural Cooperative Associations (current position) Jun. 2018 Outside Director of Sumitomo Corporation (current position) Jun. 2020 Director of the Company (current position)

Reasons for election

We expect him to fulfill supervisory and monitoring functions over management based on his experience and insight as a legal expert nurtured through years of experience as a judge and attorney-at-law. Since taking office as Director of the Company in June 2020, he has been deeply engaged in discussion at the Board of Directors and the Audit Committee, and actively provided opinions and suggestions especially from the perspective of legal affairs and compliance. We elected him because we expect him to continue to contribute to maintaining and strengthening governance of the Company through the board and committee. We believe that he can appropriately perform duties as an Outside Director based on the aforementioned reasons.

Executive Officers

President, CEO Representative Executive Officer	SENDA Tetsuya	Executive Officer	YOKOYAMA Masamichi
Deputy President Representative Executive Officer	ICHIKURA Noboru	Executive Officer	IIDA Takashi
Senior Managing Executive Officer	HIRONAKA Yasuaki	Executive Officer	SAITO Hajime
Senior Managing Executive Officer	TACHIBANA Atsushi	Executive Officer	MIYAMOTO Susumu
Managing Executive Officer	UCHIKOBA Nobuatsu	Executive Officer	MURO Takashi
Managing Executive Officer	MIYANISHI Yoshiki	Executive Officer	IMAIZUMI Michinori
Managing Executive Officer	KOIE Junko	Executive Officer	TAGUCHI Yoshihiro
Managing Executive Officer	TANAKA Motonori	Executive Officer	MAETANI Isao
Managing Executive Officer	ONISHI Toru	Executive Officer	KUROSAKI Yoshiyuki
Managing Executive Officer	FUJIMORI Norihiro	Executive Officer	SHIGEMATSU Jun
Managing Executive Officer	SAKAMOTO Hidekazu	Executive Officer	YOSHIDA Syouichi
Managing Executive Officer	FUJII Shinsuke	Executive Officer	KIMURA Yoshihisa
Managing Executive Officer	HARUNA Takayuki	Executive Officer	NISHIZAWA Yuki
Managing Executive Officer	KUME Takeshi	Executive Officer	MIYAZAWA Hitoshi

Message from Outside Directors

SUZUKI Masako

Outside Director

Detect risks and prevent recurrence

To prevent solicitation quality issues being repeated, we must detect risks by strengthening cross-organizational collaboration and incorporating varied viewpoints.

It is important to clarify the roles of each organization, strengthen cross-organizational collaboration, and maintain a checking function. To do this, Executive Officers will exchange opinions over the boundaries of their assigned duties and activate mutual information sharing and vertical two-way communication company-wide, which will strengthen the organization.

Face-to-face communication for education

Education is a must for promoting corporate culture restructuring, one of the big themes of the Medium-Term Management Plan, and strengthening the autonomy of the organization. I have been working in the human resources industry for many years and believe that the development of human resources requires the generosity to believe in subordinates and daringly assign jobs to them. When doing this, face-to-face communication is important. Communication only in writing is insipid and colorless from the viewpoint of subordinates. We need to have face-to-face communication with subordinates. I believe that the foundation of a company is its personnel and, if expectations and roles for subordinates can be conveyed clearly, trust will be received directly. This will become the first step to gaining customers' trust.

Return to the starting line for the achievement of SDGs

It is important for the Company to be aware of sustainable management and work wholeheartedly to achieve the SDGs. In doing this, the initiatives will proceed more smoothly if the Company reviews the current methods from scratch and returns to the starting line-the stage of black-and-white photocopies. It will also be important to devise ways of having young employees be more proactively engaged in such familiar initiatives as their own jobs.



SAITO Tamotsu

Outside Director

Ascertain both issues and solutions from the corporate front lines

I have been engaged in manufacturing, where we were told that we should observe the front lines, reality, and actual articles. This means that management and business is impossible without knowing what happens on the front lines. The basis for the hands-on policy is mutual dialogue.

The Company has had problems with in-house communication, such as the opinions of frontline employees not being delivered to management and instructions from superiors being one way only. To raise sensitivity to risk we do not overlook feelings of strangeness in each department, it is highly important to activate communication and ensure frequent communication across the boundaries between superiors and subordinates. The communication between the Head Office and front lines has been strengthened since the previous fiscal year. I want this trend to continue.

Be committed to protecting customers

To achieve the new Medium-Term Management Plan, every employee has to consider what kind of role they want to fulfill in order to achieve the management philosophy, which is the starting line and the objective. Every employee has to consider what it means to protect their customers through the power of insurance, to transmit opinions, and to take action. I expect the Company to fulfill an important role in society, commensurate to the trust placed in post offices.



YAMADA Meyumi

Outside Director

Sincerely strive to regain customers' trust

I believe that it is critically important for management to execute business from the viewpoint of customers, by fully grasping customer feedback through the front lines to detect risks correctly based on solicitation quality issues. To regain trust, it is necessary to continue to face customers with an attitude of sincerity. Open collaboration within the Group is also an important element, so it is vital for the Group to work together as one.

Fusion between real and digital means; Establish a mechanism that is easy to use for anyone

In the Medium-Term Management Plan, digital transformation (DX) is a big theme. Digitalization has been proceeding rapidly, and most consumers can connect to the Internet through smartphones, etc. Digitalization will improve the Company's corporate value by eliminating the boundaries between real and digital means, and create services that customers can use without a sense of burden, in ways suitable for the conditions and their needs based on the Company's features.



Challenge for ESG management

The world has begun to move towards decarbonization. As an institutional investor, we will be required to engage in investment activities from an ESG-focused perspective. In addition, as initiatives unique to the Company, we are also required to promote health through Radio Exercise, which many consumers are familiar with, and to provide services tailored to diverse consumers connecting insurance with health promotion through digital technologies. The promotion of these initiatives requires an environment where employees can work flexibly and comfortably. I expect the Company to trust employees and create a corporate culture with a high degree of autonomy for employees.

HARADA Kazuyuki

Outside Director

What is the strength of an organization "with no escape"

"With tracks we cannot escape." This is the fate of the railroad industry, is where I come from. Community-based business requires customers' trust to secure availability even after 30 years or even 50 years. How about the Company? Community-based post offices are the basis of trust. These are also organizations with an inescapable role. They have not only to sell insurance but also manage a warm business with an attitude that supports the entire lives of customers.

Achieving corporate culture restructuring through Group wide efforts

I think that after privatization, the business of Japan Post Group has been improved from the viewpoint of customers. The new Medium-Term Management Plan is a plan to go one step further, but I consider that its base, corporate culture restructuring is a difficult task because the organization of the Group is gigantic and its human affairs are congested. There are also some indications of obstacles, such as a sense of distance from the front lines. It is important to proceed with initiatives for corporate culture restructuring through Group wide efforts, deepening close communication especially between the Head Office and the front lines.



Good health and well-being

The third goal of the SDGs is "Good health and well-being." Japan Post Insurance is right on this goal. I think that our mission is to expand the initiatives of Radio Exercise and support the lives of customers. The initiatives for the achievement of the SDGs are none other than doing business, and the Company is required to change society through business.

YAMAZAKI Hisashi

Outside Director

Deepen understanding of people and define risk sensitivity

The Company must raise risk sensitivity through organization-wide programs. It is necessary to accurately determine what kinds of events can become future risks. It is also necessary to be more sensitive to what's going on in the world. Climate change problems and the SDGs are not issues we can handle alone, so we are required to be receptive to what happens outside the company and to raise our level of sensitivity.

An improvement in governance, which is an issue for the Company, and the achievement of the Medium-Term Management Plan depend on how strongly we can instill customer-first philosophy and to value employees.

Work for humans; Work only humans can do

A major pillar of this Medium-Term Management Plan is to strengthen the business infrastructure, including digital transformation (DX), but this requires deep underlying love and understanding of people. Both employees and customers are people. Even if digitalization goes ahead, we must not forget that our business is communication between humans.

What customers need and demand now -- I expect the Company to consider people and human interaction as the starting line, sincerely supporting customers by deepening understanding of others, and becoming a company selected by customers.



ERM and Capital Policy

Recognition of the environment and basic strategy

The Risk Appetite Statement stipulates that we shall realize sustainable growth and enhancement of the Company's corporate value over the medium to long term while securing soundness in business management based on ERM. We will aim to secure revenues considering efficiency with respect to capital and risks, while securing financial soundness.

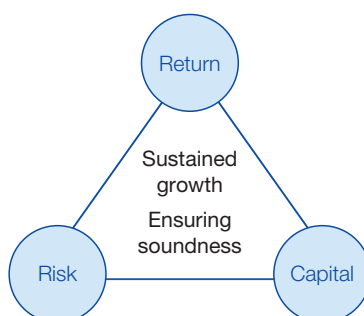
On top of that, we will position returning profits to shareholders as an important measure for management effectiveness. We will secure revenues while maintaining financial soundness based on ERM, aiming to steadily return profits to shareholders.

Key initiatives

We intend to improve the risk return ratio and capital efficiency while maintaining financial soundness under the ERM framework.

Improvement of return against risk

- Develop insurance services to satisfy protection needs of customers of all generations and shift to a portfolio centering on protection-type products
- Engage in deeper and more sophisticated asset management to maximize return against risk
- Invest in DX while promoting improved efficiency in business operation



Improvement of capital efficiency

- Aim for growth exceeding estimated capital costs in the medium- to long-term (RoEV of 6% to 8%* Assumed capital cost ratio: around 6%)
- Pay due consideration to costs and quality in the capital composition and maintain soundness of the financial base
- Aim for an increase in per-share dividends and never reduce dividends, in principle, during the Medium-Term Management Plan

* A value obtained by excluding the "difference between the economic assumption and actual results" from the EV variance factors.

Maintaining financial soundness

- Establish and maintain the minimum financial soundness and the assessment criteria (Maintain financial soundness: The minimum solvency margin ratio of 400%, the standard solvency margin ratio of 600%, and ESR (economic solvency ratio) of 100%)
- Aim for the medium- to long-term stability and improvement of ESR while refining measurement methods in anticipation of the introduction of new capital regulations
- Commence responses to the introduction of new capital regulations, including reduction of interest rate risks

Risk Appetite Statement

The Risk Appetite Statement stipulates our risk-taking policies in terms of which risks to take in order to achieve our goals. We categorize our risk appetite into "qualitative risk appetite" and "quantitative risk appetite."

	Risk Category	Statement
Qualitative	Overall Policy	<ul style="list-style-type: none"> ● Be active in universal services through the post office network while cultivating a corporate culture where every employee can grow with job satisfaction as the base for sustainable growth of the Company and pursue effective customer-first business operations. ● Achieve sustainable growth while maintaining sound business operations based on ERM. Aim to stabilize ESR in the medium to long term.
	Insurance Underwriting Risk	<ul style="list-style-type: none"> ● Underwrite insurance products based on sales activities with solicitation quality and respond to the diversification of insurance needs.
	Investment Risk	<ul style="list-style-type: none"> ● The basic approach is to promote asset-liability matching while taking into account surrender risk and profitability. ● Seek to improve investment income by promoting the achievement of greater depth and sophistication of asset management while taking into account market constraints and soundness, serving as one of Japan's largest institutional investors.
	Operational Risk	<ul style="list-style-type: none"> ● Prevent operational risk from materializing by strengthening internal control systems and establishing a system to perform all operations from underwriting to claim payment in a simple, prompt and accurate manner. ● Prevent actualization of human risks by improving communication between management and employees, supporting diverse career development, and strengthening management capabilities. ● Prevent actualization of compliance risks by detecting risk using high risk sensitivity as well as embedding behavior to respond to the expectations of society in every employee.
Quantitative		<ul style="list-style-type: none"> ● Secure sound business management, set the minimum level for financial soundness that the Company should observe, and establish a management system to keep the indicators above that level. <ul style="list-style-type: none"> - Minimum level Solvency margin ratio of 400% ● Manage the balance between risks and capital, and aim to secure profitability by maintaining the minimum level for financial soundness.

Risk Management Systems

Outline of Risk Management Systems

In accordance with the “Basic Risk Management Policy,” we have set up and regularly convene the Risk Management Committee headed by the Chief Risk Officer (CRO), while formulating rules of risk management.

The Risk Management Committee deliberates on risk management policies and matters concerning the establishment and operation of risk management systems as well as on matters concerning the implementation of risk management. This committee also performs appropriate risk management by monitoring and analyzing the status of each risk and other related matters. The CRO submits and reports on important matters to the Executive Committee, the Audit Committee, and the Board of Directors for discussion.

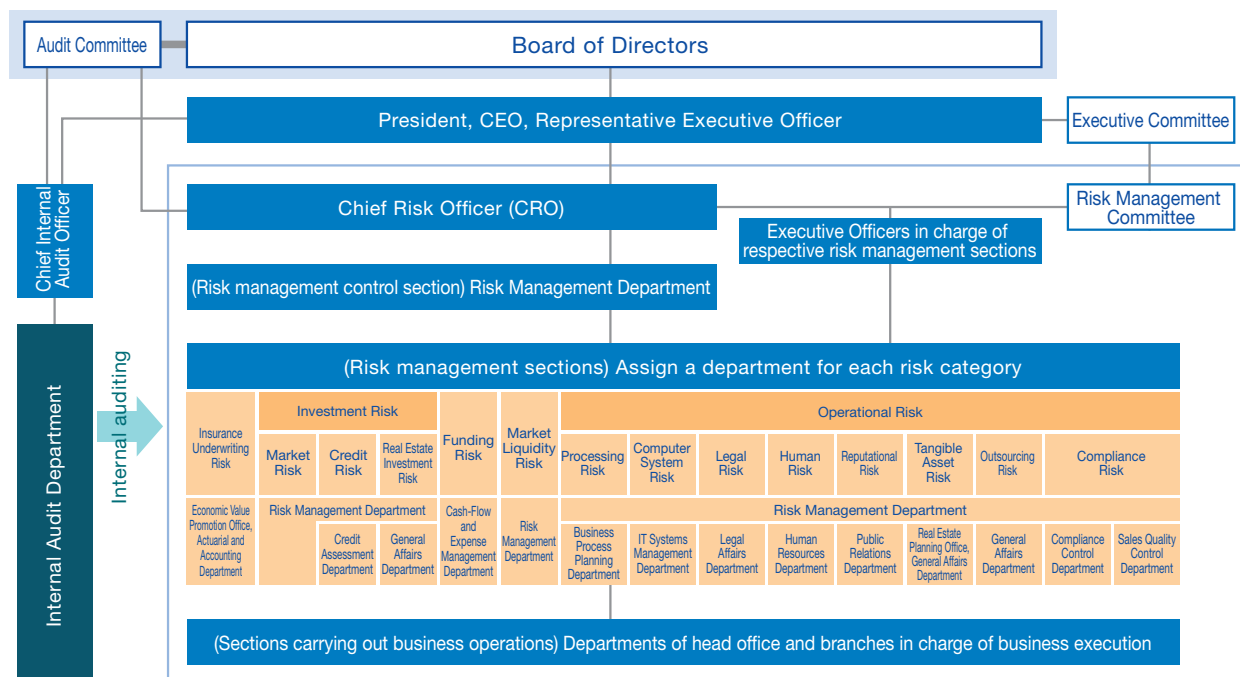
Also, the CRO controls the Company’s risk management and builds, verifies and upgrades risk management systems in accordance with changes in risk management circumstances and the operating environment. The Risk Management Department is in charge of overall control of risk management and under the direction of the CRO executes affairs concerning building, verifying and upgrading risk management systems. At the same time, it regularly verifies the status of risk management by monitoring, analyzing and managing the state of risk management in sections responsible for performing risk management in each risk category (“risk management sections”).

Each of the Executive Officers in charge of risk management sections operate and upgrade the systems for managing their respective assigned risks by ascertaining the presence, types and profile of risk, as well as the risk management techniques and systems as prescribed by the Basic Risk Management Policy. While operating a mutual checks and balances system with departments of the head office and branches in charge of business execution, risk management sections appropriately fulfill their monitoring role and manage their assigned risks in accordance with risk management standards. As investment risk and operational risk have multiple subcategories, we have designated the Risk Management Department for handling comprehensive risk management in conjunction with the risk management sections for respective subcategories.

In order to strengthen our risk management systems, the Internal Audit Department conducts internal audits and examines the appropriateness and effectiveness of our risk management systems.

In enforcing risk management, we collaborate with the risk management departments of Japan Post Holdings Co., Ltd. and JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd., the Company’s subsidiary.

Risk Management Structure



► Principal Risk Categories and Definitions

We classify and define types and details of managed risks into the following categories, and have established a management system and rules

Insurance Underwriting Risk	The risk of losses due to changes in economic conditions, incidence rates of insured events or other factors contrary to the projections made at the time when premiums were set.
Investment Risk	The risk of losses resulting from fluctuation in the value of assets and liabilities held that include off-balance-sheet assets and liabilities.
Market Risk	The risk of losses resulting from fluctuation in the value of assets and liabilities held that include off-balance-sheet assets and liabilities as well as the risk of losses resulting from fluctuations in profits generated by assets and liabilities due to fluctuations in various market risk factors such as interest rates, foreign exchange rates and stock prices.
Credit Risk	The risk of losses resulting from a decline or elimination in the value of assets including off-balance-sheet assets due to deterioration in financial conditions of borrowers or a counterparty.
Real Estate Investment Risk	The risk of losses due to a decline in profitability of real estate caused by factors such as change of rents or due to a decrease in the value of real estate itself caused by factors such as changes in market conditions.
Funding Risk	The risk of losses due to overdue payment of insurance claims and others, or being forced to carry out transactions at a price extremely lower than normal as a result of a deterioration in cash management caused by factors such as a decrease of premium income following the decline of new policies caused by factors such as worsening financial conditions, an increase in payments of termination refunds following a large amount of policy surrenders and lapses and cash outflows following a significant natural disaster.
Market Liquidity Risk	The risk of losses due to being forced to conduct transactions at extremely unfavorable prices compared to normal or being unable to conduct market transactions due to factors including market turmoil.

in accordance with each characteristic and are appropriately carrying out risk management.

Operational Risk	The risk of losses due to improper business processing, inappropriate behavior by executives and employees, improper computer system operations or external events.
Processing Risk	The risk of losses due to executives, employees and others neglecting to conduct proper operations, resulting in accidents or engagement in unlawful activities.
Computer System Risk	The following types of risk are included: a) the risk of losses due to system failures or malfunctions, system defects or any other causes. b) the risk of losses due to unauthorized use of computers. c) the risk of losses due to delayed computer system development.
Legal Risk	The risk of losses resulting from any legal conflicts associated with our business activities or due to our improper response to the establishment of or revisions to any relevant laws and regulations.
Human Risk	The risk of losses due to unequal, unfair or discriminatory actions, in terms of personnel management.
Reputational Risk	a) The risk of losses due to the spread of vague information such as rumors, speculations or reputation with regard to the Company, and the spread of misunderstandings, misperceptions or exaggerated interpretations associated with an accident or unlawful acts among policyholders or the mass media. b) The risk of losses due to negative evaluations. For example, there is a great gap between the business activities of the Company and the expectations/trust of stakeholders.
Tangible Asset Risk	The risk of losses due to damage to tangible assets caused by disasters or other events.
Outsourcing Risk	The risk of losses due to default of an outsourcing agreement and/or unlawful acts, etc., committed or conducted by an outsourcee (including any re-outsourced party) with regard to an operation outsourced externally.
Compliance Risk	The risk of loss of corporate value due to the loss of trust of stakeholders including customers caused by violations of laws and regulations, rules, and in-house regulations, acts deviating from social norms, acts violating commercial practices and market practices, and acts against social expectations such as acts that do not consider the customer's perspective.

► Implementation of Stress Tests

We implement periodic stress testing to ascertain the impact of an event that has a low but certain probability of occurring and could have a significant effect on the Company.

In establishing stress scenarios we undertake the following:

- We cover all risk categories that could have a significant impact on the Company taking into consideration the Company's risk profile status.
- Besides historical scenarios that have occurred in the past, we simulate forward-looking hypothetical scenarios that could occur in the future.

- We consider the impacts on the Company under a combined (comprehensive) stress scenario.

Specifically, it is a combination of events such as significant fluctuations in financial markets such as interest rates, exchange rates and stock prices, as well as the occurrence of a major earthquake or a pandemic (including the further spread of COVID-19).

Based on the analysis of the impacts on loss situation and soundness under the stress scenarios, the results of stress tests are periodically reported to the Risk Management Committee and the Executive Committee to be used in management judgments.

Stakeholder Engagement

► Stakeholders Supporting Japan Post Insurance

We recognize that accurately understanding what our stakeholders demand and expect from the Company through dialogue with stakeholders, and responding to those requests and expectations, is essential to improving corporate value. We have therefore declared in our Management Policy that

“We work to communicate closely with all stakeholders.” We will make use of feedback from stakeholders to improve management with the aim of ensuring appropriate collaboration and sustainable coexistence.

Means of communication

- Call Center
- Website (Contact form)

Means of communication

- Radio Exercise events
- Volunteer activities



Means of communication

- General Meeting of Shareholders
- IR
- Annual Report

Means of communication

- ES Survey
- Internal company newsletter
- Training

► Dialogue with Customers

Japan Post Insurance recognizes that the voices of our customers are valuable assets. We value dialogue with customers, and will strive to develop a structure for the ceaseless creation of new convenience for customers and to pursue quality services. In addition, reviewing our services daily based on customer input in order to increase our customers' satisfaction is fundamental to improving our business.

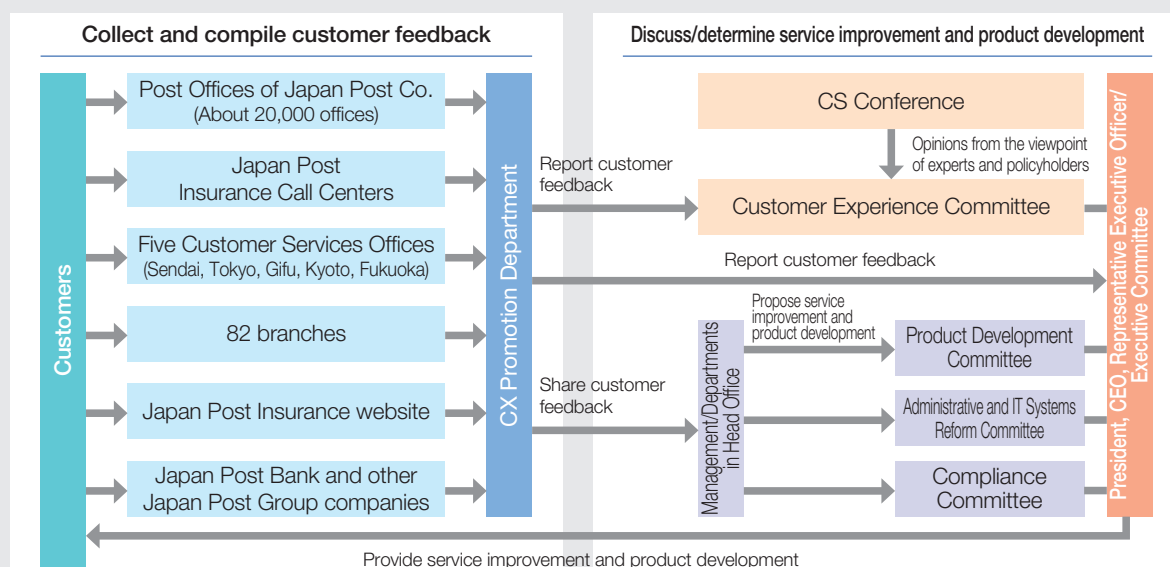
Customer Satisfaction

In addition to developing and improving products and services based on customer feedback, our Directors and Executive Officers, as well as our employees, give careful consideration to and act on customer feedback to ensure customer-first business operations.

We received approximately 1.28 million feedback comments from our customers through the post offices and Japan Post Insurance Call Centers in the fiscal year ended March 31, 2021. The customer feedback is compiled and centrally managed by our Customer Experience Department. We analyze the feedback to improve our services and develop superior products with the aim of providing services that bring satisfaction to our customers.

We also held the “CS Conference” with external experts to receive opinions for improving customer satisfaction.

► Structure for Product and Service Improvements Using Customer Feedback



Cases of Product and Service Improvements Using Customer Feedback

Category	Customer feedback	Improvements
Related to purchase of insurance	I am a policyholder of Japan Post Insurance and interested in the coverage of the newly released special rider. May I change only the coverage of the special rider?	In April 2020, we introduced a conditional cancellation system in which the cancellation, etc. of an existing policy takes effect on the condition that a new policy is executed, which enabled us to revise coverage without interruption. In addition to it, we introduced a policy conversion system in April 2021. The policy conversion system is "total conversion of a policy" to replace the coverage of the current policy with that of the new one and "conversion of only the special rider" to replace the coverage of the current special rider with that of the new policy without cancelling the basic policy, both of which are customer-first systems to allow customers to revise coverage without canceling the current policy based on certain requirements.
	I'm considering purchasing insurance. Is there any product with long-term coverage with low insurance premiums?	For ordinary term insurance, we previously provided only insurance with an insurance period of 10 years, but in April 2021, we started to provide products of four policy types expiring at the ages of 55, 60, 65, and 70, respectively, with the age range expanded to people aged 15 or older. In addition, we now provide long-term coverage with low insurance premiums to young and middle-aged customers by revising the premiums of the ordinary term insurance.
Related to procedures	I am refraining from going out due to the COVID-19 pandemic, so it will be helpful if I can claim hospitalization benefits, etc. without going to a post office.	Even in the past, procedures such as changing an address could be completed through My Page of Japan Post Insurance. In addition, in November 2020, we added such procedures including "requesting documents for claiming hospitalization benefits, etc." and "registering and changing registered family members" and will gradually add others in order to respond to the increasing demand for non-face-to-face use of services, etc. *To perform procedures through My Page, certain conditions have to be met.
	It was troublesome to check "Yes" or "No" in many answer columns of the notification, so the procedure should be easier.	In April 2021, we revised the form of the notification such as integrating important matters and answer columns in order to make the importance of the notification understood clearly by customers and to reduce the burden of filling out the form.
	The policyholder, my father, died, and I will cancel his policy, so I want material through which I can grasp the necessary documents at a glance.	In April 2021, we introduced a system to determine the documents necessary for procedures such as family registry depending on the inheritor who will perform the procedure based on the inheritor information and policy information received from customers, and provide a list of the documents.
Related to payment of insurance claims, etc.	It was helpful that claims were paid when I was hospitalized for short time for an operation. The preparation for the claim procedure was troublesome: for example, it was necessary to have a filled out hospitalization certificate. The procedure should be easier.	In April 2021, we made it possible to make an insurance claim for hospitalization with surgery with a "circumstances of hospitalization/surgery form" filled out by the customer, a copy of a medical examination report issued by the medical institution, etc. instead of the hospitalization certificate filled out by the doctor. *To use a "circumstances of hospitalization/surgery form," it is necessary to meet certain requirements.
Other	I tried to check insurance products of Japan Post Insurance on the website, but the site was difficult to see with a smartphone, so it should be improved.	In December 2020, we revised the Web pages of all products for smartphone viewing so that they would be easier to see.
	I can check policy coverage with the "Notice of Policy Details" sent every year, so it should be described in a more easy-to-understand way.	In the fiscal year ending March 31, 2022, we have enhanced the items described on the policy statement and have come to include a coverage list in order to make it easier for customers to understand their policy and coverage. In addition, for ease of confirmation by customers, we will send the policy statement separately from the Certificate of Premium Payment, which is delivered around October every year, during the birth month of policyholders born in July 2021 and onward. *For policyholders who have not registered their birth date, we will send their policy statements in the contract month of their latest policies (month of effect).

Gratitude/Compliments

The total number responses that were gratitude/compliments that we received from customers between April 1, 2020, and March 31, 2021, was 338,711.

<Customer feedback>

- It was very helpful that the staff this time immediately visited the employee's home to process the claim for payment of hospitalization benefits for an employee. The employee would have felt anxious due to long hospitalization and sick leave, so I felt that it was excellent that the sympathy of the company was conveyed to the employee so that the employee could feel secure about not only the financial aspect but also the benefits of the workplace.
- (We receive a request for claim for payment of hospitalization benefits, so we prepared it using the support system and accepted it). When I claimed payment for hospitalization benefits before, I had to fill in many items, but this time there were fewer items to be filled in, so the procedure was easy to complete. Because I am old, writing something is troublesome. It is helpful that there are few items to be filled in.

Customer Satisfaction Survey

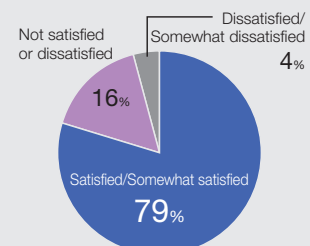
We conduct a "Customer Satisfaction Survey (Customer Feedback Survey)" to directly receive opinions from customers who have purchased policies issued by the Company, and we use them to improve insurance services.

Results of the FY2021/3 Customer Satisfaction Survey

For total satisfaction with our services, about 80% of customers show satisfaction (total of "Satisfied" and "Somewhat satisfied"). We will work to improve customer services to gain the satisfaction of more customers.

Overview of the FY2021/3 Customer Satisfaction Survey

- Survey time: March 2021
- Survey targets: Customers who recently enrolled for our products, performed maintenance procedures, or claimed payment of insurance (maturity, hospitalization, death, etc.)
- Number of questionnaire forms sent: 43,000
- Number of forms collected: 10,929 (effective answers)



Notes: 1. We conducted a questionnaire about the reception of payments for our annuities in the fiscal year ended March 31, 2021, in addition to the abovementioned survey targets.
2. Survey forms received after the deadline (123 forms as of the end of March 2021) are not included in the aggregate, but we confirm all of the evaluations received.

▶ Dialogue with Shareholders and Investors

We have formulated our Disclosure Policy, which sets out our basic policy of accurately and fairly disclosing information to fulfill our accountability as a listed company and to earn the trust of shareholders and investors, etc., and have been working to put it into practice.



IR Activities

IR Activities for Domestic and Overseas Institutional Investors	We organize financial results and corporate strategy meetings and conference calls for institutional investors and analysts after quarterly financial results announcements, as opportunities for our management to provide explanation on our management strategy, financial condition, etc. We also participate in conferences for institutional investors organized by securities companies.
IR Activities for Individual Investors	We post corporate information for investors in a timely manner on the individual investors section of our IR website. We also hold briefing sessions for individual investors.
Legal Disclosure and Timely Disclosure	We have established a system for timely and appropriate disclosure of financial information such as financial results materials, IR materials and other timely disclosure materials based on laws and regulations, as well as materials such as annual securities reports and quarterly securities reports.
Corporate Website and IR Website	In addition to posting our Disclosure Policy, which is basically to disclose information accurately and fairly, we disclose information in accordance with relevant laws and regulations, and actively communicate financial and nonfinancial information.

1st quarter			2nd quarter			3rd quarter			4th quarter		
April	May	June	July	August	September	October	November	December	January	February	March
	Announcement of year-end financial results	General Meeting of Shareholders	Overseas IR	Announcement of quarterly financial results			Announcement of quarterly financial results		Overseas IR	Announcement of quarterly financial results	
Domestic IR											

Details of the General Meeting of Shareholders held this year

Date	June 16, 2021
Meeting duration	34 minutes
Number of attending shareholders	62
Mailing date of Convocation Notice	May 31, 2021
Disclosure date of Convocation Notice on website	May 21, 2021

To prevent the spread of COVID-19, the 15th Ordinary General Meeting of Shareholders was held with the health and safety of shareholders as the first priority. We took measures to prevent the spread of infection, such as taking temperature readings using thermography and other methods, wearing face masks, having alcohol sanitizer available, spacing the seats far apart, and making some Directors attend the meeting through an online meeting system. In addition, we accepted questions in advance through our website, and also provided a live stream via the Internet for shareholders who refrained from attending the meeting to view the proceedings.

We worked on ensuring early sending and disclosure of the Convocation Notice and made it

possible to view the points of the Convocation Notice on a smartphone so that our shareholders would have enough time to carefully review the proposals. Moreover, in addition to ensuring the exercise of voting rights via the Internet and introducing a mechanism to enable easy exercising of voting rights by scanning a 2D code with a smartphone, etc., we addressed the issue of improving how shareholders exercise their voting rights by participating in the virtual platform recommended by the Tokyo Stock Exchange, which allows institutional investors to exercise voting rights electronically.

At the meeting, we strived to explain our business lines using video materials to facilitate the understanding of shareholders. We also enhanced mutual understanding by answering questions received in advance and by holding a Q&A session with shareholders.

After the meeting, we swiftly disclosed the shareholder newsletter, the results of the exercised voting rights and other relevant information on the Company's website as part of our efforts to improve the way we provide corporate information to shareholders.

Compliance

Japan Post Insurance assures the soundness and appropriateness of its business operations and maintains a framework that meets the trust of society by ensuring all its executives and employees comply with laws and regulations (laws, regulations, rules and internal rules, social norms and corporate ethics) in every aspect of its corporate activities.

To realize our goal of becoming the “No. 1 Japanese insurance company selected by customers,” Company-wide efforts are undertaken to achieve thorough implementation of compliance.

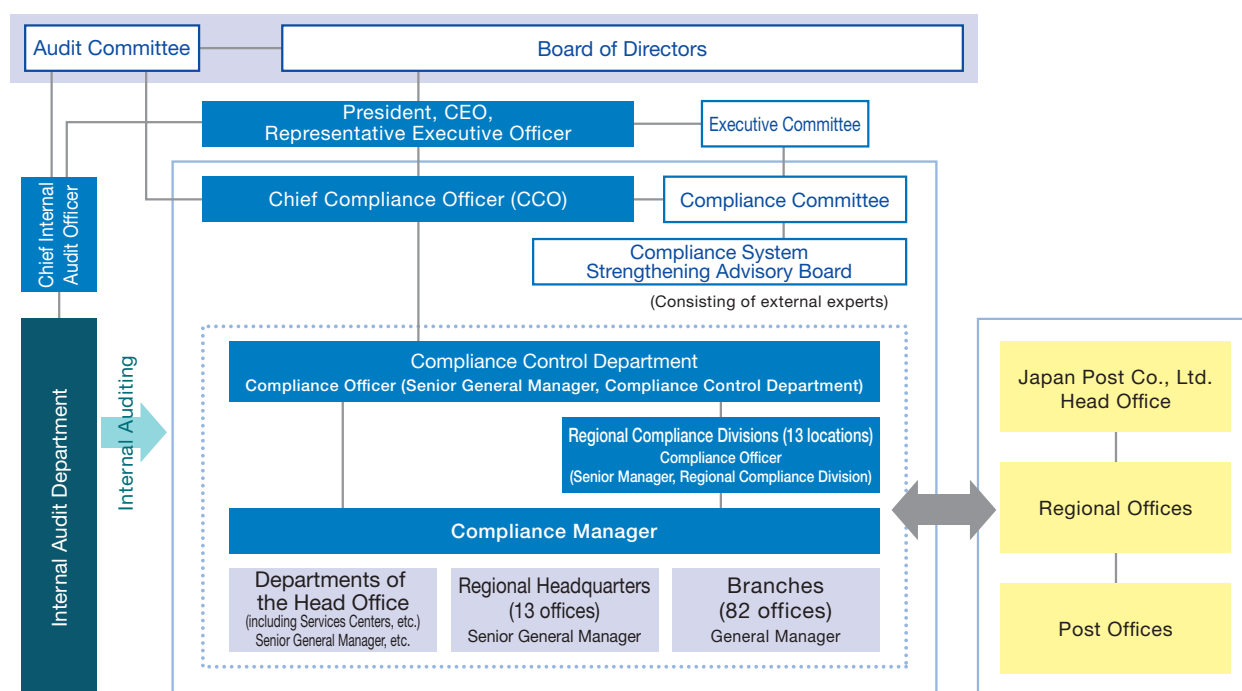
► Compliance Policies

We have established our compliance framework by formulating compliance rules that set out the basics for the promotion of compliance within the Company. These rules incorporate the “Fundamental Policy for Establishment of Internal Control Systems” developed by the Company’s Board of Directors.

To provide a guide to the laws and regulations and other rules concerning our corporate activities, we have prepared a Compliance Manual, as well as a

Compliance Handbook, which describes the essentials of the Compliance Manual. We also ensure that all executives and employees are aware of the content by making these available for reference. Furthermore, we work to undertake thorough implementation of compliance through our “Compliance Program,” a plan developed annually to lay out specific details for promoting compliance.

► Compliance Promotion System



To promote compliance within the Company, we have established the Compliance Committee, headed by the Chief Compliance Officer (CCO). The Compliance Committee deliberates on management policies concerning compliance, specific compliance operations and response to various compliance issues. The committee also works to achieve thorough compliance and prevent compliance violations by monitoring and analyzing the Company’s compliance promotion efforts.

To discuss matters related to enhancement and reinforcement of the compliance framework of Japan Post Co., which serves as our insurance solicitor, we have set up a liaison meeting, members of which include the CCO. We also provide guidance to post offices and manage their compliance activities on the basis of discussion at the meeting.

► Implementing Compliance Education

Through our Compliance Program, we conduct training courses that include Compliance Administrators and Compliance Managers at our head office, branches and other locations. The program covers explanations and instructions regarding the role of Compliance Managers, as well

as important points to note and other details regarding compliance in our business activities. In order to provide and instill the knowledge of compliance, we also hold e-learning training courses for all executives and employees.

► Whistleblowing System

We have put in place an appropriate whistleblowing system by establishing reporting rules that Group employees should follow in the event of a violation of laws and regulations or internal regulations, in addition to setting up internal and external whistleblowing contact points, in order to prevent the occurrence or spread of compliance violations, or to resolve them at an early stage.

In addition to existing internal whistleblowing contact points, the Japan Post Group newly established an external whistleblowing contact point exclusively for financial product sales issues. We will ensure that all employees are aware of the use of this whistleblowing contact point to identify issues including problems related to improper solicitation.

► Countermeasures against Money Laundering and Financing of Terrorism

Japan Post Insurance is promoting efforts to appropriately reduce the risk of money laundering and financing of terrorism (“money laundering, etc.”) based on the “Policy on Anti-Money Laundering and Combating the Financing of Terrorism” formulated in accordance with the Financial Services Agency’s “Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism.”

We identify and evaluate risks based on the profile of business, conditions at agencies, and laws and regulations, from the perspective of preventing the misuse of products and services provided by the

Company for money laundering, etc. We take appropriate countermeasures against the relevant risks in order to effectively reduce such risk.

In addition, management plays a leading role in promoting countermeasures against money laundering, etc., while clarifying the roles and responsibilities of executives and employees engaged in countermeasures against money laundering, etc., by putting the Chief Compliance Officer as the person in charge of countermeasures against money laundering, etc.

► Initiatives for Protecting Personal Information

Japan Post Insurance recognizes the importance of information security management called for by society and promotes measures to protect personal information appropriately pursuant to relevant laws and regulations.

For an internal management structure to ensure safe management of personal data, we have established and announced the fundamental policy

for protecting personal information (Japan Post Insurance Privacy Policy), and have also designated the Chief Information Security Officer (CISO), who is in charge of the Company-wide control of information security, and other responsible personnel. In this way, we are protecting and handling personal information in an appropriate manner.

📄 Japan Post Insurance Privacy Policy

https://www.jp-life.japanpost.jp/english/aboutus/company/en_abt_cmp_security.html

📄 Purpose of Use of Personal Information Succeeded from Japan Post

https://www.jp-life.japanpost.jp/policy/privacy/pcy_prv_object.html (in Japanese)

► Response to Cybersecurity

Recognizing the risk of cyberattacks as a material risk, we have designated the Chief Compliance Officer as our CISO¹, and implement multi-layered risk management that combines defense and detection mechanisms under the leadership of our CISO.

In terms of systems, we have established the CSIRT², an organization that conducts activities in preparation for cyberattacks in ordinary times and emergencies. The CSIRT gathers information in collaboration with external specialized organizations, and works on the development of emergency response procedures for IT systems that need to respond to the threat of cyberattacks. In addition to

regular cyber drills, we conduct internal training and drills for executives and employees to continuously improve our response capabilities in the event of a cyberattack.

To carry out these activities, we have established the Information Security Committee within the Company. Management is taking the lead in promoting such measures, while working in cooperation with other companies in the Japan Post Group.

Notes: 1. Chief Information Security Officer

2. Computer Security Incident Response Team

Elimination of Antisocial Forces

Japan Post Insurance recognizes that the complete elimination of relationships with antisocial forces is an integral part of our corporate social responsibility and is essential in maintaining the trust of our customers and realizing sound management, and have established an appropriate system with the President, CEO, Representative Executive Officer at the top.

To eliminate and avoid any relationships with antisocial forces, our “Fundamental Policy for Establishment of Internal Control Systems” requires the ending of all relationships with antisocial forces that pose a threat to the order of society and sound corporate activities by routinely collaborating with the police and other outside experts, and firmly rejecting the unjustified demands of antisocial forces. In addition, based on this policy, we have created the “Basic Policy on Handling of Antisocial Forces” as well as “Rules for Handling of Antisocial Forces,” which define our framework for avoiding all relationships with antisocial forces and the basics for organizational actions.

As specific measures, we incorporated a clause against organized crime into our policy agreements in April 2012. Other measures include checking all policies in force for any link with antisocial forces and incorporating a clause against organized crime into other contracts. We also encourage the people in charge of countering unjustified demands to participate in the corresponding training seminar; work to reinforce our ties with the police, lawyers and other external organizations; and provide guidance to employees through training programs.

Handling of Antisocial Forces

https://www.jp-life.japanpost.jp/english/aboutus/company/en_abt_cmp_antisocial.html

Education for Sales Personnel and Insurance Solicitation Agents

We state in our Solicitation Policy that we will make efforts to raise product knowledge and consulting capabilities of all executives and employees. Accordingly, we are making efforts to improve consulting-based sales skills in accordance with the life plan of each and every individual customer by providing training and education for sales personnel and agents.

<Sales Personnel>

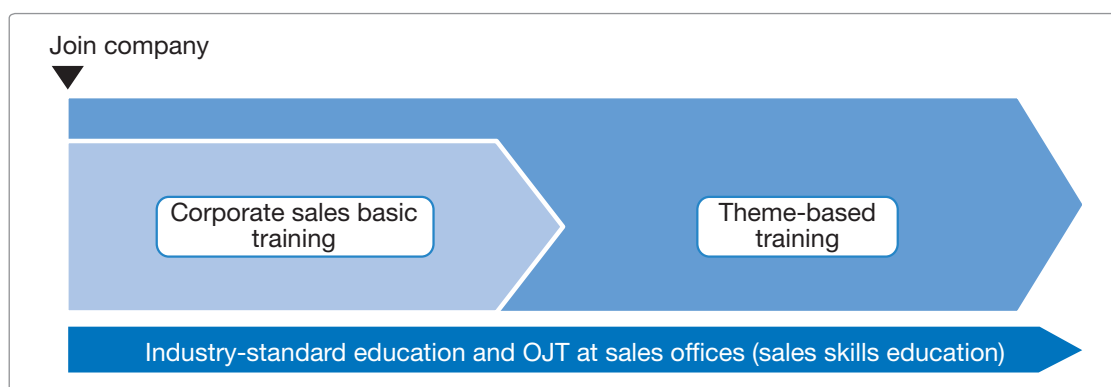
Sales personnel at directly-managed offices engage in insurance solicitations mainly targeting the corporate and worksite markets.

► Overview of Training

Through a training program for Japan Post Insurance's managers and employees, we work to develop sales personnel who possess advanced knowledge and a sense of ethics to ensure that personnel accurately respond to the needs of corporate customers, in order to conduct customer-first sales activities.

Sales personnel acquire the knowledge and skills needed to undertake insurance solicitations

in the corporate and worksite markets through mass training and industry-standard education held at the head office. We also implement various types of training based on specific themes with the aim of developing human resources who are able to demonstrate high-quality consulting-sales abilities.



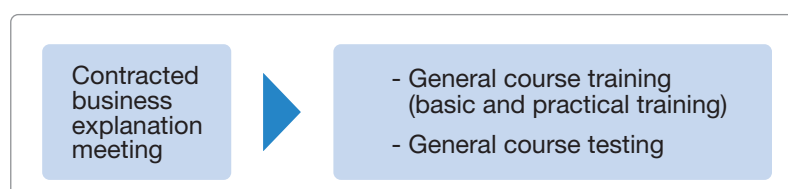
<Insurance Solicitation Agents>

We conclude life insurance sales and maintenance agreements with each of Japan Post Co. and the operators of contracted post offices and carry out insurance soliciting via the nationwide network of post offices, primarily targeting the individual market for households and small- and mid-sized companies.

► Overview of Training

Employees of Japan Post Co. engaging in insurance solicitation are provided with training aimed at ensuring thorough compliance, customer-first business operations and enhanced operational knowledge.

In addition, we provide support that includes dispatching our employees as instructors for training and other activities implemented by Japan Post Co.



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History

Japan Post Insurance Co., Ltd. was established as “Kampo Co., Ltd.” on September 1, 2006 under the Postal Service Privatization Act enacted in October 2005. During the period up to September 30, 2007, the Company prepared to launch operations as a life insurance

company. On October 1, 2007, the Company changed its trade name to “JAPAN POST INSURANCE Co., Ltd.”

We currently engage in the life insurance business and Postal Life Insurance management business under commission from the Management Network.

September 2006	Established Kampo Co., Ltd. under the Postal Service Privatization Act
October 2007	Changed trade name to JAPAN POST INSURANCE Co., Ltd. in line with the commencement of the life insurance business Started Postal Life Insurance management operations under commission from the Management Network
December 2007	Obtained approval for new operations (liberalization of investment products)
June 2008	Commenced commissioned sales of life insurance products for corporate clients
July 2008	Launched <i>Sono hi kara</i> , a new hospitalization rider
July 2009	Established branches in all prefectures through the opening of the Nara Branch and Wakayama Branch
October 2011	JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd. (current consolidated subsidiary) became a subsidiary
April 2014	Launched <i>Hajime no Kampo</i> , an educational endowment insurance
July 2014	Commenced handling commissioned sales of cancer insurance products for American Family Life Assurance Company of Columbus ¹
October 2015	Launched <i>Shin Free Plan</i> (short-term premium payment), an endowment insurance
November 2015	Listed common stock on the First Section of the Tokyo Stock Exchange Commenced commissioned sales of life insurance products for corporate clients (general welfare group term insurance, etc.)
March 2016	Obtained approval for new operations (underwriting of reinsurance and related services) Business alliance with The Dai-ichi Life Insurance Company, Limited ²
October 2017	Launched <i>Sono hi kara Plus</i> , a new medical rider Launched <i>Shin Nagaiki Kun Low Cash Value Plan</i> , a new whole life insurance (low cash value) Launched <i>Choju no Shiawase</i> , a longevity support insurance (low cash value)
April 2019	Launched <i>Kampo ni Omakase</i> , products with relaxed underwriting criteria; and an advanced medical rider Secondary offering of common stock of the Company

Notes: 1. The Japan branch of the U.S. corporation was established as a Japanese corporation and the business conducted by the Japan branch was succeeded to the Japanese corporation. As a result, our contract partner at the date of publication of this report is Aflac Life Insurance Japan Ltd.
2. Due to an internal transfer of management within the group of our business partner, our business alliance is with Dai-ichi Life Holdings, Inc. at the date of publication of this report.

[Reference] History of Postal Life Insurance

October 1916	Foundation of postal life insurance business by the Ministry of Communications
October 1926	Foundation of postal annuity business by the Ministry of Communications
June 1949	Establishment of the Ministry of Posts and Telecommunications
January 2001	Creation of Postal Services Agency as part of realignment of government ministries
April 2003	Establishment of Japan Post

New Operations after Privatization

(As of July 1, 2021)

- Approval for the liberalization of investment products (including derivative transactions)
Pursuant to Article 138, Paragraph 2 of the Postal Service Privatization Act, application for approval was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on October 4, 2007. Accordingly, business operations including syndicated loans (participation loans) and the acquisition of trust beneficiary interests, etc. were approved on December 19, 2007.
- Approval for the commencement of commissioned sales of life insurance products for corporate clients (term insurance for managers) and the review on the hospitalization rider
Pursuant to Article 138, Paragraph 1 and Paragraph 3 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on November 26, 2007 and approved on April 18, 2008.

3) Approval for the revision on the educational endowment insurance

Pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on September 3, 2012 and conditional approval was acquired on November 30, 2012 according to said Act. Accordingly, the revision was approved on January 24, 2014.

4) Approval for the sales of short-term premium payment endowment insurance

Pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on February 19, 2015 and approved on April 15, 2015.

5) Approval for commissioned sales of life insurance products for corporate clients (general welfare group term insurance, etc.)

Pursuant to Article 138, Paragraph 3 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on July 1, 2015 and approved on September 30, 2015.

6) Approval for the underwriting of reinsurance

Pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on January 19, 2016 and approved on March 11, 2016.

7) Approval for the commencement of related services

Pursuant to Article 138, Paragraph 3 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on January 19, 2016 and approved on March 11, 2016.

8) Approval for the revision of the whole life insurance, etc.

Pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on March 31, 2017 and approved on June 19, 2017.

9) Approval for commissioned sales of life insurance products for corporate clients (term insurance with nursing care compensation for managers)

Pursuant to Article 138, Paragraph 3 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on March 31, 2017 and approved on June 19, 2017.

10) Approval for the underwriting of new insurance

Pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on October 16, 2018 and approved on December 25, 2018.

Major Businesses

(1) Life insurance businesses

(2) Agency or administration services for other insurance companies (including foreign insurance companies) and other financial services companies; loan guarantees and other businesses supplemental to previously mentioned businesses

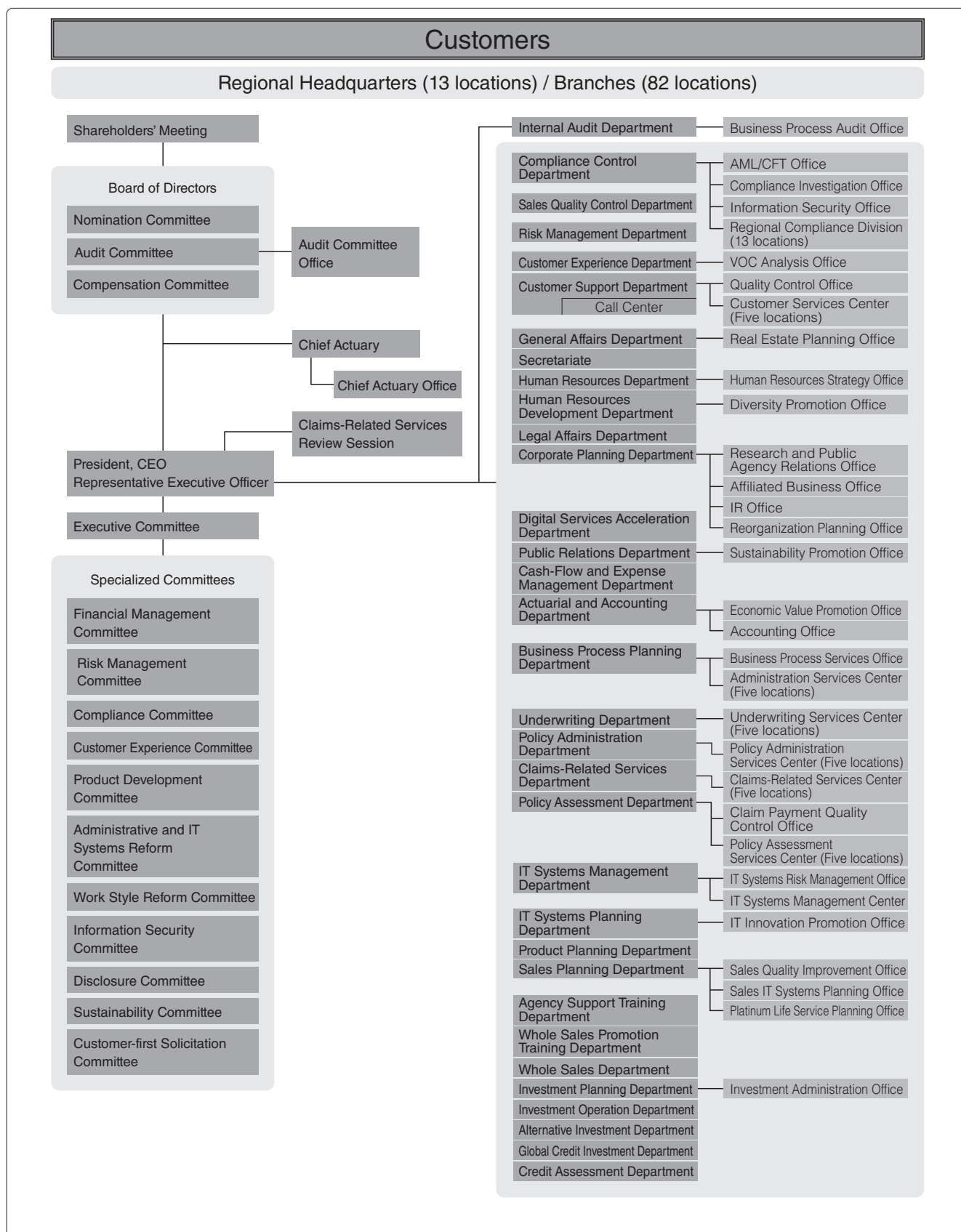
(3) Trading of Japanese government bonds, local government bonds and government-guaranteed bonds; accepting subscriptions for local government bonds, corporate bonds and other bonds; commissioned management and other businesses provided for under the Insurance Business Act; and other life insurance businesses not covered by the Insurance Business Act but legally permissible

(4) Management of Postal Life Insurance Policies under contract

(5) Other business supplemental or related to previously mentioned businesses

Organization Chart

(As of July 1, 2021)



Paid-in Capital

Date	Gain (loss) on investments	Gain (loss) on capital after contribution	Outline
October 1, 2007	¥499,950 million	¥500,000 million	Capital increase by privatization

Total Number of Stocks

Total number of issuable stocks	2,400,000,000
Total number of issued stocks	562,600,000
Current period shareholders	186,071

Condition of Stocks

(1) Class of stocks issued

Issued stocks	Class	Number of issued stocks	Contents
	Common stock	562,600,000	The number of shares composing one share unit is 100.

(2) Major shareholders

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held	Percentage of shares held
Japan Post Holdings Co., Ltd.	362,732,400	64.48%
The Master Trust Bank of Japan, Ltd. (Trust Account)	17,137,500	3.05%
Custody Bank of Japan, Ltd. (Trust Account)	10,402,800	1.85%
Custody Bank of Japan, Ltd. (Trust Account 5)	3,749,300	0.67%
Custody Bank of Japan, Ltd. (Trust Account 6)	3,323,500	0.59%
STATE STREET BANK WEST CLIENT - TREATY 505234	3,231,400	0.57%
SMBC Nikko Securities Inc.	3,098,700	0.55%
Japan Post Insurance Employee Shareholding Association	2,994,800	0.53%
Custody Bank of Japan, Ltd. (Trust Account 1)	2,976,500	0.53%
Custody Bank of Japan, Ltd. (Trust Account 2)	2,375,800	0.42%

Notes: 1. Percentage of shares held is calculated excluding treasury stock (11,150 shares) and rounded to two decimal places.

Treasury stock does not include the 156,200 shares of the Company's stock held in the Board Benefit Trust (BBT).

2. Due to our acquisition of treasury stock, etc. announced in May 2021, the number of shares and percentage of shares held of Japan Post Holdings Co., Ltd. decreased to 199,426,100 and about 49.9%, respectively.

Principal Shareholder

Name	Address of main place of business or sales	Paid-in capital or investment	Business outline	Date of establishment	Percentage of owned shares included in the total number of shares
Japan Post Holdings Co., Ltd.	Chiyoda-ku, Tokyo	¥3,500,000 million	Business management of Japan Post Group	January 23, 2006	64.48%

Notes: 1. Percentage of owned shares included in the total number of shares is calculated excluding treasury stock (11,150 shares) and rounded to two decimal places.

Treasury stock does not include the 156,200 shares of the Company's stock held in the Board Benefit Trust (BBT).

2. Due to our acquisition of treasury stock, etc. announced in May 2021, the ratio of shares held, etc. to the total number, etc. of shares, etc. of Japan Post Holdings Co., Ltd. decreased to about 49.9%.

Accounting Advisor

Not applicable.

Independent Auditor

The Independent Auditor in the fiscal year ended March 31, 2021 was as follows.
KPMG AZSA LLC

(Designated Limited Liability Partners, Engagement Partners)

Certified Public Accountant TATSUMI Yukihiisa

Certified Public Accountant KANNO Masako

Certified Public Accountant SATO Eihiro

Total Number of Employees and Conditions of Employment

(Unit: persons, years)

Category	As of the end of FY2020/3	As of the end of FY2021/3	FY2020/3	FY2021/3	As of the end of FY2020/3		As of the end of FY2021/3	
	Total	Total	Staff employed	Staff employed	Average age	Average years of service	Average age	Average years of service
In-house employees	6,534	6,503	209	137	39.5	15.1	40.2	15.7
(Male)	3,341	3,302	72	31	42.6	18.4	43.4	19.1
(Female)	3,193	3,201	137	106	36.3	11.8	37.0	12.3
Sales employees	1,104	1,142	94	123	38.5	14.1	38.1	13.7
(Male)	929	931	51	63	40.2	15.7	40.2	15.6
(Female)	175	211	43	60	29.3	5.7	28.7	5.1

- Notes: 1. The number of employees excludes employees assigned to other companies by Japan Post Insurance Co., Ltd., but includes employees assigned to Japan Post Insurance Co., Ltd. by other companies. The figures exclude non-regular employees (including indefinite-term employees based on the indefinite-term employment conversion system).
2. Average number of years of service represents the number of years of continuous service including years at the Ministry of Posts and Telecommunications, the Postal Services Agency (Ministry of Internal Affairs and Communications) and Japan Post.
3. Average age and average years of service are based on attained ages as of March 31, 2021, and truncated to the first decimal place.
4. The number of sales employees in the Total column represents those serving at the Whole Sales Division at branches, or a specific section in the Head Office Whole Sales Department (referring exclusively to life insurance sales personnel).
5. The number of sales employees in the Staff employed column represents those assigned to the Whole Sales Division at branches or a specific section in the Head Office Whole Sales Department at employment.

Average Monthly Salary (In-house employees)

(Thousands of yen)

Category	March 2020	March 2021
In-house employees	362	365

Note: Average monthly salary represents the pre-tax regular salary for March 2021, which excludes bonuses and overtime allowances.

Average Monthly Salary (Sales employees)

(Thousands of yen)

Category	March 2020	March 2021
Sales employees	312	314

Notes: 1. Average monthly salary represents the pre-tax regular salary for March 2021, which excludes bonuses and overtime allowances.

2. Sales employees refer to those serving in the Whole Sales Division at branches, or a specific section in the Head Office Whole Sales Department (referring exclusively to life insurance sales personnel).

Summary of the Subsidiaries

(1) Major Businesses and the Organizational Structure

Number of consolidated subsidiaries: One

(2) Subsidiaries

Name	Location	Amount of capital stock	Description of business	Date of establishment	Ratio of the voting rights in the subsidiary held by the Company against the voting rights held by all shareholders or equity holders	Ratio of the voting rights in the subsidiary held by the subsidiaries of the Company against the voting rights held by all shareholders or equity holders
JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd.	Shinagawa-ku, Tokyo	¥500 million	Commissioning of design, development, maintenance and operation of information systems	March 8, 1985 (Date of share acquisition: October 3, 2011)	100 %	—

(3) Outline of Business in the Most Recent Fiscal Year

JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd. is mainly engaged in the design, development and maintenance of software for systems that support the Company's business activities. In the fiscal year ended March 31, 2021, the subsidiary worked together with the Company to complete important development projects, such as the next-generation open systems development project, and engaged in work-style reforms, such as arranging the environment to work from home, in order to protect the safety, security, and the health of employees in response to the spread of COVID-19.

Major Insurance Products for Individuals

(As of July 1, 2021)

	Purpose of Policy	Nickname/Product Name
Whole life insurance	For lifetime coverage	<i>Shin Nagaiki Kun</i> (flat-type) (fixed amount type whole life insurance), <i>Shin Nagaiki Kun</i> (flat-type) (low cash value) (fixed amount type whole life insurance (low cash value))
	For balanced lifetime coverage	<i>Shin Nagaiki Kun</i> (balance-type, double) (double-type whole life insurance), <i>Shin Nagaiki Kun</i> (balance-type, double) (low cash value) (double-type whole life insurance (low cash value)), <i>Shin Nagaiki Kun</i> (balance-type, fivefold) (fivefold-type whole life insurance), <i>Shin Nagaiki Kun</i> (balance-type, fivefold) (low cash value) (fivefold-type whole life insurance (low cash value))
	For lifetime coverage with perks	<i>Shin Nagaiki Kun</i> (special-type) (special whole life insurance), <i>Shin Nagaiki Kun</i> (special-type) (low cash value) (special whole life insurance (low cash value))
	For lifetime coverage for those with chronic diseases	<i>Kampo ni Omakase</i> (whole life type) (ordinary whole life insurance with relaxed underwriting criteria), <i>Kampo ni Omakase</i> (whole life type) (low cash value) (ordinary whole life insurance with relaxed underwriting criteria (low cash value))
Educational endowment insurance	For preparing for educational funds	<i>Hajime no Kampo</i> educational (endowment insurance (H24))
Endowment insurance	For coverage and benefits at maturity	<i>Shin Free Plan</i> , <i>Shin Free Plan</i> (short-term premium payment) (ordinary endowment insurance)
	For full coverage and benefits at maturity	<i>Shin Free Plan</i> (double benefit) (double-type special endowment insurance), <i>Shin Free Plan</i> (fivefold benefit) (fivefold-type special endowment insurance), <i>Shin Free Plan</i> (tenfold benefit) (tenfold-type special endowment insurance)
	For coverage and benefits at maturity for those with chronic diseases	<i>Kampo ni Omakase</i> (maturity type) (ordinary endowment insurance with relaxed underwriting criteria)
Term insurance	For large coverage with lower burden	<i>Shin Ordinary Term Insurance</i> (ordinary term insurance)
Longevity support insurance	For preparing for longevity risk with surplus funds	<i>Choju no Shiawase</i> (longevity support insurance (low cash value))
Asset-formation insurance	For asset formation by workers	Asset-formation savings insurance, asset-formation housing funding insurance, asset-formation whole life annuities

Major Insurance Products for Corporate Clients

	Nickname/Product Name
Own products	<p><i>Shin Free Plan (ordinary endowment insurance)</i> <i>Shin Free Plan (double, fivefold and tenfold benefits) (special endowment insurance)</i> <i>Kampo ni Omakase (maturity type) (ordinary endowment insurance with relaxed underwriting criteria)</i></p> <p><i>Shin Ordinary Term Insurance (ordinary term insurance)</i></p>
Products sold on commission (Term insurance)	<p>NN Life Insurance Company, Ltd. Quality (term insurance), Smart Term (no cash value term insurance) and Term insurance/Increasing term insurance</p> <p>SUMITOMO LIFE INSURANCE COMPANY Term life insurance Emblem YOU Premium (low cash value term insurance without a dividend)</p> <p>The Dai-ichi Life Insurance Company, Limited Success (long-term life insurance 2018), Just (no cash value term insurance 2018), and Majesty (increasing term life insurance 2018)</p> <p>Tokio Marine & Nichido Life Insurance Co., Ltd. Term Life Insurance [without dividend], Nagawari Teiki (Term Life Insurance with special provisions for lower surrender benefits [without dividend]), Increasing Term Life Insurance with lower surrender benefits [without dividend] and Term Life Insurance with Disaster Coverage Period [without dividend]</p> <p>Nippon Life Insurance Company Nissay Long-Term Term Insurance, Long-term life coverage with period of extensive coverage for accidents insurance, Nissay Term Life Insurance, and Nissay Increasing Term Insurance</p> <p>The Neo First Life Insurance Company, Limited Limited term security for fulfilling of accidental death term insurance</p> <p>Mitsui Sumitomo Aioi Life Insurance Company, Limited Term Life Insurance without Dividend, Term Life Insurance (No Surrender Value) without Dividend, and Increasing Term Life Insurance without dividend</p> <p>Meiji Yasuda Life Insurance Company New term life insurance E (New term life insurance with interest dividends every five years), New increasing term life insurance, and Increasing term life insurance with three-year disaster coverage with dividends every five years (low cash value), Increasing term life insurance with two-year disaster coverage</p>
Products sold on commission (General welfare group term insurance)	<p>MetLife Insurance K. K. General welfare group term insurance and nonparticipating group insurance (general welfare group term insurance without a dividend)</p>
Products sold on commission (Cancer insurance)	<p>Aflac Life Insurance Japan Ltd. Days 1—Cancer insurance for daily living (cancer insurance with low or no cash value 2018) Days 1 Plus—Cancer insurance for daily living (for policyholders of cancer insurance with no cash value 2018) Days supporting you—Cancer insurance for daily living (special cancer insurance with no cash value)</p>

Notes: 1. The company names are listed in the order of the Japanese syllabary.

2. The riders that can be added to the above products are limited.

*As of March 31, 2021, we have stopped handling products sold on commission (term insurance). The products we offer could change in the future.

Message from the CEO

About Japan Post Insurance

Business Strategy for Value Creation

Management Base to Support Value Creation

Corporate Information

Financial Statements

Major Riders

(As of July 1, 2021)

Name	Outline
Non-participating accidental rider	Offers provision for death or disability due to injuries from an unexpected accident
Non-participating injury medical care rider	Offers provision for hospitalization, surgery and radiation therapy as prescribed in the rider due to injuries from an unexpected accident
Non-participating general medical care rider	Offers provision for hospitalization, surgery and radiation therapy as prescribed in the rider due to illness or injuries from an unexpected accident
Non-participating general medical care rider with relaxed underwriting criteria	Offers provision for hospitalization, surgery and radiation therapy as prescribed in the rider due to illness or injuries from an unexpected accident, with relaxed underwriting criteria
Non-participating advanced medical care rider	Offers provision for treatment that falls under advanced medical care received due to illness or injuries from an unexpected accident

Note: For details, please refer to the Product Leaflet, the Insurance Design Document (Contract Outline), Precautions about Insurance Contracts (Information Calling for Attention), and Contract Guidelines and Policy Conditions.

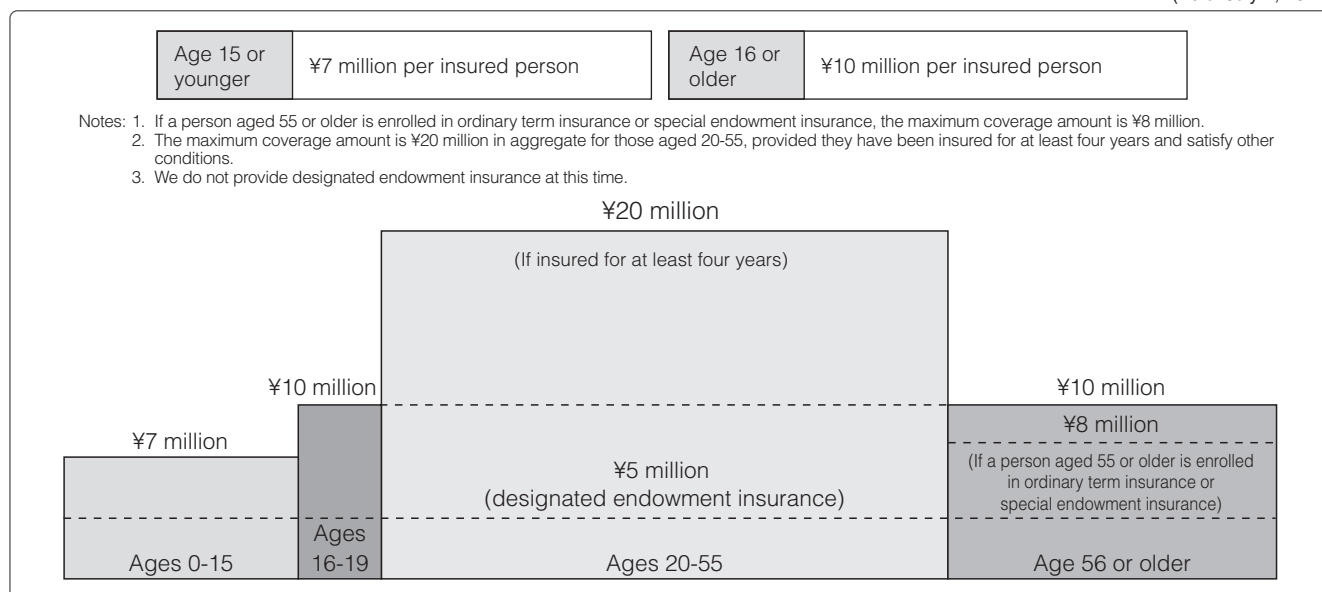
Maximum Amount of Insurance Coverage

For the insurance policies we offer, the maximum amount of insurance coverage per insured person is stipulated by Article 137 of the Postal Service Privatization Act and other regulations. Any application for insurance coverage exceeding the maximum amount shall be declined. If such excess in coverage is found after the insurance policy or rider is signed, such contract shall be cancelled.

Persons insured under Postal Life Insurance, which was succeeded by the Management Network from Japan Post, can be insured by our policy up to the amount calculated by deducting the insured amount of the Postal Life Insurance from the maximum amount of insurance coverage.

Maximum Coverage Amount of the Basic Insurance Policy (The ages in the chart below are calculated based on the attained age.)

(As of July 1, 2021)



Note: In addition to the maximum coverage amounts stipulated by the above-mentioned law, there is a certain range of limitation on the maximum insurance coverage according to the age of the insured person or type of insurance, such as a limitation on the insurance amount if the attained age of the insured person is less than 15 years of age.

Maximum Coverage Amount of the Basic Annuity Policy

- First-year basic annuity amount of ¥0.9 million per insured person

Includes the annuity amount under longevity support insurance.

Maximum Amount of Insurance Coverage for Riders

Type of rider	Maximum amount of insurance coverage	Notes
(Accidental rider)	¥10 million in aggregate per insured person	<ul style="list-style-type: none"> In addition to the maximum coverage amounts stipulated by laws and regulations, there is a certain range of limitation on the insurance amount of the rider that can be added, according to the type of basic insurance policy.
Non-participating accidental rider		
(Nursing care rider)		
(Accident hospitalization rider)	¥10 million in aggregate per insured person	<ul style="list-style-type: none"> The accidental rider, non-participating accidental rider and nursing care rider are under a separate heading. In addition to the maximum coverage amounts stipulated by laws and regulations, there is a certain range of limitation on the insurance amount of the rider that can be added, according to the type of basic insurance policy.
(Illness hospitalization rider)		
(Illness and accident hospitalization rider)		
(Non-participating accident hospitalization rider)		
(Non-participating illness and accident hospitalization rider)		
Non-participating injury medical care rider		
Non-participating general medical care rider		
Non-participating general medical care rider with relaxed underwriting criteria		
Non-participating advanced medical care rider		

We do not provide the riders above in parentheses at this time.

Maximum Amount of Total Insurance Premiums Payable

- ¥5.5 million on a combined basis for asset-formation savings insurance and asset-formation housing funding insurance

Apart from the above, asset-formation insurance products are subject to restrictions under relevant laws and regulations such as the limitation of total amount of insurance premiums payable.

Briefing on Important Matters/Provision of Literature about Disadvantageous Information

We will present proposals that are beneficial and thus satisfactory to each customer, based on their individual circumstances including income and asset status, participation in other insurance policies, and life plans identified through the process of understanding individual needs and intention.

To prevent customers from suffering disadvantages due to not being informed adequately about insurance products and systems, we will provide careful explanations to ensure full understanding of our insurance policies, in consideration of each customer's age, knowledge and experience, while also providing documents on the content of an insurance policy, including the policy coverage, the limitations on benefit

payments, amount of insurance coverage and the duty of declaration. To that end, we deliver the summaries that explain items we would especially like customers to confirm, including an "Insurance Design Document (Contract Outline)" and "Precautions about Insurance Contracts (Information Calling for Attention)," while making explanations.

Please be sure to review the "Insurance Design Document (Contract Outline)" and the "Precautions about the Insurance Contract (Information Calling for Attention)," and confirm that you understand the content, as well as that of the "Contract Guidelines and Policy Conditions," before applying for enrollment.

Notice of Policy Details

Japan Post Insurance sends a “Notice of Policy Details” to each policyholder during their birth month every year so that policyholders can reconfirm their policies’ details and update the information therein if necessary. This notice serves as information to ensure that policyholders can feel secure about continuing their policy contracts and that insurance benefits can be received without fail.

The Notice contains information such as the bank account for the receipt of insurance benefits and other

benefits, the designation of the beneficiary of insurance benefits and registered family members, the coverage of the insurance policy held, the premiums paid, the policyholder dividend and the status of loans to the policyholder, so customers can confirm the content of the policy.

Quantity and Content of Customer Feedback

The number of complaints received from customers during the period from April 1, 2020 to March 31, 2021 was as follows.

Note: We define all expressions of customer dissatisfaction as “complaints.” The number of complaints includes complaints related to Postal Life Insurance management operations.


Content	Fiscal year ended March 31, 2021		Key examples
	Number of complaints	%	
New policies (Enrollment in insurance policies)	105,888	60.6%	<ul style="list-style-type: none"> · Dissatisfaction with explanation at time of enrollment · Dissatisfaction with underwriting examination
Collection of premiums (Payments of premiums, etc.)	5,824	3.3%	<ul style="list-style-type: none"> · Dissatisfaction with bank account transfers and deposits
Policy maintenance (Procedures, dividends and other issues following enrollment in a policy)	21,806	12.5%	<ul style="list-style-type: none"> · Dissatisfaction with surrender procedures · Dissatisfaction with change of name or address
Insurance benefits (Payments of insurance benefits)	32,946	18.9%	<ul style="list-style-type: none"> · Dissatisfaction with benefit payment procedures · Dissatisfaction with payment procedures for maturity benefits
Other (Attitude and manners)	8,210	4.7%	<ul style="list-style-type: none"> · Dissatisfaction with attitude and manners of sales personnel · Dissatisfaction with after-sales service
Total	174,674	100.0%	

Management of Conflicts of Interest

To prevent our customers' interests from being unduly harmed in conjunction with conflicts of interest transactions between our customers and Japan Post Insurance, we have released the "Conflicts of Interest Management Regulations" in light of the Insurance Business Act and Financial Instruments and Exchange Act, and other laws and regulations. In accordance with these regulations, we engage in appropriate

business conduct that complies with laws and regulations, internal rules and ethical standards.

Japan Post Group has released the "Japan Post Group Conflicts of Interest Management Policy." This Policy governs the management of conflicts of interest transactions by our Group as a whole in order to prevent our customers' interests from being unduly harmed.

 Japan Post Group Conflicts of Interest Management Policy

https://www.jp-life.japanpost.jp/english/aboutus/company/en_abt_cmp_conflicts.html

Life Insurance Policyholders Protection Corporation of Japan

Unlike the Postal Life Insurance Policies before privatization, the life insurance policies of Japan Post Insurance after privatization do not involve government guarantees for payment of insurance claims. The policyholders' protection scheme applies to life insurance policies in the same way as other life insurance companies.

● Life Insurance Policyholders Protection Corporation of Japan

Life Insurance Policyholders Protection Corporation of Japan ("Protection Corporation") is a corporation established pursuant to the Insurance Business Act. It serves as a mutual assistance mechanism for the purpose of life insurance policyholder protection in the event of the default of a member life insurance company. The Protection Corporation engages in processes and measures including financial support for facilitating the transfer of the insurance portfolio from the insurer in default, along with the succeeding insurer's general business administration, underwriting of the transferred portfolio and financial support for the payment of insurance claims covered under the policyholder protection scheme, as well as the purchase of rights of claim for insurance concerned, in an effort to ensure policyholder protection, thereby sustaining the credibility of the life insurance industry.

Because of the nature of life insurance policies, taking out a new insurance policy under the same conditions as the insurer in default could involve some difficulty due to the policyholder's age and health status. Therefore, in the event of the default of an insurance company, the Protection Corporation provides financial support for the transfer of the insurance portfolio, thereby ensuring continuous insurance coverage for the policyholder.

The portfolio subject to transfer covered under the policyholder protection scheme must, according to the provisions of the Insurance Business Act, etc., comprise life insurance policies originally written in Japan (excluding those associated with the specified special account ^(*) for performance-linked insurance contracts), in which the limits of indemnity are set to be equivalent to 90% of the relevant policy reserve, etc. ^(*), except for the high assumed interest rate

policies ^(*) (which does not mean that the policyholder protection scheme provides 90% of the level of protection provided by the original insurance claims or annuities ^(*)).

The transfer of the insurance portfolio might involve, apart from the reduction in policy reserve, etc., changes in experience assumptions (including assumed interest rate, assumed rate of mortality and assumed rate of expenses) that serve as the basis of calculating policy terms and conditions, in order to ensure adequate maintenance of the insurance portfolio with reasonable security on a continuous basis, which could entail a reduction in the level of protection provided by the original insurance policies or annuities. Furthermore, special early surrender loading (involving a special surrender charge apart from the normal surrender charge for a certain period of time, for the purpose of sustaining a group of insured parties and the insurance policies associated therewith) might be established.

*1 This refers to a special account for the insurance policies that do not involve minimum guarantees (such as guaranteed minimum death benefit and guaranteed minimum maturity benefit) of the insurance policies involving the establishment of a special account. Corporate reorganization procedures for the insurer in default might be based on the preparation of a reorganization plan without involving a reduction in the policy reserve, etc., for the insurance policies concerned (whether implementing such reduction or not shall be determined in the course of an individual reorganization procedure).

*2 Policy reserve, etc. refers to the reserve funded based on insurance premiums and investment proceeds for the future payment of insurance claims, annuities and benefits.

*3 This refers to the policies with an assumed interest rate constantly beyond a basic interest rate ^(Note 1) in the five years prior to the default ^(Note 2). For such policies, the limit of indemnity for the policy reserve, etc. shall be as follows, provided, however, that such limit shall not go below the limit of reimbursement in the case where no financial support is provided to the insurer in default.

*4 Likewise, it does not mean that the Protection Corporation provides 90% of the level of the guaranteed minimum maturity benefit originally provided under the individual variable annuity.

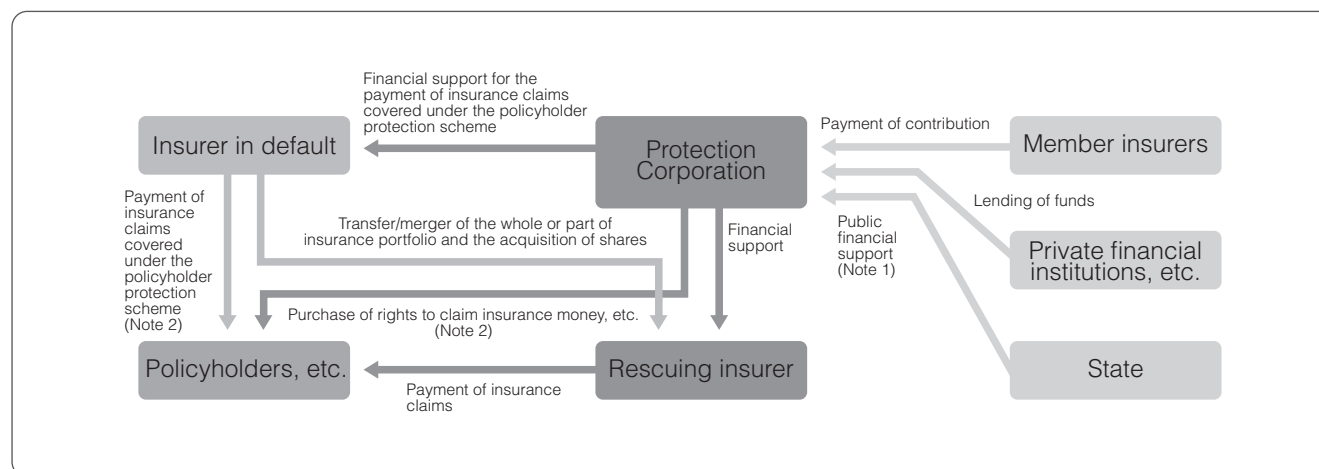
$$\text{Indemnity ratio in the high assumed interest rate policies} = 90\% - \frac{\text{[aggregate of (assumed interest rate less basic interest rate in each year in the past 5 years)]}}{2}$$

Notes: 1. The basic interest rate shall be determined by the Commissioner of the Financial Services Agency and the Minister of Finance, based on the average rate of investment returns in the past five years at life insurance companies. The current basic interest rate is 3% (information about the current basic interest rate is provided on our website).

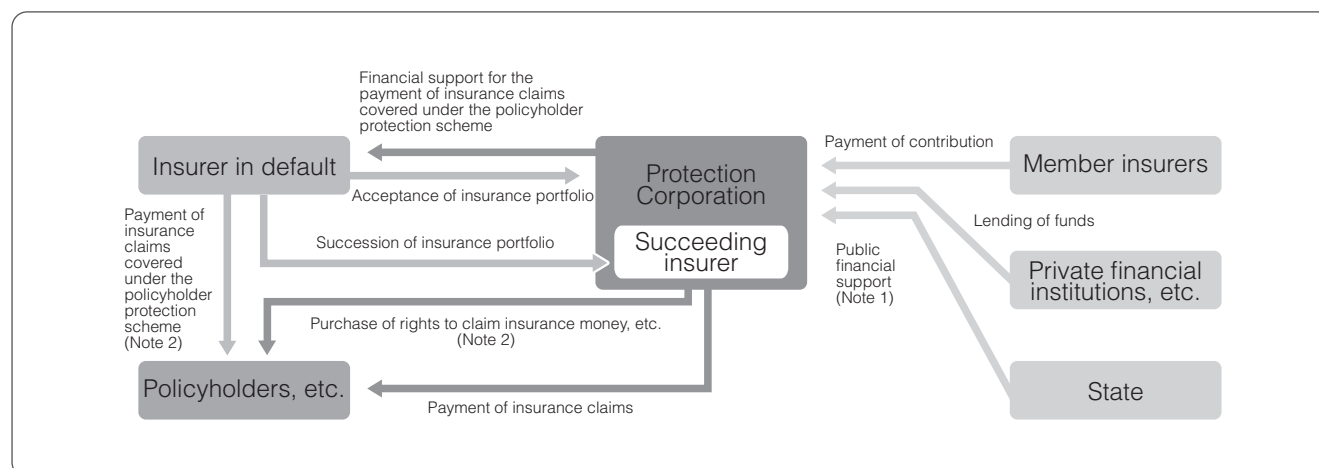
2. In the case where different assumed interest rates apply to the basic coverage and riders under one policy, each such basic coverage and rider applied by a different assumed interest rate shall be regarded as an independent insurance policy, and subject to the evaluation to determine whether it constitutes a high assumed interest rate policy. Meanwhile, in the case of a collective insurance policy such as a group insurance policy where a premium is paid by each insured individual to whom a different assumed interest rate applies, each such insured individual is considered to have taken out an independent insurance policy individually, and is subject to the evaluation regarding whether or not such independent individual policy constitutes a high assumed interest rate policy. However, in the case of defined contribution plan products, each insured individual is subject to the evaluation regarding whether or not he/she is a holder of a high assumed interest rate policy, regardless of whether he/she pays the premium.

● Illustrated Outline of the Scheme

In the case where a rescuing insurer appears



In the case where no rescuing insurer appears



Notes: 1. The aforementioned "public financial support" is provided in the form of a government measure against the default of a life insurance company in the period up to the end of March 2022, approved through deliberation in the Diet, in the case where contributions by the member insurers fail to cover the cost for the financial support.

2. This refers to the payment of insurance claims, covered under the policyholder protection scheme based on insurable events during the default proceedings, as well as the Protection Corporation's purchase of rights to claim insurance money, etc. associated with the insurance policies covered under the policyholder protection scheme. In such instances, the payment ratio and purchase ratio are the same as the ratio of the limit of indemnity for policy reserve, etc. (The ratios in the case of high assumed interest rate policies are as described in (*).)

* All descriptions of the scheme, including the scope and the limit of indemnity of the policies covered under the policyholder protection scheme, are based on current laws and regulations, and could be subject to change in the future in accordance with revisions of relevant laws and regulations.

[Reference] Government guarantee for the Postal Life Insurance Policies

The administration of the Postal Life Insurance Policies taken out before privatization will be succeeded and managed by the Management Network until expiry. The government guarantee for the payment of insurance claims associated with them will continue until those policies expire.

Unlike the Postal Life Insurance Policies, the life insurance policies of Japan Post Insurance do not involve a government guarantee for the payment of insurance claims. The policyholders' protection scheme applies to the life insurance policies in the same way as other life insurance companies.

Principal Risk Categories and Definitions

We manage risk by designating risk management sections in respective risk categories. The Risk Management Department, which is in charge of the overall control of risk management, verifies the status of respective risk management sections based on their reports, while periodically reporting on relevant matters to the Risk Management Committee.

Risk management in each risk category is described in the sections below.

Insurance Underwriting Risk

Life insurance policies are contracts that provide long-term coverage to policyholders against the risk of death, illness or injury. When underwriting, we need to make an accurate assessment and analysis of potential risks and appropriately reflect identified risks in the corresponding premiums.

Accordingly, we undertake such activities as verifying our setting of premium rates and assessing and analyzing the occurrence of insured events.

The Economic Value Promotion Office, Actuarial and Accounting Department, which is the section that manages underwriting risk, conducts risk management appropriately by measuring the amount

of insurance underwriting risk, evaluating the profitability of each product sold and verifying the appropriateness of our underwriting standards from a medical perspective.

As required in managing insurance underwriting risk, we cede reinsurance upon fully studying the financial status of reinsurers. On the other hand, when underwriting reinsurance, we secure the required information, study the profitability and risk characteristics and verify whether the underwriting risk is limited so as to cause no serious impact on management.

Investment Risk

To provide for anticipated payment of insurance claims and other benefits, we need to carefully manage funds entrusted to us from customers under life insurance policies.

Based on this perspective, in order to maintain sound management and offer assurance to customers, we have a basic investment policy to ensure stable asset management by investing in and financing yen-denominated interest-bearing assets, such as Japanese public and corporate bonds and loans, matched to the long-term and fixed interest rate characteristics of our liabilities. With a view to improving profitability, we also deepen and sophisticate asset management, considering market constraints and soundness.

The Risk Management Department, which is the section in charge of investment risk management, the Credit Assessment Department and the General Affairs Department are assigned the task of managing investment risk. These sections monitor investment risk and enforce appropriate management under a checks and balances system with departments of the head office in charge of business execution. The Risk Management Department provides comprehensive management of investment risk, working in collaboration with the Credit Department and General Affairs Department. Meanwhile, we strive to develop adequate risk management systems according to the risk profiles of our asset portfolio which is becoming advanced and sophisticated.

Funding Risk

The life insurance business involves making and receiving payments to and from customers and business partners as we pay insurance claims and other benefits and conduct fund management. Any trouble in the settlement of these funds will not just cause inconvenience to the parties concerned but will also lead to situations that preclude the continued operation of the business itself.

To avoid such situations and ensure smooth cash flows, we enforce rigorous fund management by monitoring incoming and outgoing cash flows, including the receipt of premiums and payment of insurance claims, on a daily basis.

The Cash-Flow and Expense Management Department, which is the section responsible for funding risk management, has defined categories corresponding to cash flow tightness and established risk management standards in each category. The section implements appropriate management of funding risk by performing management and verification in accordance with these standards. Moreover, we carry out stress tests related to funding risks, assuming a large amount of policy surrenders and lapses, in an effort to improve cash flow management.

Market Liquidity Risk

We might sell assets in which we have made investments using funds entrusted to us from customers, and could incur losses when we are forced to execute such transactions at extremely unfavorable prices compared to normal or are unable to execute such transactions at all because of market turmoil.

Accordingly, we make investments primarily in assets with high liquidity.

The Risk Management Department, which is the section in charge of market liquidity risk management, has established management standards to limit the holding of securities with low liquidity, etc. The section implements the appropriate management of market liquidity risk by performing management and verification in accordance with these standards.

Operational Risk

Our executives and employees strive to prevent operational risks that could cause inconvenience to our customers or corporate losses, and to appropriately respond when such risks occur. We have designated risk management sections in each detailed subcategory of operational risk, thereby identifying and assessing the location, scale and

nature of company-wide operational risk and managing the risk according to severity. In this way, we prevent operational risk from materializing and minimize losses in the event it does. The Risk Management Department works in collaboration with these risk management sections and provides comprehensive management of operational risk.

1) Processing Risk

Errors in business processing will cause considerable inconvenience to customers and result in the loss of our credibility. Departments of the head office and branches autonomously assess and address accidents that have occurred in the past and those that could foreseeably occur. This information is used to formulate and develop rules and standards to facilitate prompt and accurate administrative

processing, as well as to supervise and educate employees.

The Business Process Planning Department, which is the section in charge of processing risk management, evaluates and verifies whether risk management is appropriately conducted in each organization and makes efforts to suppress and minimize processing risk.

2) Computer System Risk

Under the current situation where an extensive scope of our business processing relies on information systems, major system failures or delays in system development could cause considerable inconvenience to customers and result in the loss of our credibility. Therefore, as the section responsible for computer system risk management, the IT Management Department strives to reduce computer system risk by verifying and supervising that the risk is appropriately managed by system administration personnel in the departments that maintain information systems.

We have formulated a manual to respond to a major system failure and set up a structure to take immediate action. For the overall information systems for Japan Post Insurance, our main systems, we operate main computer centers as well as backup centers in order to respond to risk resulting from a system failure. In case of a system failure, we investigate the impact on customers, analyze the causes and implement appropriate countermeasures in order to prevent recurrence.

3) Other Operational Risk Subcategories

Other detailed subcategories of operational risk are legal risk, human risk, reputational risk, tangible asset risk, outsourcing risk and compliance risk. For each subcategory, we designate a section to handle risk

management, undertake relevant activities and implement initiatives to enhance our risk management systems.

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Notes:

- Figures (except for % and ‰) shown in this Annual Report have been truncated, with exceptions as indicated.
- [-] indicates "not applicable," and [0] indicates less than one unit.

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1 Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

To address the issues related to solicitation quality that occurred during the fiscal year ended March 31, 2020, we have made company-wide efforts including investigation into insurance policies to eliminate disadvantages for customers and implementing preventive countermeasures. As for sales activities of products, which we have suspended and refrained from conducting since July 2019, we resumed our activities aimed at regaining customers' trust last October, placing top priority on apologizing to our customers. We then shifted to a new sales stance in April this year to reconstruct trust relationships with customers through sales activities by proposing insurance products and services in accordance with the needs of customers.

In response to the global spread of COVID-19, we have implemented a measure to include death due to COVID-19 in the scope of double payment of insurance benefits, the extension of the grace period for payment of premiums, and investments in COVID-19 bonds for the purpose of infectious disease countermeasures. We have continued initiatives like this to protect the lives of customers and support society as a whole as a life insurance company.

Ordinary income amounted to ¥6,786.2 billion (5.9% decrease year on year), comprising the sum of insurance premiums and others of ¥2,697.9 billion (16.9% decrease year on year), investment income of ¥1,121.6 billion (1.4% decrease year on year), and other ordinary income of ¥2,966.6 billion (4.9% increase year on year).

Ordinary expenses amounted to ¥6,440.4 billion (7.0% decrease year on year), comprising the sum of insurance claims and others of ¥5,866.0 billion (5.3% decrease year on year), investment expenses of ¥70.8 billion (42.9% decrease year on year), operating expenses of ¥403.0 billion (14.9% decrease year on year), and other ordinary expenses of ¥100.4 billion (25.9% decrease year on year).

As a result, ordinary profit amounted to ¥345.7 billion (20.6% increase year on year), and net income attributable to Japan Post Insurance amounted to ¥166.1 billion (10.2% increase year on year), which is calculated by subtracting extraordinary losses, provision for reserve for policyholder dividends, and total income taxes from ordinary profit.

2 Consolidated Financial Statements

JAPAN POST INSURANCE CO., LTD. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

MARCH 31, 2021 AND 2020

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2021	2020	2021
ASSETS:			
Cash and deposits (Notes 3 and 25)	¥ 1,335,014	¥ 1,410,298	\$ 12,059
Call loans (Note 25)	130,000	380,000	1,174
Receivables under securities borrowing transactions (Note 25)	2,585,087	3,191,710	23,350
Monetary claims bought (Note 25)	276,772	318,581	2,500
Money held in trust (Notes 4 and 25)	4,189,294	3,056,072	37,840
Securities (Notes 4, 5 and 25)	55,273,610	55,870,557	499,265
Loans (Notes 6 and 25)	4,964,087	5,662,748	44,839
Tangible fixed assets (Note 7):			
Land	47,828	47,828	432
Buildings	40,439	41,710	365
Leased assets	1,978	2,203	18
Construction in progress	579	176	5
Other tangible fixed assets	14,573	18,300	132
Total tangible fixed assets	105,399	110,219	952
Intangible fixed assets:			
Software	113,405	134,993	1,024
Other intangible fixed assets	14	16	0
Total intangible fixed assets	113,420	135,010	1,024
Agency accounts receivable	53,250	45,587	481
Reinsurance receivables	3,938	4,057	36
Other assets (Note 5)	239,354	306,596	2,162
Deferred tax assets (Note 15)	904,135	1,173,789	8,167
Reserve for possible loan losses	(384)	(448)	(3)
Total assets	¥ 70,172,982	¥ 71,664,781	\$ 633,845
LIABILITIES:			
Policy reserves and others:			
Reserve for outstanding claims (Note 8)	¥ 419,021	¥ 461,224	\$ 3,785
Policy reserves (Notes 8 and 13)	59,397,720	62,293,166	536,516
Reserve for policyholder dividends (Note 10)	1,342,855	1,437,535	12,129
Total policy reserves and others	61,159,597	64,191,926	552,431
Reinsurance payables	6,394	6,595	58
Bonds payable (Notes 11 and 25)	300,000	100,000	2,710
Payables under securities lending transactions (Notes 5, 11 and 25)	4,587,469	4,290,140	41,437
Other liabilities (Notes 11 and 14)	303,851	193,449	2,745
Reserve for insurance claims and others	2,851	29,722	26
Liability for retirement benefits (Note 12)	66,414	66,060	600
Reserve for management board benefit trust	110	164	1
Reserve for price fluctuations (Note 13)	904,816	858,339	8,173
Total liabilities	¥ 67,331,506	¥ 69,736,400	\$ 608,179
NET ASSETS (Note 16):			
Capital stock	¥ 500,000	¥ 500,000	\$ 4,516
Capital surplus	405,044	405,044	3,659
Retained earnings	901,390	756,665	8,142
Treasury stock	(397)	(422)	(4)
Total shareholders' equity	1,806,036	1,661,286	16,313
Net unrealized gains (losses) on available-for-sale securities	1,031,384	264,009	9,316
Net deferred gains (losses) on hedges	573	16	5
Accumulated adjustments for retirement benefits	3,480	3,067	31
Total accumulated other comprehensive income	1,035,438	267,094	9,353
Total net assets	2,841,475	1,928,380	25,666
Total liabilities and net assets	¥ 70,172,982	¥ 71,664,781	\$ 633,845

See accompanying notes to consolidated financial statements.

JAPAN POST INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED MARCH 31, 2021 AND 2020

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2021	2020	2021
ORDINARY INCOME:			
Insurance premiums and others (Note 19)	¥ 2,697,936	¥ 3,245,541	\$ 24,369
Investment income:			
Interest and dividend income	1,004,635	1,049,804	9,074
Gains on money held in trust	87,593	51,560	791
Gains on sales of securities	20,422	35,699	184
Gains on redemption of securities	1,170	614	11
Gains on foreign exchanges	7,759	—	70
Reversal of reserve for possible loan losses	0	8	0
Other investment income	86	101	1
Total investment income	1,121,668	1,137,789	10,132
Other ordinary income:			
Reversal of reserve for outstanding claims (Note 18)	42,203	58,343	381
Reversal of policy reserves (Note 18)	2,895,445	2,767,383	26,153
Other ordinary income	28,971	2,348	262
Total other ordinary income	2,966,621	2,828,074	26,796
Total ordinary income	6,786,226	7,211,405	61,297
ORDINARY EXPENSES:			
Insurance claims and others:			
Insurance claims (Note 20)	4,681,106	4,889,175	42,283
Annuity payments	359,821	394,005	3,250
Benefits	120,324	110,254	1,087
Surrender benefits	480,477	602,583	4,340
Other refunds	201,420	171,590	1,819
Reinsurance premiums	22,940	23,760	207
Total insurance claims and other	5,866,091	6,191,369	52,986
Provision for interest on policyholder dividends	8	8	0
Investment expenses:			
Interest expenses	2,312	2,132	21
Losses on sales of securities	32,789	32,020	296
Losses on valuation of securities	—	2,689	—
Losses on redemption of securities	10,950	6,847	99
Losses on derivative financial instruments	21,604	74,799	195
Losses on foreign exchanges	—	2,085	—
Other investment expenses	3,207	3,425	29
Total investment expenses	70,865	124,000	640
Operating expenses (Note 17)	403,033	473,871	3,640
Other ordinary expenses	100,492	135,553	908
Total ordinary expenses	6,440,490	6,924,803	58,174
Ordinary profit	345,736	286,601	3,123

See accompanying notes to consolidated financial statements.

EXTRAORDINARY GAINS (Note 21)
EXTRAORDINARY LOSSES (Note 22)
Provision for reserve for policyholder dividends (Note 23)
Income before income taxes
Income taxes (Note 15):
Current
Deferred
Total income taxes
Net income
Net income attributable to non-controlling interests
Net income attributable to Japan Post Insurance

Millions of Yen		Millions of U.S. Dollars (Note 1)
2021	2020	2021
¥ —	¥ 39,546	\$ —
46,732	303	422
65,465	109,236	591
233,537	216,607	2,109
91,632	143,539	828
(24,197)	(77,618)	(219)
67,434	65,920	609
¥ 166,103	¥ 150,687	\$ 1,500
¥ —	¥ —	\$ —
166,103	150,687	1,500

Per share of common stock (Note 30):
Basic net income
Diluted net income

Yen		U.S. Dollars
¥ 295.33	¥ 267.40	\$ 2.67
—	—	—

See accompanying notes to consolidated financial statements.

JAPAN POST INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED MARCH 31, 2021 AND 2020

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2021	2020	2021
Net income	¥ 166,103	¥ 150,687	\$ 1,500
Other comprehensive income (Note 24):			
Net unrealized gains (losses) on available-for-sale securities	767,374	(192,684)	6,931
Net deferred gains (losses) on hedges	556	(16)	5
Adjustments for retirement benefits	413	(221)	4
Total other comprehensive income (loss)	768,344	(192,923)	6,940
Comprehensive income (loss)	¥ 934,447	¥ (42,235)	\$ 8,440
Total comprehensive income (loss) attributable to:			
Japan Post Insurance	¥ 934,447	¥ (42,235)	\$ 8,440
Non-controlling interests	—	—	—

See accompanying notes to consolidated financial statements.

JAPAN POST INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

YEARS ENDED MARCH 31, 2021 AND 2020

	Millions of Yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
BALANCE, APRIL 1, 2019	¥ 500,000	¥ 500,044	¥ 675,526	¥ (450)	¥ 1,675,120
Changes in the fiscal year:					
Cash dividends			(64,578)		(64,578)
Net income attributable to Japan Post Insurance			150,687		150,687
Purchases of treasury stock				(99,999)	(99,999)
Disposals of treasury stock				57	57
Cancellation of treasury stock		(99,970)		99,970	—
Transfer from retained earnings to capital surplus		4,970	(4,970)		—
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	—	(95,000)	81,138	28	(13,833)
BALANCE, MARCH 31, 2020	500,000	405,044	756,665	(422)	1,661,286
Changes in the fiscal year:					
Cash dividends			(21,378)		(21,378)
Net income attributable to Japan Post Insurance			166,103		166,103
Purchases of treasury stock				(0)	(0)
Disposals of treasury stock				25	25
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	—	—	144,724	25	144,750
BALANCE, MARCH 31, 2021	¥ 500,000	¥ 405,044	¥ 901,390	¥ (397)	¥ 1,806,036

	Millions of Yen				
	Accumulated other comprehensive income				
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Total net assets
BALANCE, APRIL 1, 2019	¥ 456,694	¥ 33	¥ 3,289	¥ 460,017	¥ 2,135,137
Changes in the fiscal year:					
Cash dividends					(64,578)
Net income attributable to Japan Post Insurance					150,687
Purchases of treasury stock					(99,999)
Disposals of treasury stock					57
Cancellation of treasury stock					—
Transfer from retained earnings to capital surplus					—
Net changes in items other than shareholders' equity in the fiscal year	(192,684)	(16)	(221)	(192,923)	(192,923)
Net changes in the fiscal year	(192,684)	(16)	(221)	(192,923)	(206,756)
BALANCE, MARCH 31, 2020	264,009	16	3,067	267,094	1,928,380
Changes in the fiscal year:					
Cash dividends					(21,378)
Net income attributable to Japan Post Insurance					166,103
Purchases of treasury stock					(0)
Disposals of treasury stock					25
Net changes in items other than shareholders' equity in the fiscal year	767,374	556	413	768,344	768,344
Net changes in the fiscal year	767,374	556	413	768,344	913,094
BALANCE, MARCH 31, 2021	¥ 1,031,384	¥ 573	¥ 3,480	¥ 1,035,438	¥ 2,841,475

See accompanying notes to consolidated financial statements.

Millions of U.S. Dollars (Note 1)

Shareholders' equity

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
BALANCE, MARCH 31, 2020	\$ 4,516	\$ 3,659	\$ 6,835	\$ (4)	\$ 15,006
Changes in the fiscal year:					
Cash dividends			(193)		(193)
Net income attributable to Japan Post Insurance			1,500		1,500
Purchases of treasury stock				(0)	(0)
Disposals of treasury stock				0	0
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	—	—	1,307	0	1,307
BALANCE, MARCH 31, 2021	\$ 4,516	\$ 3,659	\$ 8,142	\$ (4)	\$ 16,313

Millions of U.S. Dollars (Note 1)

Accumulated other comprehensive income

	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Total net assets
BALANCE, MARCH 31, 2020	\$ 2,385	\$ 0	\$ 28	\$ 2,413	\$ 17,418
Changes in the fiscal year:					
Cash dividends					(193)
Net income attributable to Japan Post Insurance					1,500
Purchases of treasury stock					(0)
Disposals of treasury stock					0
Net changes in items other than shareholders' equity in the fiscal year	6,931	5	4	6,940	6,940
Net changes in the fiscal year	6,931	5	4	6,940	8,248
BALANCE, MARCH 31, 2021	\$ 9,316	\$ 5	\$ 31	\$ 9,353	\$ 25,666

See accompanying notes to consolidated financial statements.

JAPAN POST INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2021 AND 2020

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2021	2020	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes	¥ 233,537	¥ 216,607	\$ 2,109
Depreciation and amortization	59,387	57,496	536
Net change in reserve for outstanding claims	(42,203)	(58,343)	(381)
Net change in policy reserves	(2,895,445)	(2,767,383)	(26,153)
Provision for interest on policyholder dividends	8	8	0
Provision for reserve for policyholder dividends	65,465	109,236	591
Net change in reserve for possible loan losses	(64)	(10)	(1)
Net change in reserve for insurance claims and others	(26,870)	29,722	(243)
Net change in liability for retirement benefits	353	798	3
Net change in reserve for management board benefit trust	(53)	(38)	(0)
Net change in reserve for price fluctuations	46,477	(39,152)	420
Interest and dividend income (accrual basis)	(1,004,635)	(1,049,804)	(9,074)
Net (gains) losses on securities	22,147	5,243	200
Interest expenses (accrual basis)	2,312	2,132	21
Net (gains) losses on foreign exchanges	(7,759)	2,085	(70)
Net (gains) losses on tangible fixed assets	119	(272)	1
Net change in agency accounts receivable	(7,662)	(23,627)	(69)
Net change in reinsurance receivables	118	(185)	1
Net change in other assets (excluding those related to investing activities and financing activities)	2,584	47,682	23
Net change in reinsurance payables	(201)	125	(2)
Net change in other liabilities (excluding those related to investing activities and financing activities)	(1,108)	(23,353)	(10)
Other, net	(61,457)	26,826	(555)
Subtotal	(3,614,951)	(3,464,204)	(32,652)
Interest and dividend received (cash basis)	1,059,143	1,168,879	9,567
Interest paid (cash basis)	(2,041)	(2,080)	(18)
Policyholder dividends paid	(159,817)	(185,042)	(1,444)
Income taxes paid	(88,635)	(107,767)	(801)
Net cash used in operating activities	¥ (2,806,302)	¥ (2,590,214)	\$ (25,348)

See accompanying notes to consolidated financial statements.

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2021	2020	2021
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of call loans	¥ (7,660,000)	¥ (8,110,000)	\$ (69,190)
Proceeds from redemption of call loans	7,910,000	7,880,000	71,448
Net change in receivables under securities borrowing transactions	606,623	(399,508)	5,479
Purchases of monetary claims bought	(1,434,928)	(1,524,997)	(12,961)
Proceeds from sale and redemption of monetary claims bought	1,476,386	1,561,185	13,336
Purchases of money held in trust	(234,480)	(578,400)	(2,118)
Proceeds from decrease in money held in trust	34,428	26,627	311
Purchases of securities	(2,702,286)	(2,089,450)	(24,409)
Proceeds from sale and redemption of securities	3,659,771	4,484,366	33,057
Payments for loans	(571,239)	(718,896)	(5,160)
Proceeds from collection of loans	1,269,894	1,842,215	11,470
Net change in payables under securities lending transactions	297,328	867,329	2,686
Other, net	(63,911)	53,220	(577)
Total of net cash provided by investment transactions	2,587,587	3,293,691	23,373
Total of net cash provided by (used in) operating activities and investment transactions	(218,714)	703,477	(1,976)
Purchases of tangible fixed assets	(3,838)	(10,040)	(35)
Proceeds from sales of tangible fixed assets	—	573	—
Purchases of intangible fixed assets	(28,487)	(36,618)	(257)
Other, net	(986)	603	(9)
Net cash provided by investing activities	2,554,274	3,248,209	23,072
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of lease obligations	(669)	(875)	(6)
Proceeds from issuance of bonds	198,798	—	1,796
Purchases of treasury stock	(0)	(99,999)	(0)
Dividends paid	(21,385)	(64,529)	(193)
Net cash provided by (used in) financing activities	176,743	(165,405)	1,596
Effect of exchange rate changes on cash and cash equivalents	—	—	—
Net change in cash and cash equivalents	(75,283)	492,590	(680)
Cash and cash equivalents at the beginning of the year	1,410,298	917,708	12,739
Cash and cash equivalents at the end of the year (Note 3)	¥ 1,335,014	¥ 1,410,298	\$ 12,059

See accompanying notes to consolidated financial statements.

JAPAN POST INSURANCE CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2021 AND 2020

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of JAPAN POST INSURANCE Co., Ltd. (the "Company"), have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations concerning preparation of consolidated financial statements, the Ordinance for Enforcement of Insurance Business Act and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of the International Financial Reporting Standards. Intercompany balances and transactions have been eliminated.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

All Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen, except for per share information. Accordingly, the total of each account might not be equal to the combined total of individual items.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and mainly operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥110.71 to US\$1, the approximate rate of exchange as of March 31, 2021. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SIGNIFICANT ACCOUNTING POLICIES

(1) Consolidation and Equity Method

1) Scope of consolidation

Under Japanese GAAP, a company is required to consolidate any subsidiary when the company substantially controls the operations of the subsidiary, even if it is not majority owned. Control is defined as the power to govern the decision-making body of an enterprise. The consolidated financial statements for all periods presented include the accounts of the Company and a subsidiary, JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd. (collectively, the "Group"). There are no non-consolidated subsidiaries.

2) Application of the equity method

A company is required to apply the equity method accounting to its non-consolidated subsidiaries and affiliates under Japanese GAAP. There are no non-consolidated subsidiaries that qualify for the equity method accounting, while the Company has 3 affiliates in 2021 (3 in 2020) including Japan Post Investment Corporation that are not accounted for by the equity method because their net income (loss), retained earnings and others are immaterial, and the exclusion of these companies from the scope of com-

panies accounted for by the equity method does not hinder a reasonable understanding of the Group's financial position and results of operations.

3) Fiscal year-end date of the consolidated subsidiary

The fiscal year-end date of the consolidated subsidiary is the same as the consolidated balance sheet date.

(2) Securities

Securities including cash and deposits, as well as 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 the "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) Investments in non-consolidated subsidiaries and affiliates that are not accounted for by the equity method

Investments in non-consolidated subsidiaries and affiliates that are not accounted for by the equity method are carried at cost, and the cost of these securities sold is calculated using the moving-average method.

4) Available-for-sale securities

A) Available-for-sale securities at fair value

Available-for-sale securities at fair value are carried at their fiscal year-end market price, of which the average market prices during the final month of the fiscal year are used to value stocks. The cost of securities sold is calculated using the moving-average method.

B) Available-for-sale securities for which the fair values are deemed extremely difficult to determine

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

(3) Derivative Transactions

All derivative transactions are valued at fair value.

(4) Hedge Accounting**1) Methods for hedge accounting**

The Group 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, as well as 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). The exceptional method is used for interest rate swap contracts that are used as hedges and meet certain hedging criteria. Under this method, the net amount to be paid or received under the contract is added to or deducted from the interest on the loans for which the swap contract was executed.

2) Hedging instruments and hedged items

- A) Hedging instrument: Foreign currency exchange contracts
Hedged item: Foreign-currency-denominated bonds
- B) Hedging instrument: Interest rate swaps
Hedged item: Loans

3) Hedging policies

Foreign currency exchange contracts are used to hedge fluctuations in the 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 that applied the exceptional treatment for interest rate swaps.

(5) Depreciation**1) Tangible fixed assets (excluding leased assets)**

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

- Buildings : 2–60 years
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

The Group mainly leases vehicles under finance lease arrangements that do not transfer the ownership of leased property to the lessee.

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.

(6) 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 a 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 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 or civil rehabilitation, or that are 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. The reserve for possible loan losses also includes amounts set aside for other assets subject to valuation allowance. The amounts written off for loans and other assets during the years ended March 31, 2021 and 2020, were ¥96 million (\$1 million) and ¥49 million, respectively.

(7) Policy Reserves

To prepare for the fulfilment of future obligations under the insurance contracts with respect to policies that have commenced as of the fiscal year-end, policy reserves are calculated in accordance with the statement of calculation methodology for insurance premiums and policy reserves (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) and accumulated, pursuant to Article 116, Paragraph 1 of the Insurance Business Act.

The amount of policy reserves may be affected if actual results of basis of the calculation of policy reserves such as assumed mortality rates, assumed interest rates, and expected rate of expenses deviate significantly or deviations are expected in the future due to changes in the environment.

Among the policy reserves, insurance premium reserves are calculated based on the following methodology. The amount includes additional policy reserves accumulated for the portion of the reinsurance contracts issued to the Organization for Postal Savings, Postal Life Insurance and Post Office Network (hereinafter the "Management Network"), and for lump-sum payment annuities, pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

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

Pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, effective from the year ended March 31, 2011, additional policy reserves were accumulated, in preparation for the fulfilment of future obligations, over a 10-year period for a portion of the reinsurance contracts from the Management Network. As a result, the amount of provision for additional policy reserves was ¥176,734 million for the year ended March 31, 2020.

In addition, for the year ended March 31, 2021, additional policy reserves were accumulated for a portion of

the reinsurance contracts from the Management Network, pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act. As a result, the amount of additionally accumulated policy reserves was ¥245,841 million (\$2,221 million). However, there is no impact on ordinary profit and income before income taxes due to the reversal of contingency reserves in the same amount.

Among the policy reserves, contingency reserves are accumulated to ensure the fulfilment of future obligations under insurance contracts in preparation of possible future risks, pursuant to Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 3 of the Ordinance for Enforcement of the Insurance Business Act.

The Chief Actuary, pursuant to Article 121, Paragraph 1 of the Insurance Business Act and Article 80 of the Ordinance for Enforcement of the Insurance Business Act, confirms whether the policy reserves as of the fiscal year-end have been appropriately accumulated.

The Management Network was established in October 2007 to support the privatization of Japan Post by succeeding from Japan Post postal savings such as fixed amount or term postal savings deposited and Postal Life Insurance Contracts concluded by September 2007 to ensure that such postal savings and Postal Life Insurance are managed appropriately and to fulfill the relevant liabilities without fail.

The Company has entered into the reinsurance contracts comprising outsourcing agreements for the administrative operation of the Postal Life Insurance and the reinsurance contracts for insurance liabilities based on former Postal Life Insurance Contracts, for Postal Life Insurance Contracts concluded by September 2007 that have been assumed by the Management Network.

In addition, based on the master plan by the Postal Service Privatization Act, with respect to the amount equivalent to that lent to policyholders of the Postal Life Insurance Contracts and to Japanese local governments and others succeeded from Japan Post Corporation, the Company has lent loans to the Management Network under the same loan conditions as those of the contracts between Japan Post and its counterparties.

(8) Insurance Premiums

The first premium is recorded for premiums that have been collected and for which the policy has commenced, in the amount collected. Premiums thereafter are recorded in the amount of each collection.

The portion of collected insurance premiums corresponding to the unexpired period as of the fiscal year-end are accumulated as policy reserves, pursuant to Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Insurance Business Act.

(9) Insurance Claims and Others

When an insured event occurs and payment is made in the amount calculated based on the insurance contract, insurance claims and others (excluding reinsurance premiums) are recorded in the amount of the payment.

Reserve for outstanding claims has been accumulated for insurance claims and others, for which payment is due but has not been paid at the fiscal year-end, and for which

the occurrence of the insured event has not been reported but the Company deems that the insured event provided in the insurance contract has occurred but not yet paid, pursuant to Article 117 of the Insurance Business Act and Article 72 of the Ordinance for Enforcement of the Insurance Business Act.

(Additional information)

The Company has applied "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No. 24, March 31, 2020) to its consolidated financial statements from the year ended March 31, 2021. Accordingly, the Company has stated "(8) Insurance Premiums" and "(9) Insurance Claims and Others" as accounting principles and procedures adopted in cases where the relevant accounting standards are not clear.

(10) Reserve for Insurance Claims and Others

With regard to policies that have been discovered through investigations to have likely caused disadvantages to customers in a way that is not in line with their intentions, reserve for insurance claims and others is provided in the projected amount of insurance claims and others arising due to future policy measures to compensate customers for their disadvantages, based on the past record of efforts to address such disadvantages.

(11) Retirement Benefits

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

The 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.

Prior service cost 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 in the fiscal year of incurrence.

(Additional information)

In August 2020, the Company decided on and notified all concerned of the change to the Retirement Allowance Regulations effective October 1, 2020, whereby the lump-sum severance indemnity plans were revised in association with the extension of mandatory retirement age from 60 to 65. Due to this change, retirement benefit obligations decreased and prior service cost (favorable variance) of ¥1,273 million (\$11 million) was recognized.

(12) Reserve for Management Board Benefit Trust

To provide for the granting of shares and others of the Company to executive officers of the Company in accordance with the stock benefit rules, reserve for management board benefit trust is provided in the projected amount of stock benefit obligations.

(13) Reserve for Price Fluctuations

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

(14) Translation of Significant Assets and Liabilities Denominated in Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end.

(15) Consolidated Statement of Cash Flows

Cash and cash equivalents consist of “Cash and deposits” in the consolidated balance sheets.

(16) Consumption Taxes

All figures are net of consumption taxes.

(17) Unadopted Accounting Standards, etc.

–“Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019)

–“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019)

–“Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019)

–“Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020)

1) Outline

“Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (hereinafter collectively referred to as “Accounting Standard for Fair Value Measurement, etc.”) have been developed in order to enhance the comparability of accounting standards with international accounting standards. Consequently, guidance, etc., for fair value measurement has been issued. The Accounting Standard for Fair Value Measurement, etc., shall apply to the fair values of the following items:

–Financial instruments in the “Accounting Standard for Financial Instruments”

In addition, the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” has been revised and the notes to the breakdown, etc., of the fair value of financial instruments by level and other items have been established.

2) Scheduled date of adoption

Scheduled to be adopted from the beginning of the year ending March 31, 2022.

3) Impact of adoption of the accounting standards

The impact is under assessment at the time of preparing these consolidated financial statements.

(18) Additional Information**1) Transactions for granting shares and others of the Company to executive officers of the Company through a trust**

The Company has introduced a trust-based performance-linked stock compensation system for executive officers of the Company from the year ended March 31, 2017.

The Company has adopted “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc., through Trusts” (Practical Issues Task Force (“PITF”) No. 30, March 26, 2015) with respect to the accounting treatment of the aforementioned trust agreement.

A) Outline of the transaction

In accordance with predetermined stock benefit rules, the Company shall grant its executive officers a certain number of points depending on the performance for the fiscal year, and later shall have the Board Benefit Trust (BBT) grant executive officers who meet the requirements for eligibility at the time

of their retirement a given number of shares of the Company equivalent to the number of such points accumulated up to their retirement, as well as the amount of money equivalent to a certain portion of such number of shares, as calculated by the fair value at the time of their retirement.

Shares to be granted to executive officers, including the portion of shares to be granted in the future, are managed separately as trust assets through purchases by the trust bank from the stock market using the fund held in trust in advance by the Company.

B) Shares of the Company held in trust

Shares of the Company held in trust are recorded as treasury stock under the category of net assets at book value in the trust (excluding accompanying expenses). The book value of such treasury stock at the end of the years ended March 31, 2021 and 2020, was ¥367 million (\$3 million) and ¥393 million, respectively, while the number of such treasury stock was 156 thousand shares and 166 thousand shares, respectively.

2) Efforts to regain to customers’ trust

On December 27, 2019, the Company received administrative dispositions pursuant to the Insurance Business Act from the Financial Services Agency of Japan, on account of improper solicitation actions and underlying systematic problems. The Company is resolved to treat the implementation of the business improvement plan that it formulated as its top-priority management issue and is making company-wide efforts to do so. In addition, the Company has been confirming with all customers with insurance policies whether their insurance policies are in line with their intentions and compensating customers who have suffered disadvantages.

At the year ended March 31, 2020, the company reasonably estimated insurance-related expenses to be incurred due to the refund of premiums and the payment of insurance claims to compensate for the disadvantages suffered by customers, and recorded reserve for insurance claims and others in the amount of ¥29,722 million.

In the year ended March 31, 2021, the Company recorded the refund of premiums and the payment of insurance claims to compensate for the disadvantages suffered by customers as part of insurance claims and others, and the corresponding adjustment to policy reserves as part of reversal of policy reserves, while recording a reduction of the net amount totaling ¥21,589 million (\$195 million) from reserve for insurance claims and others at the end of the previous fiscal year, and a reversal of ¥5,280 million (\$48 million), as a result of reflecting the progress in the investigation of insurance policies in accounting estimates. Consequently, reserve for insurance claims and others stood at ¥2,851 million (\$26 million) as of March 31, 2021. The amounts of the aforementioned reduction and reversal of reserve for insurance claims and others are included in other ordinary income in the consolidated statement of income for the year ended March 31, 2021.

3. RECONCILIATIONS OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of March 31, 2021 and 2020, and cash and deposits in the consolidated balance sheets as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	2021	2020	2021
Cash and deposits	¥ 1,335,014	¥ 1,410,298	\$ 12,059
Cash and cash equivalents at the end of the year	¥ 1,335,014	¥ 1,410,298	\$ 12,059

4. SECURITIES

(1) Securities

Securities as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
March 31	2021	2020	2021
Japanese government bonds	¥ 37,345,671	¥ 36,730,786	\$ 337,329
Japanese local government bonds	5,593,508	6,737,380	50,524
Japanese corporate bonds	5,325,276	5,486,350	48,101
Stocks	403,593	285,991	3,645
Foreign securities	4,632,376	4,687,342	41,842
Other	1,973,184	1,942,706	17,823
Total	¥ 55,273,610	¥ 55,870,557	\$ 499,265

Investments in affiliates included in "Stocks" and "Other" as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	2021	2020	2021
Stocks (included in "Stocks")	¥ 495	¥ 495	\$ 4
Investments in capital (included in "Other")	17,366	9,427	157
Total	¥ 17,862	¥ 9,923	\$ 161

Securities lent under lending agreements in the amount of ¥5,249,528 million (\$47,417 million) and ¥4,872,448 million were included in "Securities" in the consolidated balance sheets as of March 31, 2021 and 2020, respectively.

The Group has the right to sell or pledge securities received as collateral for transactions such as borrowing agreements and exchange settlements. The fair value of such securities held in hand was ¥2,909,293 million (\$26,279 million) and ¥3,545,026 million as of March 31, 2021 and 2020, respectively.

(2) Policy-Reserve-Matching Bonds

The consolidated balance sheet amount and fair value of policy-reserve-matching bonds as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	2021	2020	2021
Consolidated balance sheet amount	¥ 9,382,446	¥ 9,574,646	\$ 84,748
Fair value	10,158,590	10,578,535	91,759

The outline of the risk management policy of policy-reserve-matching bonds was as follows:

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

- 1) Postal Life Insurance Contracts (insurance policies with a remaining period within 30 years)
- 2) Japan Post Insurance life insurance contracts (general) (all insurance policies)
- 3) Japan Post Insurance life insurance contracts (lump-sum payment annuity) (excluding some insurance types)

(3) Fair Value Information on Securities
1) Held-to-maturity bonds

(Millions of Yen)

	2021				
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31					
Bonds	¥ 35,327,980	¥ 40,512,921	¥ 5,184,940	¥ 5,225,937	¥ (40,996)
Japanese government bonds	29,111,354	33,971,068	4,859,713	4,893,310	(33,597)
Japanese local government bonds	4,159,058	4,374,098	215,039	218,181	(3,142)
Japanese corporate bonds	2,057,566	2,167,755	110,188	114,445	(4,256)
Total	¥ 35,327,980	¥ 40,512,921	¥ 5,184,940	¥ 5,225,937	¥ (40,996)

(Millions of Yen)

	2020				
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31					
Bonds	¥ 35,637,724	¥ 41,855,150	¥ 6,217,425	¥ 6,217,504	¥ (79)
Japanese government bonds	28,216,592	34,000,585	5,783,993	5,783,993	—
Japanese local government bonds	5,216,321	5,487,564	271,242	271,321	(79)
Japanese corporate bonds	2,204,810	2,367,000	162,189	162,189	—
Foreign securities	98,000	98,238	238	238	—
Foreign bonds	98,000	98,238	238	238	—
Total	¥ 35,735,724	¥ 41,953,389	¥ 6,217,664	¥ 6,217,743	¥ (79)

(Millions of U.S. Dollars)

	2021				
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31					
Bonds	\$ 319,104	\$ 365,937	\$ 46,834	\$ 47,204	\$ (370)
Japanese government bonds	262,951	306,847	43,896	44,199	(303)
Japanese local government bonds	37,567	39,510	1,942	1,971	(28)
Japanese corporate bonds	18,585	19,580	995	1,034	(38)
Total	\$ 319,104	\$ 365,937	\$ 46,834	\$ 47,204	\$ (370)

2) Policy-reserve-matching bonds

(Millions of Yen)

March 31

Bonds
Japanese government bonds
Japanese local government bonds
Japanese corporate bonds
Total

2021				
Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
¥ 9,382,446	¥ 10,158,590	¥ 776,143	¥ 798,498	¥ (22,355)
7,806,263	8,547,628	741,365	754,653	(13,288)
558,247	577,868	19,621	20,007	(385)
1,017,936	1,033,093	15,157	23,837	(8,680)
¥ 9,382,446	¥ 10,158,590	¥ 776,143	¥ 798,498	¥ (22,355)

(Millions of Yen)

March 31

Bonds
Japanese government bonds
Japanese local government bonds
Japanese corporate bonds
Total

2020				
Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
¥ 9,574,646	¥ 10,578,535	¥ 1,003,888	¥ 1,007,456	¥ (3,567)
8,166,779	9,106,225	939,445	939,446	(0)
570,267	595,338	25,070	25,124	(53)
837,599	876,971	39,372	42,885	(3,513)
¥ 9,574,646	¥ 10,578,535	¥ 1,003,888	¥ 1,007,456	¥ (3,567)

(Millions of U.S. Dollars)

March 31

Bonds
Japanese government bonds
Japanese local government bonds
Japanese corporate bonds
Total

2021				
Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
\$ 84,748	\$ 91,759	\$ 7,011	\$ 7,213	\$ (202)
70,511	77,207	6,696	6,816	(120)
5,042	5,220	177	181	(3)
9,195	9,332	137	215	(78)
\$ 84,748	\$ 91,759	\$ 7,011	\$ 7,213	\$ (202)

3) Available-for-sale securities

(Millions of Yen)

2021					
March 31	Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Bonds	¥ 3,554,029	¥ 3,519,145	¥ 34,883	¥ 42,363	¥ (7,480)
Japanese government bonds	428,052	425,434	2,617	3,424	(806)
Japanese local government bonds	876,202	874,051	2,151	2,703	(552)
Japanese corporate bonds	2,249,773	2,219,659	30,114	36,236	(6,122)
Stocks	398,858	322,829	76,028	77,138	(1,109)
Foreign securities	4,632,376	4,290,127	342,248	358,767	(16,518)
Foreign bonds	4,479,823	4,147,536	332,287	348,645	(16,358)
Foreign other securities	152,552	142,590	9,961	10,121	(159)
Other ¹	2,712,589	2,666,035	46,554	73,212	(26,658)
Total	¥ 11,297,852	¥ 10,798,137	¥ 499,715	¥ 551,482	¥ (51,766)

(Millions of Yen)

2020					
March 31	Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Bonds	¥ 3,742,144	¥ 3,700,415	¥ 41,729	¥ 46,711	¥ (4,981)
Japanese government bonds	347,414	340,299	7,115	7,223	(108)
Japanese local government bonds	950,791	948,633	2,158	2,657	(499)
Japanese corporate bonds	2,443,939	2,411,482	32,456	36,831	(4,374)
Stocks	281,256	322,068	(40,811)	3,885	(44,697)
Foreign securities	4,589,342	4,221,663	367,679	378,826	(11,146)
Foreign bonds	4,424,175	4,048,995	375,180	378,559	(3,379)
Foreign other securities	165,167	172,668	(7,500)	266	(7,766)
Other ²	2,786,861	2,858,425	(71,564)	17,886	(89,450)
Total	¥ 11,399,605	¥ 11,102,572	¥ 297,033	¥ 447,309	¥ (150,276)

(Millions of U.S. Dollars)

2021					
March 31	Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Bonds	\$ 32,102	\$ 31,787	\$ 315	\$ 383	\$ (68)
Japanese government bonds	3,866	3,843	24	31	(7)
Japanese local government bonds	7,914	7,895	19	24	(5)
Japanese corporate bonds	20,321	20,049	272	327	(55)
Stocks	3,603	2,916	687	697	(10)
Foreign securities	41,842	38,751	3,091	3,241	(149)
Foreign bonds	40,464	37,463	3,001	3,149	(148)
Foreign other securities	1,378	1,288	90	91	(1)
Other ¹	24,502	24,081	421	661	(241)
Total	\$ 102,049	\$ 97,535	\$ 4,514	\$ 4,981	\$ (468)

Notes:

1. "Other" includes negotiable certificates of deposit (cost: ¥480,000 million (\$4,336 million), consolidated balance sheet amount: ¥480,000 million (\$4,336 million)) presented as "Cash and deposits" in the consolidated balance sheet and monetary claims bought (cost: ¥275,183 million (\$2,486 million), consolidated balance sheet amount: ¥276,772 million (\$2,500 million)) as of March 31, 2021.
2. "Other" includes negotiable certificates of deposit (cost: ¥535,000 million, consolidated balance sheet amount: ¥535,000 million) presented as "Cash and deposits" in the consolidated balance sheet and monetary claims bought (cost: ¥316,576 million, consolidated balance sheet amount: ¥318,581 million) as of March 31, 2020.

4) Policy-reserve-matching bonds sold for the years ended March 31, 2021 and 2020

(Millions of Yen)

March 31

Bonds
Japanese government bonds
Japanese local government bonds
Japanese corporate bonds
Total

2021		
Sales	Gains	Losses
¥ 219,915	¥ 3,006	¥ -
183,831	2,424	-
18,702	312	-
17,381	269	-
¥ 219,915	¥ 3,006	¥ -

(Millions of Yen)

March 31

Bonds
Japanese government bonds
Total

2020		
Sales	Gains	Losses
¥ 198,497	¥ 5,779	¥ -
198,497	5,779	-
¥ 198,497	¥ 5,779	¥ -

(Millions of U.S. Dollars)

March 31

Bonds
Japanese government bonds
Japanese local government bonds
Japanese corporate bonds
Total

2021		
Sales	Gains	Losses
\$ 1,986	\$ 27	\$ -
1,660	22	-
169	3	-
157	2	-
\$ 1,986	\$ 27	\$ -

5) Available-for-sale securities sold for the years ended March 31, 2021 and 2020

(Millions of Yen)

March 31

Bonds
Japanese government bonds
Japanese corporate bonds
Stocks
Foreign securities
Foreign bonds
Foreign other securities
Other securities
Total

2021		
Sales	Gains	Losses
¥ 140,960	¥ 1,869	¥ (1,063)
124,627	1,789	(1,060)
16,333	80	(3)
136,613	14,692	(13,895)
127,647	853	(4,326)
95,207	853	(1,812)
32,440	-	(2,513)
136,495	-	(13,504)
¥ 541,718	¥ 17,416	¥ (32,789)

(Millions of Yen)

March 31

Bonds
Japanese government bonds
Japanese corporate bonds
Stocks
Foreign securities
Foreign bonds
Foreign other securities
Other securities
Total

2020		
Sales	Gains	Losses
¥ 201,051	¥ 6,878	¥ (802)
111,423	6,597	-
89,627	280	(802)
92,583	6,730	(11,204)
743,189	16,310	(18,307)
725,995	16,310	(18,166)
17,193	-	(140)
134,112	-	(1,705)
¥ 1,170,936	¥ 29,919	¥ (32,020)

(Millions of U.S. Dollars)

March 31

Bonds
Japanese government bonds
Japanese corporate bonds
Stocks
Foreign securities
Foreign bonds
Foreign other securities
Other securities
Total

2021		
Sales	Gains	Losses
\$ 1,273	\$ 17	\$ (10)
1,126	16	(10)
148	1	(0)
1,234	133	(126)
1,153	8	(39)
860	8	(16)
293	-	(23)
1,233	-	(122)
\$ 4,893	\$ 157	\$ (296)

6) Securities for which losses on valuation were recognized

No losses on valuation of securities were recognized for the year ended March 31, 2021. The Group recognized losses on valuation of available-for-sale securities with fair values of ¥2,689 million for the year ended March 31, 2020.

Available-for-sale securities with fair values declining by 50% or more of their acquisition costs shall, in principle, be subjected to recognition of losses on valuation, while those with fair values declining by 30% or more, but less than 50% of their acquisition costs, and for which their credit standing is deemed to be below a certain level, shall be subjected to recognition of losses on valuation, unless fair values are deemed likely to recover to the acquisition costs.

(4) Money Held in Trust**Money Held in Trust Classified as Other than Trading, Held-to-Maturity and Policy-Reserve-Matching**

(Millions of Yen)

		2021				
		Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31		¥ 3,696,910	¥ 2,776,753	¥ 920,156	¥ 970,021	¥ (49,865)
	Specified money held in trust					

(Millions of Yen)

		2020				
		Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31		¥ 2,744,305	¥ 2,671,219	¥ 73,086	¥ 339,561	¥ (266,474)
	Specified money held in trust					

(Millions of U.S. Dollars)

		2021				
		Consolidated balance sheet amount	Cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31	Specified money held in trust	\$ 33,393	\$ 25,081	\$ 8,311	\$ 8,762	\$ (450)

Note:

The Group recognized losses on valuation of ¥13,285 million (\$120 million) and ¥32,103 million for the years ended March 31, 2021 and 2020, respectively.

Stocks managed as trust assets with fair values declining by 50% or more of their acquisition costs shall, in principle, be subjected to recognition of losses on valuation, while those with fair values declining by 30% or more, but less than 50% of their acquisition costs, and for which market prices remain lower than a certain level, shall be subjected to recognition of losses on valuation, unless fair values are deemed likely to recover to the acquisition costs.

For stocks other than the above, those with fair values declining by 50% or more of their acquisition costs shall, in principle, be subjected to recognition of losses on valuation, while those with fair values declining by 30% or more, but less than 50% of their acquisition costs, shall be subjected to recognition of losses on valuation, unless fair values are deemed likely to recover to the acquisition costs.

5. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral as of March 31, 2021 and 2020, consisted of the following:

		Millions of Yen		Millions of U.S. Dollars
		2021	2020	2021
March 31	Assets pledged as collateral:			
	Securities	¥ 3,965,725	¥ 3,622,145	\$ 35,821
	Liabilities corresponding to assets pledged as collateral:			
	Payables under securities lending transactions	4,587,469	4,290,140	41,437

All of the above securities were pledged as collateral for securities lending transactions with cash collateral.

In addition to the above, the following was pledged as collateral for the transactions such as transactions under securities lending secured by securities and exchange settlements.

		Millions of Yen		Millions of U.S. Dollars
		2021	2020	2021
March 31	Securities	¥ 438,177	¥ 480,477	\$ 3,958
	Margin deposits for futures transactions	1,105	—	10
	Cash collateral paid for financial instruments	11,286	2,319	102

6. LOANS

There were no bankrupt loans, non-interest accrual loans, past due loans for three months or more, or restructured loans as of March 31, 2021 and 2020. 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 Order for Enforcement of the Corporation Tax Act (Ordinance No. 97 in 1965). The interest accruals of such loans are suspended because 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 to assist and support 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.

The amounts of unused commitments as of March 31, 2021 and 2020, were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
	¥ 24,863	¥ 17,717	\$ 225

Amount of unused commitments

7. TANGIBLE FIXED ASSETS

Accumulated depreciation as of March 31, 2021 and 2020, was as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
	¥ 53,637	¥ 45,479	\$ 484

Accumulated depreciation

8. REINSURANCE

Reserve for outstanding claims for reinsured part defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter the “reserve for outstanding claims—ceded”), as of March 31, 2021 and 2020, was as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
	¥ 418	¥ 473	\$ 4

Reserve for outstanding claims—ceded

Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance (hereinafter “policy reserves—ceded”) as of March 31, 2021 and 2020, were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
	¥ 935	¥ 967	\$ 8

Policy reserves—ceded

9. OBLIGATIONS TO THE LIFE INSURANCE POLICYHOLDERS PROTECTION CORPORATION OF JAPAN

The Company estimated future contributions to Life Insurance Policyholders Protection Corporation in the amounts of ¥33,629 million (\$304 million) and ¥34,524 million as of March 31, 2021 and 2020, respectively, pursuant to Article 259 of the Insurance Business Act. These obligations are recognized as operating expenses when they are made.

10. RESERVE FOR POLICYHOLDER DIVIDENDS

Changes in reserve for policyholder dividends for the years ended March 31, 2021 and 2020, were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Balance at the beginning of the year	¥ 1,437,535	¥ 1,513,634	\$ 12,985
Policyholder dividends paid	(159,817)	(185,042)	(1,444)
Interest accrual	8	8	0
Reduction due to the acquisition of additional annuity	(336)	(301)	(3)
Provision for reserve for policyholder dividends	65,465	109,236	591
Balance at the end of the year	¥ 1,342,855	¥ 1,437,535	\$ 12,129

11. BONDS PAYABLE, LEASE OBLIGATIONS AND OTHER INTEREST-BEARING DEBT

Bonds payable as of March 31, 2021 and 2020, were as follows:

March 31	Date of issuance	Millions of Yen		Millions of U.S. Dollars	Interest rate	Collateral	Maturity date
		2021	2020	2021			
Issued by JAPAN POST INSURANCE Co., Ltd.:							
First series of subordinated unsecured bonds with interest deferral option and early redemption option	January 29, 2019	¥ 100,000	¥ 100,000	\$ 903	1.00% ¹	None	January 29, 2049
Second series of subordinated unsecured bonds with interest deferral option and early redemption option	January 28, 2021	200,000	—	1,807	1.050% ²	None	January 28, 2051
Total	—	¥ 300,000	¥ 100,000	\$ 2,710	—	—	—

Notes:

1. Interest rate from the day immediately following January 29, 2029, shall be 6-month Euroyen LIBOR plus 1.78%.
2. Interest rate from the day immediately following January 28, 2031, shall be the interest rate of 5-year Japanese government bonds plus 2.010% (reset every five years).
3. No scheduled redemption is due within 5 years after the end of the year ended March 31, 2021.
4. Bonds payable are subordinated bonds stipulating that their priorities are ranked behind other obligations.

Lease obligations and other interest-bearing debt as of March 31, 2021 and 2020, were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars	Average interest rate	Due
	2021	2020	2021	2021	
Lease obligations	¥ 2,068	¥ 2,258	\$ 19	—	March 2028
Other interest-bearing debt:					
Payables under securities lending transactions	4,587,469	4,290,140	41,437	0.02%	—
Total	¥ 4,589,537	¥ 4,292,399	\$ 41,455	—	—

Notes:

1. Lease obligations are included in "Other liabilities" in the consolidated balance sheets.
2. The average interest rate of lease obligations is not presented above because interest is included in the total amount of lease payments.
3. The interest rates of payables under securities lending transactions are calculated using the weighted-average method based on the balance at the fiscal year-end.
4. Payables under securities lending transactions are scheduled to be settled within one year.

The repayment schedule on lease obligations as of March 31, 2021, was as follows:

March 31	Millions of Yen	Millions of U.S. Dollars
Within 1 year	¥ 602	\$ 5
Due after 1 year through 2 years	484	4
Due after 2 years through 3 years	372	3
Due after 3 years through 4 years	273	2
Due after 4 years through 5 years	181	2
Due after 5 years	152	1
Total	¥ 2,068	\$ 19

12. RETIREMENT BENEFITS

(1) Outline of Retirement Benefits

The Group has adopted lump-sum severance indemnity plans as unfunded defined benefit plans.

In addition, starting from October 1, 2015, the Company has joined the retirement pension plan based on the Act for Partial Amendment of the Act on National Public Officers' Retirement Allowance, etc., for the Purpose of Review over the Levels of the Retirement Benefits for National Public Officers (Act No. 96 of 2012) and introduced a new pension system to replace the discontinued occupational portion (third-tier portion) of the mutual pension, and the pension contribution amount required for the Company for the years ended March 31, 2021 and 2020, was ¥369 million (\$3 million) and ¥376 million, respectively.

(2) Defined Benefit Plans

1) Changes in retirement benefit obligations

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Balance at the beginning of the year	¥ 66,060	¥ 65,262	\$ 597
Service cost	4,152	4,221	38
Interest cost	455	451	4
Actuarial differences	31	(279)	0
Benefits paid	(3,041)	(3,591)	(27)
Prior service cost	(1,273)	—	(11)
Other	30	(2)	0
Balance at the end of the year	¥ 66,414	¥ 66,060	\$ 600

Note: Prior service cost was recognized due to the revision of the lump-sum severance indemnity plans in association with the extension of mandatory retirement age from 60 to 65.

2) Balance of retirement benefit obligations and reconciliations of liability for retirement benefits recorded on the consolidated balance sheets

March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Unfunded retirement benefit obligations	¥ 66,414	¥ 66,060	\$ 600
Liability for retirement benefits recorded on the consolidated balance sheets	¥ 66,414	¥ 66,060	\$ 600

3) Retirement benefit costs

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Service cost	¥ 4,152	¥ 4,221	\$ 38
Interest cost	455	451	4
Amortization of actuarial differences	(234)	(214)	(2)
Amortization of prior service cost	(434)	(373)	(4)
Other	134	115	1
Retirement benefit expenses of defined benefit plans	¥ 4,073	¥ 4,199	\$ 37

4) Adjustments for retirement benefits (before tax effect)

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Prior service cost	¥ 839	¥ (373)	\$ 8
Actuarial differences	(265)	65	(2)
Total	¥ 573	¥ (308)	\$ 5

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

March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Unrecognized prior service cost	¥ 4,186	¥ 3,347	\$ 38
Unrecognized actuarial differences	648	913	6
Total	¥ 4,835	¥ 4,261	\$ 44

6) Actuarial assumptions

The principal actuarial assumptions used for the years ended March 31, 2021 and 2020, were as follows:

Years ended March 31	2021	2020
Discount rate	0.3% – 0.7%	0.3% – 0.7%

13. RESERVES RELATED TO REINSURANCE CONTRACTS

Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Network 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 Organization for Postal Savings, Postal Life Insurance and Post Office Network (Act No. 101 of 2005). In addition, contingency reserve and reserve for price fluctuations are provided for the category of reinsurance.

The policy reserves, excluding contingency reserve, contingency reserve and reserve for price fluctuations mentioned above as of March 31, 2021 and 2020, were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Policy reserves (excluding contingency reserve)	¥ 31,408,726	¥ 33,324,093	\$ 283,703
Contingency reserve	1,129,662	1,320,677	10,204
Reserve for price fluctuations	655,111	631,990	5,917

14. DEPOSITS FROM THE MANAGEMENT NETWORK

"Other liabilities" in the consolidated balance sheets include deposits from the Management Network. Deposits from the Management Network 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 Network, which were deposited at the time of privatization based on the outsourcing agreements with the Management Network for the administrative operation of the Postal Life Insurance Policy and which remained unpaid at the end of the fiscal years ended March 31, 2021 and 2020.

Deposits from the Management Network as of March 31, 2021 and 2020, were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Deposits from the Management Network	¥ 41,143	¥ 42,231	\$ 372

15. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	2021	2020	2021
Deferred tax assets:			
Policy reserves	¥ 1,011,450	¥ 995,598	\$ 9,136
Reserve for price fluctuations	223,044	203,752	2,015
Reserve for outstanding claims	38,126	42,014	344
Liability for retirement benefits	18,638	18,537	168
Unrealized losses on available-for-sale securities	27,983	118,027	253
Other	30,223	35,567	273
Subtotal	1,349,468	1,413,497	12,189
Valuation allowance	(13,375)	(11,268)	(121)
Total deferred tax assets	1,336,093	1,402,228	12,068
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(422,761)	(219,330)	(3,819)
Other	(9,196)	(9,109)	(83)
Total deferred tax liabilities	(431,957)	(228,439)	(3,902)
Net deferred tax assets (liabilities)	¥ 904,135	¥ 1,173,789	\$ 8,167

Note: Deferred tax assets related to policy reserves and reserve for price fluctuations were recoverable because future taxable income would be generated over the long term and therefore deferred tax assets have an effect of reducing the amount of tax payable.

The Company and its domestic subsidiary are subject to Japanese national and local income taxes, which, in aggregate, would result in a statutory tax rate of approximately 28.00% for the years ended March 31, 2021 and 2020.

Reconciliation of the effective income tax rate reflected in the accompanying consolidated statements of income to the statutory tax rate for the year ended March 31, 2020, was as follows:

Year ended March 31	2020
Statutory tax rate	28.00%
Changes in valuation allowance	2.41
Other	0.02
Effective income tax rate	30.43%

Note: Reconciliation of the statutory tax rate and the effective income tax rate for the year ended March 31, 2021, is omitted as the difference was less than 5% of the statutory tax rate.

16. NET ASSETS

(1) Type and Number of Shares Issued and Treasury Stock

	Thousands of shares		
Year ended March 31, 2021	April 1, 2020	Increase	Decrease
Shares issued:			March 31, 2021
Common stock	562,600	—	—
Total	562,600	—	—
Treasury stock			
Common stock	178	0	10
Total	178	0	10

Notes:

- The number of treasury stock of common stock at the beginning and the end of the year ended March 31, 2021, included shares of the Company held in the BBT and was 166 thousand shares and 156 thousand shares, respectively.
- The increase of 0 thousand shares in the number of treasury stock was attributable to the purchases of shares of less than one unit.
- The decrease of 10 thousand shares in the number of treasury stock was attributable to the granting of shares via the BBT.

Year ended March 31, 2020	Thousands of shares			
	April 1, 2019	Increase	Decrease	March 31, 2020
Shares issued:				
Common stock	600,000	—	37,400	562,600
Total	600,000	—	37,400	562,600
Treasury stock				
Common stock	191	37,411	37,424	178
Total	191	37,411	37,424	178

Notes:

1. The decrease of 37,400 thousand shares in the number of shares issued was attributable to the cancellation of shares of treasury stock based on the resolution at the Board of Directors meeting held on May 15, 2019.
2. The number of treasury stock of common stock at the beginning and the end of the year ended March 31, 2020, included shares of the Company held in the BBT and was 191 thousand shares and 166 thousand shares, respectively.
3. The increase of 37,411 thousand shares of treasury stock of common stock was attributable to the purchases of treasury stock based on the resolution at the Board of Directors' meeting held on April 4, 2019.
4. The decrease of 37,424 thousand shares in the number of treasury stock was attributable to the cancellation of 37,400 thousand shares of treasury stock based on the resolution at the Board of Directors meeting held on May 15, 2019, and the granting of 24 thousand shares via the BBT.

(2) Information on Dividends**1) Dividends paid****Dividends paid for the year ended March 31, 2021**

Resolution	Class of shares	Total amount (Millions of Yen)	Total amount (Millions of U.S. Dollars)	Per share amount (Yen)	Per share amount (U.S. Dollars)	Record date	Effective date
Board of Directors' meeting held on May 15, 2020	Common stock	¥ 21,378	\$ 193	¥ 38.00	\$ 0.34	March 31, 2020	June 16, 2020

Note: Total amount of dividends included ¥6 million (\$0 million) of dividends paid to shares of the Company held in the BBT.

Dividends paid for the year ended March 31, 2020

Resolution	Class of shares	Total amount (Millions of Yen)	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 15, 2019	Common stock	¥ 43,200	¥ 72.00	March 31, 2019	June 18, 2019
Board of Directors' meeting held on November 14, 2019	Common stock	¥ 21,378	¥ 38.00	September 30, 2019	December 6, 2019

Notes:

1. Total amount of dividends based on the resolution at the Board of Directors' meeting held on May 15, 2019, included ¥13 million of dividends paid to shares of the Company held in the BBT and the amount of dividends per share included a special dividend of ¥4 per share.
2. Total amount of dividends based on the resolution at the Board of Directors' meeting held on November 14, 2019, included ¥6 million of dividends paid to shares of the Company held in the BBT.

2) Dividends for which the effective date falls after the end of the fiscal year**Dividends for which the effective date falls after the end of the year ended March 31, 2021**

Resolution	Class of shares	Total amount (Millions of Yen)	Total amount (Millions of U.S. Dollars)	Source of dividends	Per share amount (Yen)	Per share amount (U.S. Dollars)	Record date	Effective date
Board of Directors' meeting held on May 14, 2021	Common stock	¥ 42,756	\$ 386	Retained earnings	¥ 76.00	\$ 0.69	March 31, 2021	June 17, 2021

Note: Total amount of dividends includes ¥11 million (\$0 million) of dividends paid to shares of the Company held in the BBT.

17. OPERATING EXPENSES

Operating expenses for the years ended March 31, 2021 and 2020, consisted of the following:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Sales activity expenses	¥ 51,416	¥ 111,079	\$ 464
Sales administration expenses	10,917	15,003	99
General administration expenses	340,699	347,788	3,077
Total	¥ 403,033	¥ 473,871	\$ 3,640

18. REVERSAL OF RESERVE FOR OUTSTANDING CLAIMS AND REVERSAL OF POLICY RESERVES

The amount of reversal of reserve for outstanding claims—ceded that is deducted from the calculation of reversal of reserve for outstanding claims for the year ended March 31, 2021, was ¥54 million (\$0 million). 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 year ended March 31, 2020, was ¥18 million.

The amount of reversal of policy reserves—ceded that is deducted from the calculation of reversal of policy reserves for the years ended March 31, 2021 and 2020, was ¥32 million (\$0 million) and ¥18 million, respectively.

19. INSURANCE PREMIUMS AND OTHERS

Insurance premiums assumed based on reinsurance contracts with the Management Network included in insurance premiums and others for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Years ended March 31			
Insurance premiums	¥ 364,196	¥ 459,151	\$ 3,290

20. INSURANCE CLAIMS

Insurance claims based on reinsurance contracts with the Management Network included in insurance claims for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Years ended March 31			
Insurance claims	¥ 2,940,643	¥ 3,349,302	\$ 26,562

21. EXTRAORDINARY GAINS

Extraordinary gains for the years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Years ended March 31			
Gains on sales of fixed assets	¥ —	¥ 393	\$ —
Reversal of reserve for price fluctuations	—	39,152	—
Total	¥ —	¥ 39,546	\$ —

22. EXTRAORDINARY LOSSES

Extraordinary losses for the years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Years ended March 31			
Losses on sales and disposal of fixed assets	¥ 255	¥ 303	\$ 2
Provision for reserve for price fluctuations	46,477	—	420
Total	¥ 46,732	¥ 303	\$ 422

23. PROVISION FOR RESERVE FOR POLICYHOLDER DIVIDENDS

Provision for reserve for policyholder dividends, which is provided for the Management Network based on gains or losses and others arising in the category of reinsurance due to the reinsurance contracts with the Management Network, for the years ended March 31, 2021 and 2020, was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Years ended March 31			
Provision for reserve for policyholder dividends	¥ 46,710	¥ 93,775	\$ 422

24. OTHER COMPREHENSIVE INCOME

The amount reclassified and the tax-effect amounts related to other comprehensive income for the years ended March 31, 2021 and 2020, were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Net unrealized gains (losses) on available-for-sale securities:			
Amount arising during the fiscal year	¥ 1,062,340	¥ (299,101)	\$ 9,596
Reclassification adjustments	(1,491)	32,431	(13)
Before tax-effect adjustments	1,060,848	(266,670)	9,582
Tax effect	(293,473)	73,985	(2,651)
Net unrealized gains (losses) on available-for-sale securities	767,374	(192,684)	6,931
Net deferred gains (losses) on hedges:			
Amount arising during the fiscal year	778	(22)	7
Reclassification adjustments	(5)	—	(0)
Before tax-effect adjustments	772	(22)	7
Tax effect	(216)	6	(2)
Net deferred gains (losses) on hedges	556	(16)	5
Adjustments for retirement benefits:			
Amount arising during the fiscal year	1,181	279	11
Reclassification adjustments	(608)	(588)	(5)
Before tax-effect adjustments	573	(308)	5
Tax effect	(160)	86	(1)
Adjustments for retirement benefits	413	(221)	4
Total other comprehensive income (loss)	¥ 768,344	¥ (192,923)	\$ 6,940

25. FINANCIAL INSTRUMENTS

(1) Policy for Handling Financial Instruments

The Company promotes matching between assets and liabilities using yen-denominated interest-bearing assets, taking into consideration the characteristics of liabilities so as to maintain sound management and ensure payments for insurance claims and others. The Company endeavors to invest in yen-denominated bonds such as Japanese local government bonds and Japanese corporate bonds, of which the yield is expected to be relatively higher than that of Japanese government bonds, as well as in return-seeking assets (previously referred to as risk assets) including foreign bonds and stocks from the perspective of improving profitability and strengthening the risk management system.

Derivative transactions are used mainly as a hedging method against foreign exchange fluctuation risk and interest rate risk to our investment assets.

(2) Features and Risks of Financial Instruments

Financial assets owned by the Company consist mainly of securities and loans and are managed by using an asset liability management (ALM) framework. Such securities are exposed to credit risk of their issuing bodies as well as market price fluctuation risk and interest rate risk. In addition, foreign-currency-denominated bonds are exposed to foreign exchange risk. Moreover, the Company owns loans with floating interest rates, which are exposed to interest rate risk.

Derivative transactions that the Company uses are mainly foreign exchange contracts and interest rate swaps. These are identified as a key hedging method against foreign exchange fluctuation risk and interest rate risk. Other derivative transactions are also used mainly for the purpose of hedging, and the market-related risk of derivative transactions is therefore reduced and limited.

(3) Risk Management Framework for Financial Instruments

1) Management of market risk

Market risk is the risk of losses resulting from fluctuation in the value of assets and liabilities held that include off-balance-sheet assets and liabilities due to fluctuations in various market risk factors such as interest rates, foreign exchange rates and stock prices. Market risk is categorized into interest rate risk and market price fluctuation risk for its management. Interest rate risk is the risk of losses resulting from fluctuation in the value of interest-bearing assets denominated in yen and insurance liabilities due to fluctuations in yen interest rates, and the risk arises as the Company has a certain limit in matching assets with liabilities as an insurance company with a mission to offer universal service products including endowment insurance and whole life insurance. Market price fluctuation risk is any market risk other than interest rate risk.

Among the company-wide risks including market risk, the Company identifies those that can be quantified and manages the company-wide risks by comparing the capital amount and the company-wide integrated risk amount calculated based on the amount of the quantified risks.

2) Management of credit risk

Credit risk is the risk of losses resulting from a decline or elimination in the value of assets including off-balance-sheet assets due to deterioration in the financial conditions of borrowers and other reasons.

To control investment and lending to borrowers with high credit risk, the Company manages its investment and lending by prescribing credit eligibility rules based on internal rating. Moreover, to prevent concen-

tration of credit risk on a particular borrower, group or industry, the Company establishes credit limits corresponding to internal rating and standards of credit shares by industry.

The results of their activities are reported to the risk management committee regularly.

(4) Additional Notes Concerning the Fair Value of Financial Instruments

The fair value of a financial instrument includes prices based on market quotations as well as rationally calculated prices for those for which the market prices are not readily available. In calculating prices, certain premises

and assumptions are adopted, and the use of different assumptions could lead to changes in pricing.

The contract amounts of derivative transactions in Note 26 "DERIVATIVE TRANSACTIONS" do not indicate the market risk related to derivative transactions.

(5) Fair Values of Financial Instruments

Amounts carried on the consolidated balance sheets, fair values and the differences between them as of March 31, 2021 and 2020, were as follows. Financial instruments for which the fair values are extremely difficult to determine are not included in the table below.

(Millions of Yen)

March 31

1) Cash and deposits	
Available-for-sale securities (negotiable certificates of deposit)	
2) Call loans	
3) Receivables under securities borrowing transactions	
4) Monetary claims bought	
Available-for-sale securities	
5) Money held in trust ¹	
6) Securities	
Held-to-maturity bonds	
Policy-reserve-matching bonds	
Available-for-sale securities	
7) Loans	
Policy loans	
Industrial and commercial loans ²	
Loans to the Management Network ²	
Reserve for possible loan losses ³	
Total assets	

1) Bonds payable	
2) Payables under securities lending transactions	
Total liabilities	

Derivative transactions ⁴	
Hedge accounting not applied	
Hedge accounting applied	
Total derivative transactions	

2021		
Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
¥ 1,335,014	¥ 1,335,014	¥ -
480,000	480,000	-
130,000	130,000	-
2,585,087	2,585,087	-
276,772	276,772	-
276,772	276,772	-
3,696,910	3,696,910	-
55,251,508	61,212,592	5,961,084
35,327,980	40,512,921	5,184,940
9,382,446	10,158,590	776,143
10,541,080	10,541,080	-
4,964,051	5,276,267	312,215
161,419	161,419	-
996,127	1,039,595	43,503
3,806,540	4,075,252	268,711
(36)	-	-
¥ 68,239,343	¥ 74,512,644	¥ 6,273,300
¥ 300,000	¥ 300,290	¥ 290
4,587,469	4,587,469	-
¥ 4,887,469	¥ 4,887,759	¥ 290
¥ (855)	¥ (855)	¥ -
(155,809)	(155,809)	-
¥ (156,665)	¥ (156,665)	¥ -

(Millions of Yen)

	2020		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
March 31			
1) Cash and deposits	¥ 1,410,298	¥ 1,410,298	¥ —
Available-for-sale securities (negotiable certificates of deposit)	535,000	535,000	—
2) Call loans	380,000	380,000	—
3) Receivables under securities borrowing transactions	3,191,710	3,191,710	—
4) Monetary claims bought	318,581	318,581	—
Available-for-sale securities	318,581	318,581	—
5) Money held in trust ¹	2,744,305	2,744,305	—
6) Securities	55,856,394	63,077,948	7,221,553
Held-to-maturity bonds	35,735,724	41,953,389	6,217,664
Policy-reserve-matching bonds	9,574,646	10,578,535	1,003,888
Available-for-sale securities	10,546,023	10,546,023	—
7) Loans	5,662,711	6,054,193	391,481
Policy loans	152,681	152,681	—
Industrial and commercial loans ²	994,446	1,051,900	57,491
Loans to the Management Network ²	4,515,620	4,849,611	333,990
Reserve for possible loan losses ³	(36)	—	—
Total assets	¥ 69,564,003	¥ 77,177,038	¥ 7,613,034
1) Bonds payable	¥ 100,000	¥ 98,740	¥ (1,260)
2) Payables under securities lending transactions	4,290,140	4,290,140	—
Total liabilities	¥ 4,390,140	¥ 4,388,880	¥ (1,260)
Derivative transactions ⁴			
Hedge accounting not applied	¥ (2)	¥ (2)	¥ —
Hedge accounting applied	36,998	36,998	—
Total derivative transactions	¥ 36,995	¥ 36,995	¥ —

(Millions of U.S. Dollars)

	2021		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
March 31			
1) Cash and deposits	\$ 12,059	\$ 12,059	\$ —
Available-for-sale securities (negotiable certificates of deposit)	4,336	4,336	—
2) Call loans	1,174	1,174	—
3) Receivables under securities borrowing transactions	23,350	23,350	—
4) Monetary claims bought	2,500	2,500	—
Available-for-sale securities	2,500	2,500	—
5) Money held in trust ¹	33,393	33,393	—
6) Securities	499,065	552,909	53,844
Held-to-maturity bonds	319,104	365,937	46,834
Policy-reserve-matching bonds	84,748	91,759	7,011
Available-for-sale securities	95,213	95,213	—
7) Loans	44,838	47,658	2,820
Policy loans	1,458	1,458	—
Industrial and commercial loans ²	8,998	9,390	393
Loans to the Management Network ²	34,383	36,810	2,427
Reserve for possible loan losses ³	(0)	—	—
Total assets	\$ 616,379	\$ 673,043	\$ 56,664
1) Bonds payable	\$ 2,710	\$ 2,712	\$ 3
2) Payables under securities lending transactions	41,437	41,437	—
Total liabilities	\$ 44,147	\$ 44,149	\$ 3
Derivative transactions ⁴			
Hedge accounting not applied	\$ (8)	\$ (8)	\$ —
Hedge accounting applied	(1,407)	(1,407)	—
Total derivative transactions	\$ (1,415)	\$ (1,415)	\$ —

Notes:

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

2. In the column of "Net unrealized gains (losses)," the difference between the consolidated balance sheet amount after deduction of reserve for possible loan losses and the fair value is provided.

3. Reserve for possible loan losses corresponding to loans has been deducted.

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.

The calculation methods for fair values of financial instruments are as follows:

Assets

- 1) Cash and deposits
Deposits (including negotiable certificates of deposit) mature within the short term (one year), and their fair value approximates book value.
- 2) Call loans and 3) Receivables under securities borrowing transactions
These are settled within the short term (one year), and their fair value approximates book value.
- 4) Monetary claims bought
The fair value of monetary claims bought accounted for as securities in "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10) is calculated in a similar manner to the method described in 6) "Securities" below.
- 5) Money held in trust
The fair value of money held in trust is based on the price quoted by the exchange for stocks and the net asset value for mutual funds.
Money held in trust is provided in Note 4 (4) "Money Held in Trust" in accordance with the purpose of the holdings.
- 6) 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 the price offered by the financial institutions, while the fair value of stocks is based on the price quoted by the exchange. The fair value of mutual funds is based on the net asset value.

Securities are described in Note 4 "SECURITIES" in accordance with the purpose of keeping in possession.

7) Loans

For policy loans and those included in loans to the Management Network of Postal Life Insurance Contracts, book values are used as fair values because amounts are limited to the values of the 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, for which the 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 Network (excluding policy loans), fair value is based on a net discounted present value of future cash flows.

Liabilities

- 1) Bonds payable
The Reference Statistical Prices published by the Japan Securities Dealers Association are used as fair value.
- 2) Payables under securities lending transactions
These are settled within the short term (one year), and their fair value approximates book value.

Derivatives

Notes on the fair value of derivatives are presented in Note 26 "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.

The consolidated balance sheet amounts of financial instruments for which the fair values are deemed extremely difficult to determine are as shown below:

March 31

Money held in trust ¹	
Securities	
Unlisted stocks ²	
Investments in partnerships ²	
Total	

Notes:

1. Trust asset components such as unlisted stocks, etc., for which the fair values are deemed extremely difficult to determine, are not included in "Assets 5) Money held in trust."
2. Unlisted stocks and investments in partnerships where partnership assets comprise primarily unlisted stocks, etc., are not included in "Assets 6) Securities," as the fair values are deemed extremely difficult to determine.

Millions of Yen		Millions of U.S. Dollars
2021	2020	2021
¥ 492,384	¥ 311,766	\$ 4,448
22,102	14,162	200
4,735	4,735	43
17,366	9,427	157
¥ 514,487	¥ 325,929	\$ 4,647

Redemption schedules of major monetary claims and securities with maturities were as follows:

(Millions of Yen)

	2021			
	Within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
March 31				
Deposits	¥ 1,334,352	¥ —	¥ —	¥ —
Call loans	130,000	—	—	—
Receivables under securities borrowing transactions	2,585,087	—	—	—
Monetary claims bought	255,000	—	—	20,190
Securities	2,685,173	8,294,061	15,474,078	25,357,515
Held-to-maturity bonds	1,515,853	4,273,929	9,518,420	19,582,504
Bonds	1,515,853	4,273,929	9,518,420	19,582,504
Japanese government bonds	262,800	1,888,900	9,069,400	17,461,700
Japanese local government bonds	947,654	1,790,557	370,520	1,043,444
Japanese corporate bonds	305,399	594,472	78,500	1,077,360
Foreign securities	—	—	—	—
Policy-reserve-matching bonds	812,852	2,128,817	2,614,200	3,641,625
Bonds	812,852	2,128,817	2,614,200	3,641,625
Japanese government bonds	772,400	1,791,200	2,529,000	2,532,900
Japanese local government bonds	37,193	251,464	300	269,125
Japanese corporate bonds	3,259	86,153	84,900	839,600
Available-for-sale securities with maturities	356,467	1,891,315	3,341,458	2,133,385
Bonds	232,020	761,433	1,261,021	1,256,417
Japanese government bonds	—	—	—	426,800
Japanese local government bonds	77,096	225,037	420,083	148,351
Japanese corporate bonds	154,924	536,395	840,937	681,266
Foreign securities	124,447	1,129,882	2,080,436	862,725
Other securities	—	—	—	14,241
Loans	1,031,140	2,077,422	1,181,901	674,020
Total	¥ 8,020,753	¥ 10,371,484	¥ 16,655,979	¥ 26,051,727

(Millions of Yen)

	2020			
	Within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
March 31				
Deposits	¥ 1,409,812	¥ —	¥ —	¥ —
Call loans	380,000	—	—	—
Receivables under securities borrowing transactions	3,191,710	—	—	—
Monetary claims bought	295,000	—	—	21,577
Securities	2,230,230	9,591,623	14,025,937	26,583,415
Held-to-maturity bonds	1,475,873	4,806,182	8,406,920	20,575,151
Bonds	1,377,873	4,806,182	8,406,920	20,575,151
Japanese government bonds	75,700	1,170,100	8,107,700	18,400,300
Japanese local government bonds	1,112,901	2,736,211	250,620	1,109,691
Japanese corporate bonds	189,272	899,871	48,600	1,065,160
Foreign securities	98,000	—	—	—
Policy-reserve-matching bonds	416,864	3,003,336	2,369,100	3,572,773
Bonds	416,864	3,003,336	2,369,100	3,572,773
Japanese government bonds	377,000	2,631,100	2,361,600	2,589,200
Japanese local government bonds	25,090	306,238	400	238,173
Japanese corporate bonds	14,774	65,998	7,100	745,400
Available-for-sale securities with maturities	337,492	1,782,104	3,249,917	2,435,491
Bonds	308,797	737,396	1,414,651	1,228,801
Japanese government bonds	—	—	—	340,200
Japanese local government bonds	68,977	169,581	552,118	153,566
Japanese corporate bonds	239,820	567,814	862,532	735,034
Foreign securities	28,695	1,044,708	1,835,266	1,191,933
Other securities	—	—	—	14,755
Loans	1,119,837	2,381,209	1,393,775	768,317
Total	¥ 8,626,591	¥ 11,972,833	¥ 15,419,713	¥ 27,373,311

(Millions of U.S. Dollars)

March 31

	2021			
	Within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	\$ 12,053	\$ –	\$ –	\$ –
Call loans	1,174	–	–	–
Receivables under securities borrowing transactions	23,350	–	–	–
Monetary claims bought	2,303	–	–	182
Securities	24,254	74,917	139,771	229,044
Held-to-maturity bonds	13,692	38,605	85,976	176,881
Bonds	13,692	38,605	85,976	176,881
Japanese government bonds	2,374	17,062	81,920	157,725
Japanese local government bonds	8,560	16,173	3,347	9,425
Japanese corporate bonds	2,759	5,370	709	9,731
Foreign securities	–	–	–	–
Policy-reserve-matching bonds	7,342	19,229	23,613	32,893
Bonds	7,342	19,229	23,613	32,893
Japanese government bonds	6,977	16,179	22,843	22,879
Japanese local government bonds	336	2,271	3	2,431
Japanese corporate bonds	29	778	767	7,584
Available-for-sale securities with maturities	3,220	17,084	30,182	19,270
Bonds	2,096	6,878	11,390	11,349
Japanese government bonds	–	–	–	3,855
Japanese local government bonds	696	2,033	3,794	1,340
Japanese corporate bonds	1,399	4,845	7,596	6,154
Foreign securities	1,124	10,206	18,792	7,793
Other securities	–	–	–	129
Loans	9,314	18,765	10,676	6,088
Total	\$ 72,448	\$ 93,682	\$ 150,447	\$ 235,315

Redemption schedules of bonds payable and payables under securities lending transactions were as follows:

(Millions of Yen)

March 31

	2021					
	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Bonds payable	¥ –	¥ –	¥ –	¥ –	¥ –	¥ 300,000
Payables under securities lending transactions	4,587,469	–	–	–	–	–
Total	¥ 4,587,469	¥ –	¥ –	¥ –	¥ –	¥ 300,000

(Millions of Yen)

March 31

	2020					
	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Bonds payable	¥ –	¥ –	¥ –	¥ –	¥ –	¥ 100,000
Payables under securities lending transactions	4,290,140	–	–	–	–	–
Total	¥ 4,290,140	¥ –	¥ –	¥ –	¥ –	¥ 100,000

(Millions of U.S. Dollars)

March 31

	2021					
	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Bonds payable	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 2,710
Payables under securities lending transactions	41,437	–	–	–	–	–
Total	\$ 41,437	\$ –	\$ –	\$ –	\$ –	\$ 2,710

26. DERIVATIVE TRANSACTIONS

(1) Derivative Transactions to Which the Hedge Accounting Is Not Applied

Currency-related derivatives

(Millions of Yen)

March 31		2021			
Category	Type of derivative	Contract amount	Contract amount due after 1 year	Fair value	Net valuation gains (losses)
Over-the-counter transactions	Forward foreign exchange				
	Sold	¥ 16,771	¥ –	¥ (889)	¥ (889)
	U.S. dollars	16,771	–	(889)	(889)
	Bought	8,552	–	33	33
	U.S. dollars	8,552	–	33	33
	Total				¥ (855)

(Millions of Yen)

March 31		2020			
Category	Type of derivative	Contract amount	Contract amount due after 1 year	Fair value	Net valuation gains (losses)
Over-the-counter transactions	Forward foreign exchange				
	Sold	¥ 204	¥ –	¥ (2)	¥ (2)
	U.S. dollars	204	–	(2)	(2)
	Total				¥ (2)

(Millions of U.S. dollars)

March 31		2021			
Category	Type of derivative	Contract amount	Contract amount due after 1 year	Fair value	Net valuation gains (losses)
Over-the-counter transactions	Forward foreign exchange				
	Sold	\$ 151	\$ –	\$ (8)	\$ (8)
	U.S. dollars	151	–	(8)	(8)
	Bought	77	–	0	0
	U.S. dollars	77	–	0	0
	Total				\$ (8)

Note: Fair value is calculated using forward foreign exchange rates as of the consolidated fiscal year-end date.

(2) Derivative Transactions to Which the Hedge Accounting Is Applied

1) Currency-related derivatives

(Millions of Yen)

March 31			2021		
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	Foreign-currency-denominated bonds	¥ 3,467,449	¥ –	¥ (155,809)
	U.S. dollars		1,973,848	–	(75,029)
	Euros		537,353	–	(19,578)
	Australian dollars		413,962	–	(35,464)
	Other		542,285	–	(25,737)
	Total				¥ (155,809)

(Millions of Yen)

March 31			2020		
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		¥ 3,382,993	¥ —	¥ 36,973
	U.S. dollars	Foreign-currency-denominated bonds	2,093,405	—	(32,310)
	Euros		523,596	—	6,238
	Australian dollars		256,452	—	30,310
	Other		509,538	—	32,734
Total					¥ 36,973

(Millions of U.S. Dollars)

March 31			2021		
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		\$ 31,320	\$ —	\$ (1,407)
	U.S. dollars	Foreign-currency-denominated bonds	17,829	—	(678)
	Euros		4,854	—	(177)
	Australian dollars		3,739	—	(320)
	Other		4,898	—	(232)
Total					\$ (1,407)

Note: Fair value is calculated using forward foreign exchange rates as of the consolidated fiscal year-end date.

2) Interest-rate-related derivatives

There was no interest-rate-related derivative as of March 31, 2021.

(Millions of Yen)

March 31			2020		
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	¥ 6,150	¥ 3,900	¥ 24
Exceptional treatment for interest rate swaps	Interest rate swaps:				
	Receivable fixed rate/ Payable floating rate	Loans	26,050	23,950	— ²
Total					¥ 24

Notes:

1. 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.

27. LEASE TRANSACTIONS

Operating Leases

As lessee

Future lease payments under non-cancelable operating leases as of March 31, 2021 and 2020, were as follows:

March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Due within 1 year	¥ 6,292	¥ 5,749	\$ 57
Due after 1 year	34,198	40,433	309
Total	¥ 40,491	¥ 46,183	\$ 366

28. SEGMENT INFORMATION

(1) Segment Information

The Group has only one segment, namely, the life insurance business in Japan.

(2) Information on Losses on Impairment of Fixed Assets by Reportable Segment

No losses on impairment of fixed assets were recognized for the years ended March 31, 2021 and 2020.

(3) Supplemental Information

1) Information by product and service

The Group's products and services are placed under one category for the years ended March 31, 2021 and 2020.

2) Information by geographic region

Ordinary income in Japan exceeded 90% of ordinary income in the consolidated statements of income, and the balance of tangible fixed assets in Japan exceeded 90% of the total balance on the consolidated balance sheets for the years ended March 31, 2021 and 2020.

3) Information by major customer

No customer accounted for 10% or more of ordinary income in the consolidated statements of income for the years ended March 31, 2021 and 2020.

29. RELATED PARTY TRANSACTIONS

(1) Related Party Transactions

Transactions of the Company with related parties for the years ended March 31, 2021 and 2020, were as follows:

2021										
Type	Company name	Location	Capital	Business	Percentage of voting rights	Relationship	Transaction	Transaction amount	Account	Year-end balance
Parent company	JAPAN POST HOLDINGS Co., Ltd.	Chiyoda-ku, Tokyo	¥3,500,000 million (\$31,614 million)	Formulation of group management strategy	Directly owned 64.48%	Group management Interlocking officers	Payments of brand royalty fees ¹	¥2,739 million (\$25 million)	Accounts payable—other	¥251 million (\$2 million)
Subsidiary of parent company	JAPAN POST Co., Ltd.	Chiyoda-ku, Tokyo	¥400,000 million (\$3,613 million)	Postal and logistics business Post office business	—	Insurance agency Interlocking officers	Payments for commission of agency services ²	¥198,126 million (\$1,790 million)	Agency accounts payable	¥8,369 million (\$76 million)
2020										
Type	Company name	Location	Capital	Business	Percentage of voting rights	Relationship	Transaction	Transaction amount	Account	Year-end balance
Parent company	JAPAN POST HOLDINGS Co., Ltd.	Chiyoda-ku, Tokyo	¥3,500,000 million	Formulation of group management strategy	Directly owned 64.48%	Group management Interlocking officers	Payments of brand royalty fees ¹	¥2,958 million	Accounts payable—other	¥271 million
Subsidiary of parent company	JAPAN POST Co., Ltd.	Chiyoda-ku, Tokyo	¥400,000 million	Postal and logistics business Post office business	—	Insurance agency Interlocking officers	Payments for commission of agency services ²	¥248,798 million	Agency accounts payable	¥15,416 million

Notes:

- Based on the concept that the benefits of brand value enjoyed by the Company from maintaining its membership in Japan Post Group are reflected on the Company's performance, brand royalty fees are calculated by multiplying the amount of insurance policies in force as of the end of the previous fiscal year, which is a financial indicator whereupon such benefits have been reflected, by a fixed rate.
- The Company makes payments including commission of insurance solicitation calculated by multiplying the insurance amounts and the insurance premiums of each contract by the commission rates set for each class of insurance, and the commission of maintenance and collection calculated by multiplying the unit prices set for each type of outsourcing services, such as the collection of insurance premiums and payments for insurance money, by the volume of work.
- Transaction amount does not include consumption taxes. Year-end balance includes consumption taxes.
- In addition to the above, from the year ended March 31, 2020, out of the expenses required for the maintenance of the post office network, the expenses necessary to ensure universal service will be covered by the funds provided to JAPAN POST Co., Ltd., from the Management Network using the contributions from the Company and JAPAN POST BANK Co., Ltd., as funds, with the exception of the amount to be borne by JAPAN POST Co., Ltd., in accordance with the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network. In the years ended March 31, 2021 and 2020, the contributions paid by the Company to the Management Network amounted to ¥56,063 million (\$506 million) and ¥57,574 million, respectively.

(2) Parent Company

JAPAN POST HOLDINGS Co., Ltd. (Listed on the Tokyo Stock Exchange)

30. PER SHARE DATA

March 31

Net assets per share

Yen		U.S. Dollars
2021	2020	2021
¥ 5,052.12	¥ 3,428.71	\$ 45.63

Years ended March 31

Net income per share

Yen		U.S. Dollars
2021	2020	2021
¥ 295.33	¥ 267.40	\$ 2.67

Notes:

- Diluted net income per share is not presented for the years ended March 31, 2021 and 2020, as potential common stock did not exist.
- Net income per share is calculated based on the following:

Years ended March 31

Net income
Amount not attributable to common stockholders
Net income attributable to common stock

Millions of Yen		Millions of U.S. Dollars
2021	2020	2021
¥ 166,103	¥ 150,687	\$ 1,500
—	—	—
¥ 166,103	¥ 150,687	\$ 1,500

Years ended March 31

Average number of common stock during the fiscal year

Thousands of shares	
2021	2020
562,429	563,533

3. Net assets per share is calculated based on the following:

March 31

Net assets
Amount deducted from net assets
Net assets attributable to common stock at the fiscal year-end

Millions of Yen		Millions of U.S. Dollars
2021	2020	2021
¥ 2,841,475	¥ 1,928,380	\$ 25,666
—	—	—
¥ 2,841,475	¥ 1,928,380	\$ 25,666

March 31

Number of common stock at the fiscal year-end used for the calculation of net assets per share
--

Thousands of shares	
2021	2020
562,432	562,422

4. The Company establishes the Board Benefit Trust (BBT). Shares of the Company held in trust, which were recorded as treasury stock under the category of shareholders' equity, were included in treasury stock to be deducted from the calculation of the average number of shares during the fiscal year for the purpose of calculating net income per share. In addition, they were included in treasury stock to be deducted from the calculation of the total number of shares issued at the end of the fiscal year, for the purpose of calculating net assets per share.

The average number of treasury stock during the fiscal year that was deducted from the calculation of net income per share for the years ended March 31, 2021 and 2020, was 159,503 shares and 176,573 shares, respectively. The number of treasury stock at the end of the fiscal year that was deducted from the calculation of net assets per share as of March 31, 2021 and 2020, was 156,200 shares and 166,900 shares, respectively.

31. SUBSEQUENT EVENTS

(1) Acquisition of Treasury Stock

The Company resolved matters related to the acquisition of its treasury stock in accordance with Article 156, Paragraph 1 of the Companies Act based on Article 39, Paragraph 1 of the Articles of Incorporation complying with Article 459, Paragraph 1, Item 1 of the same Act at the Board of Directors meeting held on May 14, 2021, and the acquisition was completed on May 17, 2021.

1) Resolution of the Board of Directors Regarding the Acquisition of Treasury Stock

A) Reason for the acquisition of treasury stock

The acquisition of treasury stock was implemented with the aim of improving capital efficiency and enhancing shareholder returns. It was also intended to further advance the privatization of the postal service and lead to the relaxation of certain legal restrictions under the Postal Service Privatization Act, which are not applicable to other life insurance companies, by reducing the voting rights held in the Company by JAPAN POST HOLDINGS Co., Ltd., to 50% or less of total voting rights.

B) Details of the acquisition

- (i) Class of shares acquired: Common stock of the Company
- (ii) Total number of shares acquired: 162,906,300 shares (maximum)
(The ratio of the total number of shares acquired to the total number of shares issued (excluding treasury stock): 29.0%)
- (iii) Total amount of shares acquired: ¥439,847,010,000 (\$3,972,965,495) (maximum)
- (iv) Acquisition date: May 17, 2021
- (v) Method of acquisition: Purchases through the Off-auction Own Share Repurchase Trading system (ToSTNeT-3) of Tokyo Stock Exchange, Inc.

(vi) In addition to the matters described above, any matters required for the acquisition of treasury stock shall be determined at the sole discretion of the President, CEO, Representative Executive Officer of the Company or a person appointed by the President, CEO, Representative Executive Officer of the Company.

2) Details of the Acquisition of Treasury Stock

- A) Class of shares acquired: Common stock of the Company
- B) Total number of shares acquired: 162,906,300 shares
- C) Total amount of shares acquired: ¥358,882,578,900 (\$3,241,645,551)
- D) Acquisition date: May 17, 2021
- E) Method of acquisition: Purchases through the Off-auction Own Share Repurchase Trading system (ToSTNeT-3) of Tokyo Stock Exchange, Inc.

(2) Cancellation of Treasury Stock

The Company resolved to cancel its treasury stock in accordance with Article 178 of the Companies Act at the Board of Directors meeting held on July 28, 2021.

- 1) Class of shares to be cancelled: Common stock of the Company
- 2) Number of shares to be cancelled: 162,906,300 shares (29.0% of the total number of shares issued before the cancellation)
- 3) Scheduled date of the cancellation: August 20, 2021 (Reference)
Total number of shares issued (after the cancellation): 399,693,700 shares

Independent Auditor's Report



Independent auditor's report

To the Board of Directors of JAPAN POST INSURANCE Co., Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of JAPAN POST INSURANCE Co., Ltd. ("the Company") and its consolidated subsidiary (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2021 and 2020, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Accuracy of the calculation and sufficiency of policy reserves	
The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet of Japan Post Insurance Co., Ltd. (the “Company”) and its consolidated subsidiary, Policy reserves of ¥59,397,720 million were recognized as of March 31, 2021, accounting for a significant portion (88.2%) of total liabilities therein.</p> <p>As described in Note 2, “SIGNIFICANT ACCOUNTING POLICIES, (7) Policy Reserves”, policy reserves are set aside for the fulfilment of future obligations under the insurance contracts pursuant to the Insurance Business Act and other applicable laws and regulations (hereinafter collectively referred to as the “Act”).</p> <p>Pursuant to the Act, policy reserves, which represent a large portion of total liabilities of an insurance company, are required to be accumulated each accounting period in accordance with the statements of calculation methodology approved by the Financial Services Agency in Japan (FSA). In addition, the Act requires an insurance company to validate the sufficiency of policy reserves, and an additional policy reserve may be required to be provided for, as necessary.</p> <p>Policy reserves are calculated based on certain calculation assumptions affecting long-term future cash flows, such as assumed mortality rates, assumed interest rates, and expected operating expense ratios. The calculation formula for policy reserves stipulated in the statements of calculation methodology approved by the FSA is complex, and therefore involves a high level of expertise in actuarial valuation. In addition, pursuant to the Act, in order to validate the sufficiency of policy reserves, an analysis on future income and expenses must be performed by the chief actuary. This analysis requires significant management judgment on assumptions underlying the estimate of future cash flows, such as a level of insurance product sales, the amount of insurance claims and other benefit payments, investment income and operating</p>	<p>In order to assess whether the calculation of policy reserves was accurate and the amount of policy reserves was sufficient, we performed the following procedures, among others, by involving actuarial specialists and IT system specialists within our firm:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company’s internal controls over the processes to ensure the accuracy of the calculation and sufficiency of policy reserves. In the assessment, special attention was given to the following controls:</p> <ul style="list-style-type: none"> • IT controls over the policy reserve calculation system to ensure the accuracy of the calculation of policy reserves; • controls that the actuarial-related departments ensure that policy reserves are recognized completely for all of the Company’s insurance contracts; • controls that the actuarial-related departments ensure the accuracy of the calculation of policy reserves by reperforming the calculation of policy reserves on a sample basis, and assessing the consistency with the amount of policy reserves calculated by a system other than the policy reserve calculation system used for financial reporting purpose; and • controls that the Company’s management receives the opinion report of the chief actuary to evaluate the sufficiency of policy reserves. <p>(2) Assessment of the accuracy of the calculation of policy reserves</p> <ul style="list-style-type: none"> • We confirmed that the policy reserves for existing insurance products whose policy reserve rates were revised during the current fiscal year were accurately calculated in accordance with the statements of calculation methodology approved by the FSA through recalculation; and • We confirmed that the changes in policy reserves from the previous fiscal year were consistent with insurance premium, insurance claims and operating expenses for the current fiscal year. <p>(3) Assessment of the sufficiency of the amount of policy reserves</p>

expenses, which involves a high level of expertise in actuarial valuation.

We, therefore, determined that our assessment of the accuracy of the calculation and sufficiency of policy reserves was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

- We assessed whether the amount of policy reserves was sufficient by confirming that an analysis on future income and expenses was appropriately performed pursuant to the Act in accordance with the “Standard of Practice for Appointed Actuaries of Life Insurance Companies” issued by the Institute of Actuaries of Japan, and comparing the amount of policy reserves with the calculation results of the previous fiscal year; and
- We assessed the contents of the opinion and supplementary reports of the chief actuary considering the chief actuary’s opinion, and inquired of the chief actuary about the reports.

Reasonableness of management’s judgment on the recoverability of deferred tax assets

The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet of Japan Post Insurance Co., Ltd. (the “Company”) and its consolidated subsidiary, Deferred tax assets of ¥904,135 million were recognized as of March 31, 2021. As described in Note 15, “DEFERRED TAX ASSETS AND LIABILITIES” to the consolidated financial statements, the amount of gross deferred tax assets before being offset by deferred tax liabilities amounted to ¥1,336,093 million. Of this amount, the deferred tax assets related to policy reserves and reserve for price fluctuations were ¥1,011,450 million and ¥223,044 million, respectively, accounting for a significant portion.</p> <p>Deferred tax assets are recognized to the extent that deductible temporary differences are expected to reduce future taxable income. The amount recognized as deferred tax assets depends on the appropriateness of a company category determined in accordance with “Implementation Guidance on Recoverability of Deferred Tax Assets” (Guidance No. 26 of the Accounting Standards Board of Japan) and the estimated future taxable income.</p> <p>As described in Note 15, “DEFERRED TAX ASSETS AND LIABILITIES”, the Company determined that deferred tax assets related to policy reserves and reserve for price fluctuations were recoverable because future</p>	<p>In order to assess whether management’s judgment on the recoverability of deferred tax assets was appropriate, we performed the following audit procedures, among others:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to the estimate of future taxable income, including those over the development of a business plan.</p> <p>(2) Assessment of a company category</p> <p>We evaluated the appropriateness of a company category determined in accordance with “Implementation Guidance on Recoverability of Deferred Tax Assets,” with a particular focus on the assessment of whether significant changes in the business environment of the insurance subsidiary were expected in the near future.</p> <p>(3) Assessment of the reasonableness and feasibility of estimated future taxable income</p> <ul style="list-style-type: none"> • We obtained an understanding of assumptions underlying the insurance subsidiary’s business plan, which formed the basis for the estimate of future taxable income by inquiring of the Company’s management and the personnel in the relevant department; • We compared the future taxable income estimated in the previous fiscal years with actual

taxable income would be generated over the long term and therefore deferred tax assets have an effect of reducing the amount of tax payable. The future taxable income to be generated was estimated based on the business plan prepared by management of the Company. Accordingly, the estimate involved significant management judgment on key assumptions, such as forecasts of the level of insurance product sales, the amount of insurance claims and other benefit payments, investment income and operating expenses.

We, therefore, determined that our assessment of the reasonableness of management's judgment on the recoverability of deferred tax assets was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

results; and

- We confirmed the consistency between the estimated future taxable income and the business plan.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit committee is responsible for overseeing the executive officers' and directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk

of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/ TATSUMI Yukihiisa

Designated Engagement Partner

Certified Public Accountant

/S/ KANNO Masako

Designated Engagement Partner

Certified Public Accountant

/S/ SATO Eihiro

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

August 11, 2021

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

3 Non-Consolidated Financial Statements

JAPAN POST INSURANCE CO., LTD. NON-CONSOLIDATED BALANCE SHEETS

MARCH 31, 2021 AND 2020

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2021	2020	2021
ASSETS:			
Cash and deposits:			
Cash	¥ 662	¥ 485	\$ 6
Deposits	1,329,087	1,406,154	12,005
Total cash and deposits	1,329,749	1,406,640	12,011
Call loans	130,000	380,000	1,174
Receivables under securities borrowing transactions	2,585,087	3,191,710	23,350
Monetary claims bought	276,772	318,581	2,500
Money held in trust	4,189,294	3,056,072	37,840
Securities (Notes 3 and 4):			
Japanese government bonds	37,345,671	36,730,786	337,329
Japanese local government bonds	5,593,508	6,737,380	50,524
Japanese corporate bonds	5,325,276	5,486,350	48,101
Stocks	404,577	286,975	3,654
Foreign securities	4,632,376	4,687,342	41,842
Other securities	1,973,184	1,942,706	17,823
Total securities	55,274,594	55,871,541	499,274
Loans (Note 5):			
Policy loans	161,419	152,681	1,458
Industrial and commercial loans	996,127	994,446	8,998
Loans to the Management Network	3,806,540	4,515,620	34,383
Total loans	4,964,087	5,662,748	44,839
Tangible fixed assets (Note 26):			
Land	47,828	47,828	432
Buildings	40,299	41,556	364
Leased assets	1,839	2,007	17
Construction in progress	579	176	5
Other tangible fixed assets	14,429	18,135	130
Total tangible fixed assets	104,977	109,704	948
Intangible fixed assets (Note 26):			
Software	118,734	140,679	1,072
Other intangible fixed assets	14	16	0
Total intangible fixed assets	118,748	140,696	1,073
Agency accounts receivable	53,250	45,587	481
Reinsurance receivables	3,938	4,057	36
Other assets:			
Accounts receivable	67,545	70,594	610
Prepaid expenses (Note 26)	2,473	2,285	22
Accrued income	144,746	149,756	1,307
Money on deposit	7,863	6,896	71
Margin deposits for futures transactions (Note 4)	1,105	—	10
Derivative financial instruments	752	72,301	7
Cash collateral paid for financial instruments (Note 4)	11,286	2,319	102
Suspense payments	1,771	916	16
Other assets	1,863	1,685	17
Total other assets	239,407	306,755	2,162
Deferred tax assets (Note 12)	904,333	1,173,751	8,168
Reserve for possible loan losses (Note 26)	(384)	(448)	(3)
Total assets	¥ 70,173,857	¥ 71,667,398	\$ 633,853

See accompanying notes to non-consolidated financial statements.

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2021	2020	2021
LIABILITIES:			
Policy reserves and others:			
Reserve for outstanding claims (Note 6)	¥ 419,021	¥ 461,224	\$ 3,785
Policy reserves (Notes 6 and 9)	59,397,720	62,293,166	536,516
Reserve for policyholder dividends (Note 8)	1,342,855	1,437,535	12,129
Total policy reserves and others	61,159,597	64,191,926	552,431
Reinsurance payables	6,394	6,595	58
Bonds payable (Note 10)	300,000	100,000	2,710
Other liabilities:			
Payables under securities lending transactions (Note 4)	4,587,469	4,290,140	41,437
Income taxes payable	42,915	62,298	388
Accounts payable	20,468	18,175	185
Accrued expenses	28,488	24,756	257
Deposits received	2,520	2,247	23
Deposits from the Management Network (Note 11)	41,143	42,231	372
Guarantee deposits received	73	73	1
Derivative financial instruments	157,418	35,305	1,422
Lease obligations	1,950	2,095	18
Asset retirement obligation	5	5	0
Suspense receipt	2,491	829	23
Other liabilities	6,842	7,183	62
Total other liabilities	4,891,788	4,485,343	44,186
Reserve for insurance claims and others (Note 26)	2,851	29,722	26
Reserve for employees' retirement benefits	69,659	68,831	629
Reserve for management board benefit trust (Note 26)	110	164	1
Reserve for price fluctuations (Notes 9 and 26)	904,816	858,339	8,173
Total liabilities	¥ 67,335,219	¥ 69,740,924	\$ 608,213
NET ASSETS:			
Capital stock	¥ 500,000	¥ 500,000	\$ 4,516
Capital surplus:			
Legal capital surplus	405,044	405,044	3,659
Total capital surplus	405,044	405,044	3,659
Retained earnings:			
Legal retained earnings	64,761	60,485	585
Other retained earnings:			
Reserve for reduction entry of real estate	5,286	5,545	48
Retained earnings brought forward	831,986	691,794	7,515
Total other retained earnings	837,272	697,340	7,563
Total retained earnings	902,034	757,826	8,148
Treasury stock	(397)	(422)	(4)
Total shareholders' equity	1,806,680	1,662,447	16,319
Net unrealized gains (losses) on available-for-sale securities	1,031,384	264,009	9,316
Net deferred gains (losses) on hedges	573	16	5
Total valuation and translation adjustments	1,031,957	264,026	9,321
Total net assets	2,838,638	1,926,474	25,640
Total liabilities and net assets	¥ 70,173,857	¥ 71,667,398	\$ 633,853

See accompanying notes to non-consolidated financial statements.

JAPAN POST INSURANCE CO., LTD.

NON-CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED MARCH 31, 2021 AND 2020

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2021	2020	2021
ORDINARY INCOME:			
Insurance premiums and others:			
Insurance premiums (Note 14)	¥ 2,682,067	¥ 3,229,518	\$ 24,226
Reinsurance income	15,868	16,022	143
Total insurance premiums and others	2,697,936	3,245,541	24,369
Investment income:			
Interest and dividend income:			
Interest on deposits	29	23	0
Interest and dividends on securities	898,429	924,098	8,115
Interest on loans	13,314	14,684	120
Interest on loans to the Management Network	86,934	105,830	785
Other interest and dividend income	5,926	5,167	54
Total interest and dividend income	1,004,635	1,049,804	9,074
Gains on money held in trust (Note 16)	87,593	51,560	791
Gains on sales of securities (Note 17)	20,422	35,699	184
Gains on redemption of securities	1,170	614	11
Gains on foreign exchanges	7,759	—	70
Reversal of reserve for possible loan losses	0	8	0
Other investment income	86	101	1
Total investment income	1,121,668	1,137,789	10,132
Other ordinary income:			
Reversal of reserve for outstanding claims (Note 13)	42,203	58,343	381
Reversal of policy reserves (Note 13)	2,895,445	2,767,383	26,153
Reversal of reserve for insurance claims and others	26,870	—	243
Other ordinary income	2,084	2,346	19
Total other ordinary income	2,966,604	2,828,072	26,796
Total ordinary income	6,786,210	7,211,403	61,297
ORDINARY EXPENSES:			
Insurance claims and others:			
Insurance claims (Note 15)	4,681,106	4,889,175	42,283
Annuity payments	359,821	394,005	3,250
Benefits	120,324	110,254	1,087
Surrender benefits	480,477	602,583	4,340
Other refunds	201,420	171,590	1,819
Reinsurance premiums	22,940	23,760	207
Total insurance claims and other	5,866,091	6,191,369	52,986
Provision for interest on policyholder dividends	8	8	0
Investment expenses:			
Interest expenses	2,311	2,130	21
Losses on sales of securities (Note 18)	32,789	32,020	296
Losses on valuation of securities (Note 19)	—	2,689	—
Losses on redemption of securities	10,950	6,847	99
Losses on derivative financial instruments (Note 20)	21,604	74,799	195
Losses on foreign exchanges	—	2,085	—
Other investment expenses	3,207	3,425	29
Total investment expenses	70,863	123,999	640
Operating expenses (Note 26)	402,065	472,177	3,632
Other ordinary expenses:			
Taxes	38,402	43,974	347
Depreciation and amortization	61,214	59,125	553
Provision for reserve for insurance claims and others	—	29,722	—
Provision for reserve for employees' retirement benefits	716	262	6
Other ordinary expenses	1,825	3,934	16
Total other ordinary expenses	102,158	137,018	923
Total ordinary expenses	6,441,187	6,924,573	58,181
Ordinary profit	345,022	286,829	3,116
EXTRAORDINARY GAINS (Note 21)	—	39,546	—
EXTRAORDINARY LOSSES (Note 22)	46,732	303	422
Provision for reserve for policyholder dividends (Note 23)	65,465	109,236	591
Income before income taxes	232,824	216,835	2,103
Income taxes (Note 12):			
Current	91,510	143,463	827
Deferred	(24,272)	(77,759)	(219)
Total income taxes	67,238	65,703	607
Net income	¥ 165,586	¥ 151,132	\$ 1,496

See accompanying notes to non-consolidated financial statements.

JAPAN POST INSURANCE CO., LTD.

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

YEARS ENDED MARCH 31, 2021 AND 2020

	Millions of Yen									
	Capital surplus				Shareholders' equity					
					Retained earnings					
					Other retained earnings					
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for reduction entry of real estate	Retained earnings brought forward	Total retained earnings	Treasury stock	Total shareholders' equity
BALANCE, APRIL 1, 2019	¥ 500,000	¥ 405,044	¥ 95,000	¥ 500,044	¥ 47,569	¥ 5,805	¥ 622,867	¥ 676,242	¥ (450)	¥1,675,836
Changes in the fiscal year:										
Cash dividends					12,915		(77,494)	(64,578)		(64,578)
Net income							151,132	151,132		151,132
Purchases of treasury stock									(99,999)	(99,999)
Disposals of treasury stock									57	57
Cancellation of treasury stock			(99,970)	(99,970)					99,970	—
Reversal of reserve for reduction entry of real estate						(259)	259	—		—
Transfer from retained earnings to capital surplus			4,970	4,970			(4,970)	(4,970)		—
Net changes in items other than shareholders' equity in the fiscal year										
Net changes in the fiscal year	—	—	(95,000)	(95,000)	12,915	(259)	68,927	81,583	28	(13,388)
BALANCE, MARCH 31, 2020	500,000	405,044	—	405,044	60,485	5,545	691,794	757,826	(422)	1,662,447
Changes in the fiscal year:										
Cash dividends					4,275		(25,654)	(21,378)		(21,378)
Net income							165,586	165,586		165,586
Purchases of treasury stock									(0)	(0)
Disposals of treasury stock									25	25
Reversal of reserve for reduction entry of real estate						(259)	259	—		—
Net changes in items other than shareholders' equity in the fiscal year										
Net changes in the fiscal year	—	—	—	—	4,275	(259)	140,191	144,207	25	144,233
BALANCE, MARCH 31, 2021	¥ 500,000	¥ 405,044	¥ —	¥ 405,044	¥ 64,761	¥ 5,286	¥ 831,986	¥ 902,034	¥ (397)	¥1,806,680

	Millions of Yen			
	Valuation and translation adjustments			
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	Total net assets
BALANCE, APRIL 1, 2019	¥ 456,694	¥ 33	¥ 456,727	¥ 2,132,564
Changes in the fiscal year:				
Cash dividends				(64,578)
Net income				151,132
Purchases of treasury stock				(99,999)
Disposals of treasury stock				57
Cancellation of treasury stock				—
Reversal of reserve for reduction entry of real estate				—
Transfer from retained earnings to capital surplus				—
Net changes in items other than shareholders' equity in the fiscal year	(192,684)	(16)	(192,701)	(192,701)
Net changes in the fiscal year	(192,684)	(16)	(192,701)	(206,089)
BALANCE, MARCH 31, 2020	264,009	16	264,026	1,926,474
Changes in the fiscal year:				
Cash dividends				(21,378)
Net income				165,586
Purchases of treasury stock				(0)
Disposals of treasury stock				25
Reversal of reserve for reduction entry of real estate				—
Net changes in items other than shareholders' equity in the fiscal year	767,374	556	767,931	767,931
Net changes in the fiscal year	767,374	556	767,931	912,164
BALANCE, MARCH 31, 2021	¥ 1,031,384	¥ 573	¥ 1,031,957	¥ 2,838,638

See accompanying notes to non-consolidated financial statements.

Millions of U.S. Dollars (Note 1)

	Shareholders' equity									
	Capital surplus				Retained earnings					
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings	Treasury stock	Total shareholders' equity
						Reserve for reduction entry of real estate	Retained earnings brought forward			
BALANCE, MARCH 31, 2020	\$ 4,516	\$ 3,659	\$ –	\$ 3,659	\$ 546	\$ 50	\$ 6,249	\$ 6,845	\$ (4)	\$ 15,016
Changes in the fiscal year:										
Cash dividends					39		(232)	(193)		(193)
Net income							1,496	1,496		1,496
Purchases of treasury stock									(0)	(0)
Disposals of treasury stock									0	0
Reversal of reserve for reduction entry of real estate						(2)	2	–		–
Net changes in items other than shareholders' equity in the fiscal year										
Net changes in the fiscal year	–	–	–	–	39	(2)	1,266	1,303	0	1,303
BALANCE, MARCH 31, 2021	\$ 4,516	\$ 3,659	\$ –	\$ 3,659	\$ 585	\$ 48	\$ 7,515	\$ 8,148	\$ (4)	\$ 16,319

Millions of U.S. Dollars (Note 1)

	Valuation and translation adjustments				Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments		
BALANCE, MARCH 31, 2020	\$ 2,385	\$ 0	\$ 2,385	\$	17,401
Changes in the fiscal year:					
Cash dividends					(193)
Net income					1,496
Purchases of treasury stock					(0)
Disposals of treasury stock					0
Reversal of reserve for reduction entry of real estate					–
Net changes in items other than shareholders' equity in the fiscal year	6,931	5	6,936		6,936
Net changes in the fiscal year	6,931	5	6,936		8,239
BALANCE, MARCH 31, 2021	\$ 9,316	\$ 5	\$ 9,321	\$	25,640

See accompanying notes to non-consolidated financial statements.

JAPAN POST INSURANCE CO., LTD.**NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS**

YEARS ENDED MARCH 31, 2021 AND 2020

1. BASIS OF PRESENTATION

The accompanying financial statements of JAPAN POST INSURANCE Co., Ltd. (the "Company"), have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations concerning preparation of financial statements, the Ordinance for Enforcement of Insurance Business Act and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of the International Financial Reporting Standards.

In preparing these non-consolidated financial statements, certain reclassifications and rearrangements have been made to the non-consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

All Japanese yen figures in the non-consolidated financial statements have been rounded down to the nearest million yen. Accordingly, the total of each account might not be equal to the combined total of individual items.

The non-consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and mainly operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥110.71 to US\$1, the approximate rate of exchange as of March 31, 2021. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SIGNIFICANT ACCOUNTING POLICIES**(1) Securities**

Securities including cash and deposits, as well as 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 the "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) Equities of subsidiaries and affiliates

Equities of subsidiaries and affiliates are carried at cost, and the cost of these securities sold is calculated using the moving-average method.

4) Available-for-sale securities**A) Available-for-sale securities at fair value**

Available-for-sale securities at fair value are carried at their fiscal year-end market price, of which the average market prices during the final month of the fiscal year are used to value stocks. The cost of securities sold is calculated using the moving-average method.

B) Available-for-sale securities for which the fair values are deemed extremely difficult to determine

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

All derivative transactions are valued at fair value.

(3) 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 as well as 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). The exceptional method is used for interest rate swap contracts that are used as hedges and meet certain hedging criteria. Under this method, the net amount to be paid or received under the contract is added to or deducted from the interest on the loans for which the swap contract was executed.

2) Hedging instruments and hedged items

- | | |
|--|------------------------------------|
| A) Hedging instrument: Foreign currency exchange contracts | |
| Hedged item: | Foreign-currency-denominated bonds |
| B) Hedging instrument: Interest rate swaps | |
| Hedged item: | Loans |

3) Hedging policies

Foreign currency exchange contracts are used to hedge fluctuations in the 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 that applied the exceptional treatment for interest rate swaps.

(4) Depreciation**1) Tangible fixed assets (excluding leased assets)**

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

Buildings : 2–60 years

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

The Company mainly leases vehicles under finance lease arrangements that do not transfer the ownership of leased property to the lessee.

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.

(5) 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 a 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 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 or civil rehabilitation, or that are 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. The reserve for possible loan losses also includes amounts set aside for other assets subject to valuation allowance. The amounts written off for loans and other assets during the years ended March 31, 2021 and 2020, were ¥96 million (\$1 million) and ¥49 million, respectively.

(6) Policy Reserves

To prepare for the fulfillment of future obligations under the insurance contracts with respect to policies that have commenced as of the fiscal year-end, policy reserves are calculated in accordance with the statement of calculation methodology for insurance premiums and policy reserves (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) and accumulated, pursuant to Article 116, Paragraph 1 of the Insurance Business Act.

The amount of policy reserves may be affected if actual results of basis of the calculation of policy reserves such as assumed mortality rates, assumed interest rates, and expected rate of expenses deviate significantly or deviations are expected in the future due to changes in the environment.

Among the policy reserves, insurance premium reserves are calculated based on the following methodology. The amount includes additional policy reserves accumulated for the portion of the reinsurance contracts issued to the Management Network, and for lump-sum payment annuities, pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

1) Reserves for contracts subject to the standard policy reserves are calculated in accordance with the method prescribed by the Commissioner for Financial Services Agency (Public notice No. 48 issued by the Ministry of Finance in 1996).

2) Reserves for other contracts are calculated based on the net level premium method.

Pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, effective from the year ended March 31, 2011, additional policy reserves were accumulated, in preparation for the fulfillment of future obligations, over a 10-year period for a portion of the reinsurance contracts from the Management Network. As a result, the amount of provision for additional policy reserves was ¥176,734 million for the year ended March 31, 2020.

In addition, for the year ended March 31, 2021, additional policy reserves were accumulated for a portion of the reinsurance contracts from the Management Network, pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act. As a result, the amount of additionally accumulated policy reserves was ¥245,841 million (\$2,221 million). However, there is no impact on ordinary profit and income before income taxes due to the reversal of contingency reserves in the same amount.

Among the policy reserves, contingency reserves are accumulated to ensure the fulfillment of future obligations under insurance contracts in preparation of possible future risks, pursuant to Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 3 of the Ordinance for Enforcement of the Insurance Business Act.

The Chief Actuary, pursuant to Article 121, Paragraph 1 of the Insurance Business Act and Article 80 of the Ordinance for Enforcement of the Insurance Business Act, confirms whether the policy reserves as of the fiscal year-end have been appropriately accumulated.

The Management Network was established in October 2007 to support the privatization of Japan Post by succeeding from Japan Post postal savings such as fixed amount or term postal savings deposited and Postal Life Insurance Contracts concluded by September 2007 to ensure that such postal savings and Postal Life Insurance are managed appropriately and to fulfill the relevant liabilities without fail.

The Company has entered into the reinsurance contracts comprising outsourcing agreements for the administrative operation of the Postal Life Insurance and the reinsurance contracts for insurance liabilities based on former Postal Life Insurance Contracts, for Postal Life Insurance Contracts concluded by September 2007 that have been assumed by the Management Network.

In addition, based on the master plan by the Postal Service Privatization Act, with respect to the amount equivalent to that lent to policyholders of the Postal Life Insurance Contracts and to Japanese local governments and others succeeded from Japan Post Corporation, the Company has lent loans to the Management Network under the same loan conditions as those of the contracts between Japan Post and its counterparties.

(7) Insurance Premiums

The first premium is recorded for premiums that have been collected and for which the policy has commenced, in the amount collected. Premiums thereafter are recorded in the amount of each collection.

The portion of collected insurance premiums corresponding to the unexpired period as of the fiscal year-end are accumulated as policy reserves, pursuant to Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Insurance Business Act.

(8) Insurance Claims and Others

When an insured event occurs and payment is made in the amount calculated based on the insurance contract, insurance claims and others (excluding reinsurance premiums) are recorded in the amount of the payment.

Reserve for outstanding claims has been accumulated for insurance claims and others, for which payment is due but has not been paid at the fiscal year-end, and for which the occurrence of the insured event has not been reported but the Company deems that the insured event provided in the insurance contract has occurred but not yet paid, pursuant to Article 117 of the Insurance Business Act and Article 72 of the Ordinance for Enforcement of the Insurance Business Act.

(Additional information)

The Company has applied "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No. 24, March 31, 2020) to its non-consolidated financial statements from the year ended March 31, 2021. Accordingly, the Company has stated "(7) Insurance Premiums" and "(8) Insurance Claims and Others" as accounting principles and procedures adopted in cases where the relevant accounting standards are not clear.

(9) Reserve for Insurance Claims and Others

With regard to policies that have been discovered through investigations to have likely caused disadvantages to customers in a way that is not in line with their intentions, reserve for insurance claims and others is provided in the projected amount of insurance claims and others arising due to future policy measures to compensate customers for their disadvantages, based on the past record of efforts to address such disadvantages.

(10) Reserve for Employees' Retirement Benefits

To provide for payment of retirement benefits to employees, a reserve for employees' retirement benefits is provided based on the projected amount of retirement benefit obligations at the end of the fiscal year.

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

The 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.

Prior service cost 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 in the fiscal year of incurrence.

Accounting methods for unrecognized actuarial difference and unrecognized prior service cost are different from those of the consolidated financial statements.

(Additional information)

In August 2020, the Company decided on and notified all concerned of the change to the Retirement Allowance Regulations effective October 1, 2020, whereby the lump-sum severance indemnity plans were revised in association with the extension of mandatory retirement

age from 60 to 65. Due to this change, retirement benefit obligations decreased and prior service cost (favorable variance) of ¥1,273 million (\$11 million) was recognized.

(11) Reserve for Management Board Benefit Trust

To provide for the granting of shares and others of the Company to executive officers of the Company in accordance with the stock benefit rules, reserve for management board benefit trust is provided in the projected amount of stock benefit obligations.

(12) Reserve for Price Fluctuations

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

(13) Translation of Assets and Liabilities Denominated in Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end.

(14) Consumption Taxes

All figures are net of consumption taxes.

(15) Additional Information

1) Transactions for granting shares and others of the Company to executive officers of the Company through a trust

Notes to the transactions for granting shares and others of the Company to executive officers of the Company through a trust are omitted as they are presented in Note 2 (18) "Additional Information" of the consolidated financial statements as of and for the year ended March 31, 2021.

2) Efforts to regain to customers' trust

On December 27, 2019, the Company received administrative dispositions pursuant to the Insurance Business Act from the Financial Services Agency of Japan, on account of improper solicitation actions and underlying systematic problems. The Company is resolved to treat the implementation of the business improvement plan that it formulated as its top-priority management issue and is making company-wide efforts to do so. In addition, the Company has been confirming with all customers with insurance policies whether their insurance policies are in line with their intentions and compensating customers who have suffered disadvantages.

At the year ended March 31, 2020, the company reasonably estimated insurance-related expenses to be incurred due to the refund of premiums and the payment of insurance claims to compensate for the disadvantages suffered by customers, and recorded reserve for insurance claims and others in the amount of ¥29,722 million.

In the year ended March 31, 2021, the Company recorded the refund of premiums and the payment of insurance claims to compensate for the disadvantages suffered by customers as part of insurance claims and others, and the corresponding adjustment to policy reserves as part of reversal of policy reserves, while recording a reduction of the net amount totaling ¥21,589 million (\$195 million) from reserve for insurance claims and others at the end of the previous fiscal year, and a reversal of ¥5,280 million (\$48 million), as a result of reflecting the progress in the investigation of insurance policies in accounting estimates. Consequently, reserve for insurance claims and others stood at ¥2,851 million (\$26 million) as of

March 31, 2021. The amounts of the aforementioned reduction and reversal of reserve for insurance claims and others are recorded as reversal of reserve for

insurance claims and others in the non-consolidated statement of income for the year ended March 31, 2021.

3. SECURITIES

(1) Securities

Equities of subsidiaries and affiliates were included in "Stocks," and investments in capital of affiliates were included in "Other securities." All of which are carried at cost because their fair values are deemed extremely difficult to determine. Such securities as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
March 31	2021	2020	2021
Equities of subsidiaries	¥ 984	¥ 984	\$ 9
Equities of affiliates	495	495	4
Investments in capital of affiliates	17,366	9,427	157

Securities lent under lending agreements in the amount of ¥5,249,528 million (\$47,417 million) and ¥4,872,448 million were included in "Securities" in the balance sheets as of March 31, 2021 and 2020, respectively.

The Company has the right to sell or pledge securities received as collateral for transactions such as borrowing agreements and exchange settlements. The fair value of such securities held in hand was ¥2,909,293 million (\$26,279 million) and ¥3,545,026 million as of March 31, 2021 and 2020, respectively.

(2) Policy-Reserve-Matching Bonds

The balance sheet amount and fair value of policy-reserve-matching bonds as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	2021	2020	2021
Balance sheet amount	¥ 9,382,446	¥ 9,574,646	\$ 84,748
Fair value	10,158,590	10,578,535	91,759

The outline of the risk management policy of policy-reserve-matching bonds was as follows:

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

- 1) Postal Life Insurance Contracts (insurance policies with a remaining period within 30 years)
- 2) Japan Post Insurance life insurance contracts (general) (all insurance policies)
- 3) Japan Post Insurance life insurance contracts (lump-sum payment annuity) (excluding some insurance types)

4. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
March 31	2021	2020	2021
Assets pledged as collateral:			
Securities	¥ 3,965,725	¥ 3,622,145	\$ 35,821
Liabilities corresponding to assets pledged as collateral:			
Payables under securities lending transactions	4,587,469	4,290,140	41,437

All of the above securities were pledged as collateral for securities lending transactions with cash collateral.

In addition to the above, the following was pledged as collateral for the transactions such as transactions under securities lending secured by securities and exchange settlements.

	Millions of Yen		Millions of U.S. Dollars
March 31	2021	2020	2021
Securities	¥ 438,177	¥ 480,477	\$ 3,958
Margin deposits for futures transactions	1,105	—	10
Cash collateral paid for financial instruments	11,286	2,319	102

5. LOANS

There were no bankrupt loans, non-interest accrual loans, past due loans for three months or more, or restructured loans as of March 31, 2021 and 2020. 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 Order for Enforcement of the Corporation Tax Act (Ordinance No. 97 in 1965). The interest accruals of such loans are suspended because 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 to assist and support 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.

The amounts of unused commitments as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
	¥	¥	\$
March 31			
Amount of unused commitments	24,863	17,717	225

6. REINSURANCE

Reserve for outstanding claims for reinsured part defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter the "reserve for outstanding claims—ceded"), as of March 31, 2021 and 2020, was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
	¥	¥	\$
March 31			
Reserve for outstanding claims—ceded	418	473	4

Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance (hereinafter "policy reserves—ceded") as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
	¥	¥	\$
March 31			
Policy reserves—ceded	935	967	8

7. OBLIGATIONS TO THE LIFE INSURANCE POLICYHOLDERS PROTECTION CORPORATION OF JAPAN

The Company estimated future contributions to Life Insurance Policyholders Protection Corporation in the amounts of ¥33,629 million (\$304 million) and ¥34,524 million, as of March 31, 2021 and 2020, respectively, pursuant to Article 259 of the Insurance Business Act. These obligations are recognized as operating expenses when they are made.

8. RESERVE FOR POLICYHOLDER DIVIDENDS

Changes in reserve for policyholder dividends for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
	¥	¥	\$
Years ended March 31			
Balance at the beginning of the year	1,437,535	1,513,634	12,985
Policyholder dividends paid	(159,817)	(185,042)	(1,444)
Interest accrual	8	8	0
Reduction due to the acquisition of additional annuity	(336)	(301)	(3)
Provision for reserve for policyholder dividends	65,465	109,236	591
Balance at the end of the year	1,342,855	1,437,535	12,129

9. RESERVES RELATED TO REINSURANCE CONTRACTS

Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Network 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 Organization for Postal Savings, Postal Life Insurance and Post Office Network (Act No. 101 of 2005). In addition, contingency reserve and reserve for price fluctuations are provided for the category of the reinsurance.

The policy reserves, excluding contingency reserve, contingency reserve and reserve for price fluctuations mentioned above as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	2021	2020	2021
Policy reserves (excluding contingency reserve)	¥ 31,408,726	¥ 33,324,093	\$ 283,703
Contingency reserve	1,129,662	1,320,677	10,204
Reserve for price fluctuations	655,111	631,990	5,917

10. BONDS PAYABLE

Bonds payable, which are subordinated bonds stipulating that their priorities are ranked behind other obligations, as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	2021	2020	2021
Subordinated bonds	¥ 300,000	¥ 100,000	\$ 2,710

11. DEPOSITS FROM THE MANAGEMENT NETWORK

Deposits from the Management Network 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 Network, which were deposited at the time of privatization based on the outsourcing agreements with the Management Network for the administrative operation of the Postal Life Insurance Policy and which remained unpaid at the end of the fiscal years ended March 31, 2021 and 2020.

12. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	2021	2020	2021
Deferred tax assets:			
Policy reserves	¥ 1,011,450	¥ 995,598	\$ 9,136
Reserve for price fluctuations	223,044	203,752	2,015
Reserve for outstanding claims	38,126	42,014	344
Reserve for employees' retirement benefits	19,506	19,274	176
Unrealized losses on available-for-sale securities	27,983	118,027	253
Other	29,532	34,768	267
Subtotal	1,349,644	1,413,436	12,191
Valuation allowance	(13,361)	(11,254)	(121)
Total deferred tax assets	1,336,282	1,402,181	12,070
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	(422,761)	(219,330)	(3,819)
Other	(9,188)	(9,099)	(83)
Total deferred tax liabilities	(431,949)	(228,430)	(3,902)
Net deferred tax assets (liabilities)	¥ 904,333	¥ 1,173,751	\$ 8,168

Note: Deferred tax assets related to policy reserves and reserve for price fluctuations were recoverable because future taxable income would be generated over the long term and therefore deferred tax assets have an effect of reducing the amount of tax payable.

The Company is subject to Japanese national and local income taxes, which, in aggregate, would result in a statutory tax rate of approximately 28.00% for the years ended March 31, 2021 and 2020.

Reconciliation of the effective income tax rate reflected in the accompanying non-consolidated statements of income to the statutory tax rate for the year ended March 31, 2020, was as follows:

Year ended March 31

	2020
Statutory tax rate	28.00%
Changes in valuation allowance	2.41
Other	(0.11)
Effective income tax rate	30.30%

Note: Reconciliation of the statutory tax rate and the effective income tax rate for the year ended March 31, 2021, is omitted as the difference was less than 5% of the statutory tax rate.

13. REVERSAL OF RESERVE FOR OUTSTANDING CLAIMS AND REVERSAL OF POLICY RESERVES

The amount of reversal of reserve for outstanding claims—ceded that is deducted from the calculation of reversal of reserve for outstanding claims for the year ended March 31, 2021, was ¥54 million (\$0 million). 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 year ended March 31, 2020, was ¥18 million.

The amount of reversal of policy reserves—ceded that is deducted from the calculation of reversal of policy reserves for the years ended March 31, 2021 and 2020, was ¥32 million (\$0 million) and ¥18 million, respectively.

14. INSURANCE PREMIUMS

Insurance premiums assumed based on reinsurance contracts with the Management Network included in insurance premiums for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	2021	2020	2021
Insurance premiums	¥ 364,196	¥ 459,151	\$ 3,290

15. INSURANCE CLAIMS

Insurance claims based on reinsurance contracts with the Management Network included in insurance claims for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	2021	2020	2021
Insurance claims	¥ 2,940,643	¥ 3,349,302	\$ 26,562

16. GAINS ON MONEY HELD IN TRUST

Gains on money held in trust included losses on valuation of ¥13,285 million (\$120 million) and ¥32,103 million for the years ended March 31, 2021 and 2020, respectively.

17. GAINS ON SALES OF SECURITIES

Gains on sales of securities were recognized on the following securities:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	2021	2020	2021
Japanese government bonds, etc.	¥ 4,876	¥ 12,657	\$ 44
Stocks	14,692	6,730	133
Foreign securities	853	16,310	8

18. LOSSES ON SALES OF SECURITIES

Losses on sales of securities were recognized on the following securities:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	2021	2020	2021
Japanese government bonds, etc.	¥ 1,063	¥ 802	\$ 10
Stocks	13,895	11,204	126
Foreign securities	4,326	18,307	39
Other securities	13,504	1,705	122

19. LOSSES ON VALUATION OF SECURITIES

Losses on valuation of securities were recognized on the following securities:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	2021	2020	2021
Foreign securities	¥ –	¥ 2,689	\$ –

20. LOSSES ON DERIVATIVE FINANCIAL INSTRUMENTS

Losses on derivative financial instruments included losses on valuation of ¥156,665 million (\$1,415 million) for the year ended March 31, 2021, and gains on valuation of ¥36,971 million for the year ended March 31, 2020.

21. EXTRAORDINARY GAINS

Extraordinary gains for the years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	2021	2020	2021
Gains on sales of fixed assets	¥ –	¥ 393	\$ –
Reversal of reserve for price fluctuations	–	39,152	–
Total	¥ –	¥ 39,546	\$ –

22. EXTRAORDINARY LOSSES

Extraordinary losses for the years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	2021	2020	2021
Losses on sales and disposal of fixed assets	¥ 255	¥ 303	\$ 2
Provision for reserve for price fluctuations	46,477	–	420
Total	¥ 46,732	¥ 303	\$ 422

23. PROVISION FOR RESERVE FOR POLICYHOLDER DIVIDENDS

Provision for reserve for policyholder dividends, which is provided for the Management Network based on gains or losses and others arising in the category of reinsurance due to the reinsurance contracts with the Management Network, for the years ended March 31, 2021 and 2020, was as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	2021	2020	2021
Provision for reserve for policyholder dividends	¥ 46,710	¥ 93,775	\$ 422

24. TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES

Transactions with the subsidiaries and affiliates for the years ended March 31, 2021 and 2020, and outstanding balances arising from such transactions as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	2021	2020	2021
Income	¥ 0	¥ 0	\$ 0
Expenses	15,061	14,505	136

	Millions of Yen		Millions of U.S. Dollars
March 31	2021	2020	2021
Monetary claims	¥ 245	¥ 367	\$ 2
Monetary obligations	13,948	14,803	126

25. SUBSEQUENT EVENTS

(1) Acquisition of Treasury Stock

The Company resolved matters related to the acquisition of its treasury stock in accordance with Article 156, Paragraph 1 of the Companies Act based on Article 39, Paragraph 1 of the Articles of Incorporation complying with Article 459, Paragraph 1, Item 1 of the same Act at the Board of Directors meeting held on May 14, 2021, and the acquisition was completed on May 17, 2021.

1) Resolution of the Board of Directors Regarding the Acquisition of Treasury Stock

A) Reason for the acquisition of treasury stock

The acquisition of treasury stock was implemented with the aim of improving capital efficiency and enhancing shareholder returns. It was also intended to further advance the privatization of the postal service and lead to the relaxation of certain legal restrictions under the Postal Service Privatization Act, which are not applicable to other life insurance companies, by reducing the voting rights held in the Company by JAPAN POST HOLDINGS Co., Ltd., to 50% or less of total voting rights.

B) Details of the acquisition

- (i) Class of shares acquired: Common stock of the Company
- (ii) Total number of shares acquired: 162,906,300 shares (maximum)
(The ratio of the total number of shares acquired to the total number of shares issued (excluding treasury stock): 29.0%)
- (iii) Total amount of shares acquired: ¥439,847,010,000 (\$3,972,965,495) (maximum)
- (iv) Acquisition date: May 17, 2021
- (v) Method of acquisition: Purchases through the Off-auction Own Share Repurchase Trading system (ToSTNeT-3) of Tokyo Stock Exchange, Inc.
- (vi) In addition to the matters described above, any matters required for the acquisition of treasury stock shall be determined at the sole discretion of the President, CEO, Representative Executive Officer of the Company or a person appointed by the President, CEO, Representative Executive Officer of the Company.

2) Details of the Acquisition of Treasury Stock

- A) Class of shares acquired: Common stock of the Company
- B) Total number of shares acquired: 162,906,300 shares
- C) Total amount of shares acquired: ¥358,882,578,900 (\$3,241,645,551)
- D) Acquisition date: May 17, 2021
- E) Method of acquisition: Purchases through the Off-auction Own Share Repurchase Trading system (ToSTNeT-3) of Tokyo Stock Exchange, Inc.

(2) Cancellation of Treasury Stock

The Company resolved to cancel its treasury stock in accordance with Article 178 of the Companies Act at the Board of Directors meeting held on July 28, 2021.

- 1) Class of shares to be cancelled: Common stock of the Company
- 2) Number of shares to be cancelled: 162,906,300 shares (29.0% of the total number of shares issued before the cancellation)
- 3) Scheduled date of the cancellation: August 20, 2021

(Reference)

Total number of shares issued (after the cancellation): 399,693,700 shares

26. SUPPLEMENTARY SCHEDULES

Schedule of Operating Expenses

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Sales activity expenses:	¥ 51,416	¥ 111,079	\$ 464
Field sales staff-related expenses	9,138	10,102	83
Sales agencies-related expenses	42,276	100,976	382
Selection expenses of policyholders	0	0	0
Sales administration expenses:	10,917	15,003	99
Management of sales agencies	9,473	10,363	86
Training and education of sales staff	38	28	0
Advertising	1,405	4,611	13
General administration expenses:	339,731	346,095	3,069
Personnel expenses	47,227	48,752	427
Property expenses	290,093	294,868	2,620
Donation, contribution and miscellaneous dues	558	983	5
Obligations	2,410	2,474	22
Total	¥ 402,065	¥ 472,177	\$ 3,632

Notes:

1. "Property expenses" include consignment costs related to the maintenance and control of insurance policies, IT-system-related costs and contributions based on Article 18-3 of the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network.
2. "Obligations" are obligations paid to Life Insurance Policyholders Protection Corporation based on the provision of Article 259 of the Insurance Business Act.

Schedule of Tangible and Intangible Fixed Assets

Type of assets	Millions of Yen							
	Year ended March 31, 2021							
	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation and amortization at the end of the year	Depreciation and amortization for the year	Net ending balance	
Tangible fixed assets:								
Land	¥ —	¥ —	¥ —	¥ 47,828	¥ —	¥ —	¥ 47,828	
Buildings	—	—	—	65,924	25,624	3,206	40,299	
Leased assets	—	—	—	4,298	2,458	637	1,839	
Construction in progress	—	—	—	579	—	—	579	
Other	—	—	—	39,669	25,239	4,944	14,429	
Total tangible fixed assets	—	—	—	158,300	53,323	8,788	104,977	
Intangible fixed assets:								
Software	—	—	—	520,566	401,831	52,368	118,734	
Other	—	—	—	30	16	2	14	
Total intangible fixed assets	—	—	—	520,596	401,847	52,371	118,748	
Long-term prepaid expenses	709	—	—	709	434	54	275	
Deferred assets	—	—	—	—	—	—	—	

Millions of Yen								
Year ended March 31, 2020								
Type of assets	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation and amortization at the end of the year	Depreciation and amortization for the year	Net ending balance	
Tangible fixed assets:								
Land	¥ —	¥ —	¥ —	¥ 47,828	¥ —	¥ —	¥ 47,828	
Buildings	—	—	—	63,895	22,338	3,278	41,556	
Leased assets	—	—	—	4,265	2,257	675	2,007	
Construction in progress	—	—	—	176	—	—	176	
Other	—	—	—	38,781	20,645	4,185	18,135	
Total tangible fixed assets	—	—	—	154,946	45,242	8,139	109,704	
Intangible fixed assets:								
Software	—	—	—	492,322	351,643	50,931	140,679	
Other	—	—	—	30	13	2	16	
Total intangible fixed assets	—	—	—	492,353	351,657	50,934	140,696	
Long-term prepaid expenses	615	102	7	709	380	52	329	
Deferred assets	—	—	—	—	—	—	—	

Millions of U.S. Dollars								
Year ended March 31, 2021								
Type of assets	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation and amortization at the end of the year	Depreciation and amortization for the year	Net ending balance	
Tangible fixed assets:								
Land	\$ —	\$ —	\$ —	\$ 432	\$ —	\$ —	\$ 432	
Buildings	—	—	—	595	231	29	364	
Leased assets	—	—	—	39	22	6	17	
Construction in progress	—	—	—	5	—	—	5	
Other	—	—	—	358	228	45	130	
Total tangible fixed assets	—	—	—	1,430	482	79	948	
Intangible fixed assets:								
Software	—	—	—	4,702	3,630	473	1,072	
Other	—	—	—	0	0	0	0	
Total intangible fixed assets	—	—	—	4,702	3,630	473	1,073	
Long-term prepaid expenses	6	—	—	6	4	0	2	
Deferred assets	—	—	—	—	—	—	—	

Notes:

1. "Beginning balance," "Increase" and "Decrease" of tangible fixed assets and intangible fixed assets are omitted because the amounts are less than 1% of total assets.
2. Long-term prepaid expenses are included in "Prepaid expenses" in the non-consolidated balance sheets.

Schedule of Reserves

Millions of Yen					
Year ended March 31, 2021					
	Beginning balance	Increase	Decrease (used for original purposes)	Decrease (for other reasons)	Ending balance
Reserve for possible loan losses	¥ 448	¥ 384	¥ 40	¥ 408	¥ 384
General reserve	37	36	—	37	36
Specific reserve	411	347	40	371	347
Reserve for insurance claims and others	29,722	—	21,589	5,280	2,851
Reserve for management board benefit trust	164	—	49	4	110
Reserve for price fluctuations	858,339	46,477	—	—	904,816

Millions of Yen					
Year ended March 31, 2020					
	Beginning balance	Increase	Decrease (used for original purposes)	Decrease (for other reasons)	Ending balance
Reserve for possible loan losses	¥ 459	¥ 448	¥ 33	¥ 426	¥ 448
General reserve	45	37	—	45	37
Specific reserve	413	411	33	380	411
Reserve for insurance claims and others	—	29,722	—	—	29,722
Reserve for management board benefit trust	203	—	32	6	164
Reserve for price fluctuations	897,492	19,375	58,528	—	858,339

Millions of U.S. Dollars					
Year ended March 31, 2021					
	Beginning balance	Increase	Decrease (used for original purposes)	Decrease (for other reasons)	Ending balance
Reserve for possible loan losses	\$ 4	\$ 3	\$ 0	\$ 4	\$ 3
General reserve	0	0	—	0	0
Specific reserve	4	3	0	3	3
Reserve for insurance claims and others	268	—	195	48	26
Reserve for management board benefit trust	1	—	0	0	1
Reserve for price fluctuations	7,753	420	—	—	8,173

Notes:

1. Decrease (for other reasons) of reserve for possible loan losses represents the reversed amount of the unused balance of the previous year's reserve.
2. Decrease (for other reasons) of reserve for insurance claims and others is due to a decrease in the projected amount.
3. Decrease (for other reasons) of reserve for management board benefit trust is due to a decrease in the projected amount.

Independent Auditor's Report



Independent auditor's report

To the Board of Directors of JAPAN POST INSURANCE Co., Ltd.:

Opinion

We have audited the accompanying non-consolidated financial statements of JAPAN POST INSURANCE Co., Ltd. ("the Company"), which comprise the non-consolidated balance sheets as at March 31, 2021 and 2020, the non-consolidated statements of income, changes in net assets for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021 and 2020, and its financial performance for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the non-consolidated financial statements of the current period. These matters were addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accuracy of the calculation and sufficiency of policy reserves

The descriptions of the above key audit matter to be provided in our auditor's report on the non-consolidated financial statements are substantially the same as those described for the key audit matter, "Accuracy of the calculation and sufficiency of policy reserves" in our auditor's report on the consolidated financial statements. Therefore, information concerning this key audit matter is omitted in the auditor's report on the non-consolidated financial statements.

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Reasonableness of management's judgment on the recoverability of deferred tax assets

The descriptions of the above key audit matter to be provided in our auditor's report on the non-consolidated financial statements are substantially the same as those described for the key audit matter, "Reasonableness of management's judgment on the recoverability of deferred tax assets" in our auditor's report on the consolidated financial statements. Therefore, information concerning this key audit matter is omitted in the auditor's report on the non-consolidated financial statements.

Responsibilities of Management and the Audit Committee for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit committee is responsible for overseeing the executive officers' and directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the non-consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the non-consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2021 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the non-consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/ TATSUMI Yukihiisa

Designated Engagement Partner

Certified Public Accountant

/S/ KANNO Masako

Designated Engagement Partner

Certified Public Accountant

/S/ SATO Eihiro

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

August 11, 2021

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

4 Status of Financial Assets (Consolidated)

4-1 Status of Risk-Monitored Loans (Consolidated)

Not applicable.

4-2 Status of Insurance Claims Paying Ability of the Company and Its Subsidiaries (Consolidated Solvency Margin Ratio)

(Millions of yen)

As of March 31	2020	2021
Total amount of solvency margin (A)	¥ 5,161,600	¥ 6,216,257
Capital stock, etc.	1,639,908	1,763,280
Reserve for price fluctuations	858,339	904,816
Contingency reserve	1,797,366	1,611,343
Catastrophe loss reserve	—	—
General reserve for possible loan losses	37	36
(Net unrealized gains (losses) on available-for-sale securities (before taxes)·Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)	328,782	1,283,545
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	19	2,203
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)	4,261	4,835
Excess of continued Zillmerized reserve	442,807	364,059
Capital raised through debt financing	100,000	300,000
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin	—	—
Deductions	(9,923)	(17,862)
Other	—	—
Total amount of risk (B)	963,888	1,108,789
$\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$		
Insurance risk R ₁	137,197	130,961
General insurance risk R ₅	—	—
Catastrophe risk R ₆	—	—
Underwriting risk of third-sector insurance R ₈	54,172	49,371
Small amount and short-term insurance risk R ₉	—	—
Anticipated yield risk R ₂	136,652	131,404
Minimum guarantee risk R ₇	—	—
Investment risk R ₃	785,317	937,296
Business management risk R ₄	22,266	24,980
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,070.9%	1,121.2%

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

4-3 Status of Insurance Claims Paying Ability of the Company's Subsidiaries (Solvency Margin Ratio)

There are no subsidiaries classified as an insurance company.

5 Status of Financial Assets (Non-Consolidated)

5-1 Loans by Borrower Category

(Millions of yen, %)

As of March 31		2020	2021
	Bankrupt or quasi-bankrupt loans	¥ —	¥ —
	Doubtful loans	—	—
	Substandard loans	—	—
	Subtotal	—	—
	(Percentage in total)	(—)	(—)
	Normal loans	7,412,339	7,630,495
	Total	7,412,339	7,630,495

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 are loans for 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 has 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.

5-2 Status of Risk-Monitored Loans

There were no such outstanding balances as of March 31, 2020 and 2021.

5-3 Loans Concerning the Trusts with Contracts Indemnifying the Principal Amounts

There were no such outstanding balances as of March 31, 2020 and 2021.

5-4 Status of Insurance Claims Paying Ability (Solvency Margin Ratio)

(Millions of yen)

As of March 31	2020	2021
Total amount of solvency margin (A)	¥ 5,168,422	¥ 6,229,928
Capital stock, etc.	1,641,069	1,763,923
Reserve for price fluctuations	858,339	904,816
Contingency reserve	1,797,366	1,611,343
General reserve for possible loan losses	37	36
(Net unrealized gains (losses) on available-for-sale securities (before taxes)-Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)	328,782	1,283,545
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	19	2,203
Excess of continued Zillmerized reserve	442,807	364,059
Capital raised through debt financing	100,000	300,000
Amounts within "excess of continued Zillmerized reserve" and "capital raised through debt financing" not calculated into the margin	—	—
Deductions	—	—
Other	—	—
Total amount of risk (B)	967,023	1,114,326
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$		
Insurance risk R ₁	137,197	130,961
Underwriting risk of third-sector insurance R ₈	54,172	49,371
Anticipated yield risk R ₂	136,652	131,404
Minimum guarantee risk R ₇	—	—
Investment risk R ₃	788,454	942,799
Business management risk R ₄	22,329	25,090
Solvency margin ratio (A) — × 100 (1/2) × (B)	1,068.9%	1,118.1%

Note: These figures are calculated based on the provisions set forth in the public notification No. 50 issued by the Ministry of Finance in 1996 and Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act.

5-5 Real Net Assets

(Millions of yen, %)

As of March 31	2020	2021
Real net assets	¥ 12,347,875	¥ 12,077,534
[Ratio to general account assets]	[17.2]	[17.2]

Note: These figures are calculated based on the provisions set forth in Article 3, Paragraph 2 of the "Order Providing for Categories Prescribed in Article 132, Paragraph 2 of the Insurance Business Act."

5-6 Fair Value Information of Securities (Company Total)

(1) Fair Value Information of Securities

1) Net Valuation Gain/Loss of Trading Securities

The Company did not hold securities for trading as of March 31, 2020 and 2021.

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

(Millions of yen)

As of March 31	2020					2021				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)		
				Gains	Losses				Gains	Losses
Held-to-maturity bonds	¥35,735,724	¥41,953,389	¥6,217,664	¥6,217,743	¥ 79	¥35,327,980	¥40,512,921	¥5,184,940	¥5,225,937	¥40,996
Policy-reserve-matching bonds	9,574,646	10,578,535	1,003,888	1,007,456	3,567	9,382,446	10,158,590	776,143	798,498	22,355
Equities of subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	13,651,666	14,021,785	370,119	786,871	416,751	13,445,144	14,865,016	1,419,871	1,521,504	101,632
Corporate and government bonds	3,700,415	3,742,144	41,729	46,711	4,981	3,519,145	3,554,029	34,883	42,363	7,480
Domestic stocks	1,710,037	1,765,197	55,159	265,192	210,032	1,754,330	2,514,296	759,966	790,263	30,297
Foreign securities	4,754,442	5,159,292	404,849	448,638	43,788	4,835,932	5,398,112	562,180	578,698	16,518
Foreign corporate and government bonds	4,048,995	4,424,175	375,180	378,559	3,379	4,147,536	4,479,823	332,287	348,645	16,358
Foreign stocks and other securities	705,447	735,117	29,669	70,078	40,409	688,396	918,289	229,893	230,052	159
Other securities	2,635,194	2,501,569	(133,625)	24,323	157,948	2,580,552	2,641,805	61,253	108,589	47,336
Monetary claims bought	316,576	318,581	2,005	2,005	—	275,183	276,772	1,588	1,588	—
Negotiable certificates of deposit	535,000	535,000	—	—	—	480,000	480,000	—	—	—
Other	—	—	—	—	—	—	—	—	—	—
Total	58,962,037	66,553,710	7,591,672	8,012,071	420,398	58,155,572	65,536,528	7,380,955	7,545,940	164,984
Corporate and government bonds	48,912,786	56,175,830	7,263,044	7,271,672	8,628	48,229,573	54,225,541	5,995,967	6,066,800	70,832
Domestic stocks	1,710,037	1,765,197	55,159	265,192	210,032	1,754,330	2,514,296	759,966	790,263	30,297
Foreign securities	4,852,442	5,257,531	405,088	448,877	43,788	4,835,932	5,398,112	562,180	578,698	16,518
Foreign corporate and government bonds	4,146,995	4,522,414	375,418	378,798	3,379	4,147,536	4,479,823	332,287	348,645	16,358
Foreign stocks and other securities	705,447	735,117	29,669	70,078	40,409	688,396	918,289	229,893	230,052	159
Other securities	2,635,194	2,501,569	(133,625)	24,323	157,948	2,580,552	2,641,805	61,253	108,589	47,336
Monetary claims bought	316,576	318,581	2,005	2,005	—	275,183	276,772	1,588	1,588	—
Negotiable certificates of deposit	535,000	535,000	—	—	—	480,000	480,000	—	—	—
Other	—	—	—	—	—	—	—	—	—	—

Notes:

- This table includes the handling of securities under the Financial Instruments and Exchange Act.
- This table includes money held in trust other than trading securities and its book value was ¥2,647,007 million with net unrealized gains of ¥920,156 million as of March 31, 2021 and ¥2,549,094 million with net unrealized gains of ¥73,086 million as of March 31, 2020.

○ Held-to-maturity bonds

(Millions of yen)

As of March 31	2020			2021		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Those for which fair value exceeds the balance sheet amount	¥ 35,729,524	¥ 41,947,268	¥ 6,217,743	¥ 33,566,561	¥ 38,792,499	¥ 5,225,937
Corporate and government bonds	35,631,524	41,849,029	6,217,504	33,566,561	38,792,499	5,225,937
Foreign securities	98,000	98,238	238	—	—	—
Other	—	—	—	—	—	—
Those for which fair value does not exceed the balance sheet amount	6,200	6,120	(79)	1,761,418	1,720,422	(40,996)
Corporate and government bonds	6,200	6,120	(79)	1,761,418	1,720,422	(40,996)
Foreign securities	—	—	—	—	—	—
Other	—	—	—	—	—	—

○ Policy-reserve-matching bonds

(Millions of yen)

As of March 31	2020			2021		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Those for which fair value exceeds the balance sheet amount	¥ 9,322,412	¥ 10,329,868	¥ 1,007,456	¥ 8,424,838	¥ 9,223,337	¥ 798,498
Corporate and government bonds	9,322,412	10,329,868	1,007,456	8,424,838	9,223,337	798,498
Foreign securities	—	—	—	—	—	—
Other	—	—	—	—	—	—
Those for which fair value does not exceed the balance sheet amount	252,234	248,667	(3,567)	957,608	935,253	(22,355)
Corporate and government bonds	252,234	248,667	(3,567)	957,608	935,253	(22,355)
Foreign securities	—	—	—	—	—	—
Other	—	—	—	—	—	—

○ Available-for-sale securities

(Millions of yen)

As of March 31	2020			2021		
	Book value	Balance sheet amount	Difference	Book value	Balance sheet amount	Difference
Those for which the balance sheet amount exceeds book value	¥ 7,489,235	¥ 7,936,545	¥ 447,309	¥ 8,243,471	¥ 8,794,953	¥ 551,482
Corporate and government bonds	2,834,438	2,881,150	46,711	2,881,106	2,923,470	42,363
Domestic stocks	60,634	64,520	3,885	298,652	375,790	77,138
Foreign securities	3,885,173	4,263,999	378,826	3,669,886	4,028,653	358,767
Other securities	687,411	703,292	15,880	1,373,635	1,445,259	71,624
Monetary claims bought	21,577	23,583	2,005	20,190	21,779	1,588
Negotiable certificates of deposit	—	—	—	—	—	—
Other	—	—	—	—	—	—
Those for which the balance sheet amount does not exceed book value	3,613,336	3,463,059	(150,276)	2,554,666	2,502,899	(51,766)
Corporate and government bonds	865,976	860,994	(4,981)	638,039	630,558	(7,480)
Domestic stocks	261,433	216,735	(44,697)	24,177	23,067	(1,109)
Foreign securities	336,489	325,343	(11,146)	620,240	603,722	(16,518)
Other securities	1,319,437	1,229,986	(89,450)	537,216	510,558	(26,658)
Monetary claims bought	294,998	294,998	—	254,992	254,992	—
Negotiable certificates of deposit	535,000	535,000	—	480,000	480,000	—
Other	—	—	—	—	—	—

• The book values of securities for which the fair values are deemed extremely difficult to determine are as follows.

(Millions of yen)

As of March 31	2020	2021
Held-to-maturity bonds	¥ –	¥ –
Unlisted foreign bonds	–	–
Other	–	–
Policy-reserve-matching bonds	–	–
Equities of subsidiaries and affiliates	10,907	18,846
Available-for-sale securities	305,190	445,184
Unlisted domestic stocks (excluding OTC traded equities)	4,239	4,239
Unlisted foreign stocks (excluding OTC traded equities)	–	–
Unlisted foreign bonds	–	–
Other	300,951	440,944
Total	316,098	464,030

Notes:

1. This table includes money held in trust other than trading securities (¥300,951 million as of March 31, 2020 and ¥440,944 million as of March 31, 2021).
2. Net unrealized gains (losses) on foreign exchanges for assets denominated in foreign currencies of the securities for which the fair values are deemed extremely difficult to determine are as follows: ¥(4,633) million as of March 31, 2020 and ¥6,740 million as of March 31, 2021.

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

(Millions of yen)

As of March 31	2020					2021				
	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	¥ 2,744,305	¥ 2,744,305	¥ –	¥ –	¥ –	¥ 3,696,910	¥ 3,696,910	¥ –	¥ –	¥ –

Note: Excluding money held in trust for which the fair values are deemed extremely difficult to determine (¥311,766 million as of March 31, 2020 and ¥492,384 million as of March 31, 2021).

1) Money Held in Trust for Trading Purposes

The Company did not have money held in trust for trading purposes as of March 31, 2020 and 2021.

2) Assets Held-to-Maturity in Trust/Assets Held for Reserves in Trust/Other Money Held in Trust

(Millions of yen)

As of March 31	2020					2021				
	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	2,671,219	2,744,305	73,086	339,561	266,474	2,776,753	3,696,910	920,156	970,021	49,865
Domestic stocks	1,387,969	1,483,941	95,971	261,306	165,334	1,431,501	2,115,438	683,937	713,124	29,187
Foreign stocks	297,237	323,512	26,275	52,834	26,558	303,379	489,519	186,140	186,140	–
Foreign bonds	736,002	698,499	(37,503)	23,453	60,956	742,769	779,998	37,229	57,823	20,593
Other	250,009	238,353	(11,656)	1,967	13,623	299,104	311,953	12,848	12,933	84

Notes:

1. Excluding money held in trust for which the fair values are deemed extremely difficult to determine (¥311,766 million as of March 31, 2020 and ¥492,384 million as of March 31, 2021).
2. "Domestic stocks," "Foreign stocks" and "Foreign bonds" include individual stocks and bonds as well as mutual funds which exclusively invest in these assets.
3. "Other" includes cash and deposits, bank loans, and real estate funds.

(3) Combined Fair Value of Derivative Transactions (with or without Hedge Accounting)

1) Qualitative Information

(i) Detail of the transactions

The derivative transactions used by the Company are as follows:

- Currency-related: Foreign exchange contracts and currency option transactions
- Interest rate-related: Interest rate swaps
- Bond-related: Over-the-counter bond options

(ii) Policy for using derivative transactions

The Company uses derivative transactions primarily for the purpose of hedging interest rate risk and foreign exchange fluctuation risk of our investment assets.

(iii) Purposes of the use of derivative transactions

The Company mainly conducts derivative transactions relating to currencies to control foreign exchange risks associated with foreign currency-denominated assets and derivative transactions relating to interest rates to fix the floating interest rates of loans. An overview of the hedge accounting using derivative transactions conducted by the Company is as follows:

(1) Methods for hedge accounting

The Group 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, as well as 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). The exceptional method is used for interest rate swap contracts that are used as hedges and meet certain hedging criteria. Under this method, the net amount to be paid or received under the contract is added to or deducted from the interest on the loans for which the swap contract was executed.

(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 the 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 that applied the exceptional treatment for interest rate swaps.

(iv) Description of the risks

Derivative transactions used by the Company are exposed to market risk (risks due to fluctuations in foreign exchange rates and interest rates) and credit risk (risks of transaction partners' default, including bankruptcy).

The Company uses derivative transactions primarily for the purpose of hedging the risks of our investment assets, and therefore it believes that the market-related risk of derivative transactions is reduced and limited.

Meanwhile, as we select transaction partners with superior creditworthiness based on their ratings and other factors, the credit risk of derivative transactions is believed to be limited. The Company conducts derivative transactions over the counter.

(v) Risk management framework

The Company has formulated the Basic Risk Management Policy, which sets out the investment policies of derivative transactions, and uses derivative transactions primarily for hedging purposes.

In addition, we prevent risks by setting credit limits for each transaction partner selected on the basis of superior creditworthiness verified by their ratings and other factors.

The Risk Management Department is in place as an organizational unit responsible for comprehensively managing all types of risks, as part of an effort to reinforce our internal management system.

(vi) Additional notes about quantitative information**– Additional notes about credit risk**

We calculate the credit risk amount associated with derivative transactions by using the current exposure method.

– Additional notes about the calculation of fair value

We calculate fair value on the following basis:

[Foreign exchange contracts]

Fair value is calculated using the forward foreign exchange rate as of the fiscal year-end date.

[Currency options]

Fair value is based on prices offered by the financial institutions.

[Interest rate swaps]

Theoretical values are calculated by discounting the difference in future cash flows to present values based on the published market interest rate.

[Over-the-counter bond options]

Fair value is based on prices offered by the financial institutions.

– Additional notes about net unrealized gains (losses)

We use derivative transactions primarily as a means to hedge the market risk of our investment assets, and there are no so-called transactions for trading purposes.

Profit or loss from derivative transactions and the hedged investments is recognized on a combined basis, whereby the effect of a reduction in interest rate risk and foreign exchange fluctuation risk has been verified.

2) Quantitative Information

(i) Breakdown of net unrealized gains (losses) (breakdown of portions with hedge accounting applied and not applied)

(Millions of yen)

	(ii) Interest rate related	(iii) Currency related	(iv) Stock related	(v) Bond related	(vi) Others	Total
As of March 31, 2020	¥ 980	¥ 36,971	¥ –	¥ –	¥ –	¥ 37,952
Portion with hedge accounting applied	980	36,973	–	–	–	37,954
Portion with hedge accounting not applied	–	(2)	–	–	–	(2)
As of March 31, 2021	–	(156,665)	–	–	–	(156,665)
Portion with hedge accounting applied	–	(155,809)	–	–	–	(155,809)
Portion with hedge accounting not applied	–	(855)	–	–	–	(855)

Notes:

1. Net unrealized gains (losses) on the portion subject to the fair value hedge method (currency related ¥36,973 million) of the portion with hedge accounting applied, and those on the portion with hedge accounting not applied as of March 31, 2020 are accrued in the statement of income.
2. Net unrealized gains (losses) on the portion subject to the fair value hedge method (currency related ¥(155,809) million) of the portion with hedge accounting applied, and those on the portion with hedge accounting not applied as of March 31, 2021, are accrued in the statement of income.

Derivative transactions to which hedge accounting is not applied

(ii) Interest rate-related derivatives

There were no such outstanding balances as of March 31, 2020 and 2021.

(iii) Currency-related derivatives

(Millions of yen)

Category	Type	As of March 31, 2020				As of March 31, 2021			
		Contract amount, etc.		Fair value	Net unrealized gains (losses)	Contract amount, etc.		Fair value	Net unrealized gains (losses)
			Due after 1 year				Due after 1 year		
Over-the-counter	Foreign currency exchange contracts								
	Sold	¥ 204	¥ –	¥ (2)	¥ (2)	¥16,771	¥ –	¥ (889)	¥ (889)
	U.S. dollars	204	–	(2)	(2)	16,771	–	(889)	(889)
	Purchased	–	–	–	–	8,552	–	33	33
	U.S. dollars	–	–	–	–	8,552	–	33	33
Total					(2)				(855)

Notes:

1. Fair value is calculated using forward foreign exchange rates at the fiscal year-end.
2. Fair value of foreign exchange contracts is represented by net unrealized gains (losses).

(iv) Stock-related derivatives

There were no such outstanding balances as of March 31, 2020 and 2021.

(v) Bond-related derivatives

There were no such outstanding balances as of March 31, 2020 and 2021.

(vi) Others

There were no such outstanding balances as of March 31, 2020 and 2021.

Derivative transactions to which hedge accounting is applied

(ii) Interest rate-related derivatives

(Millions of yen)

Hedge accounting method	Type	Major hedged item	As of March 31, 2020			As of March 31, 2021		
			Contract amount, etc.		Fair value	Contract amount, etc.		Fair value
				Due after 1 year			Due after 1 year	
Deferred hedge method	Interest rate swaps Receivable fixed rate/Payable floating rate	Loans	¥ 6,150	¥ 3,900	¥ 24	¥ -	¥ -	¥ -
Exceptional treatment for interest rate swaps	Interest rate swaps Receivable fixed rate/Payable floating rate	Loans	26,050	23,950	956	-	-	-
Total					980			-

Note: Fair value (current value) of interest rate swaps is represented by net unrealized gains (losses).

Reference: Outstanding balances of interest rate swaps by contractual maturity date

(Millions of yen, %)

Category	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
As of March 31, 2020	¥ 4,350	¥ 8,600	¥ 14,250	¥ 5,000	¥ -	¥ -	¥ 32,200
Fixed receipt swap notional principal	4,350	8,600	14,250	5,000	-	-	32,200
Average fixed interest receipt	0.55	0.61	0.92	1.12	-	-	0.82
Average floating interest payment	0.05	0.07	0.06	0.08	-	-	0.06
Fixed payment swap notional principal	-	-	-	-	-	-	-
Average fixed interest payment	-	-	-	-	-	-	-
Average floating interest receipt	-	-	-	-	-	-	-
As of March 31, 2021	-	-	-	-	-	-	-
Fixed receipt swap notional principal	-	-	-	-	-	-	-
Average fixed interest receipt	-	-	-	-	-	-	-
Average floating interest payment	-	-	-	-	-	-	-
Fixed payment swap notional principal	-	-	-	-	-	-	-
Average fixed interest payment	-	-	-	-	-	-	-
Average floating interest receipt	-	-	-	-	-	-	-

(iii) Currency-related derivatives

(Millions of yen)

Hedge accounting method	Type	Major hedged item	As of March 31, 2020			As of March 31, 2021		
			Contract amount, etc.		Fair value	Contract amount, etc.		Fair value
				Due after 1 year			Due after 1 year	
Fair value hedge accounting	Foreign exchange contracts							
	Sold		¥ 3,382,993	¥ –	¥ 36,973	¥ 3,467,449	¥ –	¥(155,809)
	U.S. dollars	Available-for-sale securities	2,093,405	–	(32,310)	1,973,848	–	(75,029)
	Euros		523,596	–	6,238	537,353	–	(19,578)
	Australian dollars		256,452	–	30,310	413,962	–	(35,464)
	Other		509,538	–	32,734	542,285	–	(25,737)
	Purchased		–	–	–	–	–	–
Total					36,973			(155,809)

Notes:

1. Fair value is calculated using forward foreign exchange rates at the fiscal year-end.
2. Fair value of foreign exchange contracts is represented by net unrealized gains (losses).

(iv) Stock-related derivatives

There were no such outstanding balances as of March 31, 2020 and 2021.

(v) Bond-related derivatives

There were no such outstanding balances as of March 31, 2020 and 2021.

(vi) Others

There were no such outstanding balances as of March 31, 2020 and 2021.

5-7 Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

For the years ended March 31	2020	2021
Core income	¥ 7,213,587	¥ 6,808,737
Insurance premiums and others	3,245,541	2,697,936
Investment income	1,128,627	1,084,377
Other ordinary income	2,839,418	3,026,422
Reversal of policy reserves	2,778,729	2,955,263
Core expenses	6,812,978	6,386,793
Insurance claims and others	6,191,369	5,866,091
Provision for policy reserves and others	8	8
Investment expenses	12,403	16,469
Operating expenses	472,177	402,065
Other ordinary expenses	137,018	102,158
Core profit A	400,609	421,943
Capital gains	87,260	115,775
Gains on money held in trust	51,560	87,593
Gains on trading securities	—	—
Gains on sales of securities	35,699	20,422
Gains on derivative financial instruments	—	—
Gains on foreign exchanges	—	7,759
Other capital gains	—	—
Capital losses	189,693	132,878
Losses on money held in trust	—	—
Losses on trading securities	—	—
Losses on sales of securities	32,020	32,789
Losses on valuation of securities	2,689	—
Losses on derivative financial instruments	74,799	21,604
Losses on foreign exchanges	2,085	—
Other capital losses	78,097	78,484
Net capital gains (losses) B	(102,433)	(17,102)
Core profit including net capital gains (losses) A+B	298,175	404,840
Other one-time gains	165,388	186,023
Reinsurance income	—	—
Reversal of contingency reserve	165,388	186,023
Reversal of specific reserve for possible loan losses	—	—
Other	—	—
Other one-time losses	176,734	245,841
Reinsurance premiums	—	—
Provision for contingency reserve	—	—
Provision for specific reserve for possible loan losses	—	—
Provision for reserve for specific foreign loans	—	—
Write-off of loans	—	—
Other	176,734	245,841
Other one-time profits (losses) C	(11,345)	(59,818)
Ordinary profit A+B+C	286,829	345,022

Notes:

1. "Investment income" and "investment expenses" exclude the amount regarding net capital gains (losses).
2. "Reversal of policy reserves" excludes the amount regarding other one-time profits (reversal of contingency reserve) and includes the amount regarding other one-time losses (provision for contingency reserve and the amount of additional policy reserves accumulated pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act).
3. Amount equivalent to income gains associated with money held in trust (¥78,097 million for 2020 and ¥78,484 million for 2021) is recognized as "other capital losses" and included in "investment income."
4. "Other" in "other one-time losses" includes the amount of additional policy reserves accumulated pursuant to Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act (¥176,734 million for 2020 and ¥245,841 million for 2021).

(Reference) Breakdown of Core Profit

(Millions of yen)

For the years ended March 31	2020	2021
Core profit	¥ 400,609	¥ 421,943
Spread (positive/negative spread)	80,466	76,330
Core profit attributable to life insurance activities	320,142	345,612

Spread (Positive/Negative Spread)

A spread is the differential between the assumed return on insurance premium investments and the actual investment return. When the actual investment return is higher than the assumed return on insurance premium investments, there is a "positive spread." Conversely, a "negative spread" exists when the actual investment return is lower than the assumed return on insurance premium investments. For the year ended March 31, 2021, there was a positive spread of ¥76.3 billion.

The spread (positive/negative spread) is calculated according to the following formula:

$$\begin{array}{lcl} \text{Positive spread} & = & [\text{investment return on core profit} - \text{average assumed rate of return}] \times \text{general account policy reserves} \\ \text{¥76.3 billion} & & [1.82\%] \quad [1.69\%] \quad \text{¥58,645.3 billion} \end{array}$$

- Investment return on core profit is the return on general account policy reserves after deducting the provision for interest on policyholder dividends from the general account investment revenue included in core profit.
- Average assumed rate of return is the return of assumed interest on general account policy reserves.
- General account policy reserves are calculated as follows for policy reserves in the general account, excluding contingency reserve:
(Policy reserves 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.

6 Main Business Indicators

6-1 Key Business Indicators (Non-Consolidated)

(Billions of yen unless specifically indicated)

As of/For the years ended March 31	2017	2018	2019	2020	2021
Ordinary income	¥ 8,659.4	¥ 7,952.9	¥ 7,916.6	¥ 7,211.4	¥ 6,786.2
Ordinary profit	279.3	308.8	265.1	286.8	345.0
Core profit	390.0	386.1	377.1	400.6	421.9
Net income	88.5	104.3	120.9	151.1	165.5
Capital stock	500.0	500.0	500.0	500.0	500.0
(Number of shares issued: thousands of shares)	(600,000)	(600,000)	(600,000)	(562,600)	(562,600)
Total assets	80,336.4	76,832.5	73,904.5	71,667.3	70,173.8
Separate account	—	—	—	—	—
Policy reserves	70,175.2	67,777.2	65,060.5	62,293.1	59,397.7
Loans	8,060.9	7,627.1	6,786.0	5,662.7	4,964.0
Securities	63,486.2	60,131.8	58,452.5	55,871.5	55,274.5
Solvency margin ratio (%)	1,289.1%	1,130.5%	1,188.0%	1,068.9%	1,118.1%
Number of employees (persons)	7,424	7,490	7,617	7,638	7,645
Policy amount in force	53,229.1	55,102.2	55,331.3	51,846.2	47,476.0
Individual insurance	50,097.9	52,359.7	53,001.8	49,915.5	45,912.2
Individual annuities	3,131.1	2,742.5	2,329.4	1,930.6	1,563.8
Group insurance	—	—	—	—	—
Policy amount in force for group annuities	—	—	—	—	—

Notes:

1. The Company cancelled its treasury stock on May 31, 2019, reducing the total number of shares issued by 37,400 thousand shares.

2. "Policy amount in force" is the total of individual insurance, individual annuities and group insurance.

Figures 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) the amount of policy reserves for the annuity after payments have commenced.

6-2 Selected Financial Data and Other Information

(1) Policies in Force and New Policies

1) Policies in Force

(Number of policies, millions of yen, %)

As of March 31	2020				2021			
	Number of policies		Policy amount		Number of policies		Policy amount	
		Year-on-year comparison		Year-on-year comparison		Year-on-year comparison		Year-on-year comparison
Individual insurance	17,163,300	94.8%	¥ 49,915,586	94.2%	15,893,392	92.6%	¥ 45,912,230	92.0%
Individual annuities	1,164,059	91.8	1,930,642	82.9	1,009,956	86.8	1,563,865	81.0
Group insurance	–	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–	–

Note: 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) the amount of policy reserves for the annuity after payments have commenced.

2) New Policies

(Number of policies, millions of yen, %)

For the years ended March 31	2020						2021					
	Number of policies		Policy amount				Number of policies		Policy amount			
		Year-on-year comparison		Year-on-year comparison	New policies	Net increase by conversion		Year-on-year comparison		Year-on-year comparison	New policies	Net increase by conversion
Individual insurance	644,499	37.7%	¥ 1,893,727	34.0%	¥ 1,893,727	–	124,933	19.4%	¥ 390,355	20.6%	¥ 390,355	–
Individual annuities	549	135.2	3,527	178.7	3,527	–	30	5.5	176	5.0	176	–
Group insurance	–	–	–	–	–	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–	–	–	–	–	–

Note: Policy amounts for “individual annuities” are the total of the accumulated contribution payment as of the date of annuity payment commencement.

(2) Annualized Premiums

1) Policies in Force

(Millions of yen, %)

As of March 31	2020		2021	
		Year-on-year comparison		Year-on-year comparison
Individual insurance	¥ 3,144,610	93.5%	¥ 2,840,092	90.3%
Individual annuities	412,062	91.1	357,160	86.7
Total	¥ 3,556,673	93.2	¥ 3,197,252	89.9
Medical coverage, living benefits and other	393,881	95.9	364,682	92.6

Notes:

- Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined 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.
- “Medical coverage, living benefits and other” includes medical benefits (including hospitalization and surgery benefits), living benefits (including limited illness and nursing care benefits), and premium payment waivers benefits (excluding disability and including specified diseases and nursing benefits).

2) New Policies

(Millions of yen, %)

For the years ended March 31	2020		2021	
		Year-on-year comparison		Year-on-year comparison
Individual insurance	¥ 146,966	41.8%	¥ 30,643	20.9%
Individual annuities	314	183.6	16	5.1
Total	¥ 147,280	41.9	¥ 30,659	20.8
Medical coverage, living benefits and other	22,132	35.9	1,459	6.6

Notes:

1. Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined 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. "Medical coverage, living benefits and other" includes medical benefits (including hospitalization and surgery benefits), living benefits (including limited illness and nursing care benefits), and premium payment waivers benefits (excluding disability and including specified diseases and nursing benefits).

(3) New Policies by Product

(Number of policies, millions of yen)

For the years ended March 31	2020		2021	
	Number of policies	Policy amount	Number of policies	Policy amount
Individual insurance	644,499	¥ 1,893,727	124,933	¥ 390,355
Ordinary whole life insurance	163,628	502,026	9,526	29,414
Fixed amount type	60,445	119,377	2,764	5,276
Increased amount type	103,183	382,648	6,762	24,138
(Inclusive) Ordinary whole life insurance (low cash value)	31,100	83,323	2,452	7,444
Fixed amount type	14,583	27,939	864	1,785
Increased amount type	16,517	55,383	1,588	5,658
Ordinary whole life insurance with relaxed underwriting criteria	64,491	60,207	575	415
(Inclusive) Ordinary whole life insurance with relaxed underwriting criteria (low cash value)	13,094	10,741	195	157
Special whole life insurance	24,918	89,608	2,090	5,330
(Inclusive) Special whole life insurance (low cash value)	5,558	19,599	604	1,706
Ordinary term insurance	767	1,604	185	420
Ordinary endowment insurance	189,254	616,914	66,644	216,274
Ordinary endowment insurance with relaxed underwriting criteria	33,837	34,405	1,515	2,212
Special endowment insurance	121,460	495,456	23,192	90,831
Designated endowment insurance	8	10	—	(1)
Educational endowment insurance (H24)	46,136	93,494	21,206	45,457
Individual annuities	549	¥ 3,527	30	¥ 176
Deferred term annuity	—	—	—	(0)
Longevity support insurance (low cash value)	549	3,527	30	177
Asset-formation insurance	2	¥ 0	4	¥ 0
Asset-formation savings insurance	2	0	4	0
Asset-formation housing funding insurance	—	—	—	—
Asset-formation annuities	—	¥ —	—	¥ —
Asset-formation whole life annuity	—	—	—	—

Notes:

1. Figures for number of policies for "asset-formation insurance" and "asset-formation annuities" are the number of insured persons.
2. Policy amounts for "individual annuities" and "asset-formation annuities" are the total of the accumulated contribution payment as of the date of annuity payment commencement.
3. Policy amount for "asset-formation insurance" is the amount of the first premium payment.
4. The negative amount is due to the fact that withdrawal of new policies, etc. exceeded conclusion.

(4) Policies in Force by Product

(Number of policies, millions of yen)

As of March 31	2020		2021	
	Number of policies	Policy amount	Number of policies	Policy amount
Individual insurance	17,163,300	¥ 49,915,586	15,893,392	¥ 45,912,230
Ordinary whole life insurance	3,473,737	10,600,951	3,310,923	9,955,503
Fixed amount type	1,261,517	2,834,704	1,200,370	2,683,476
Increased amount type	2,212,220	7,766,247	2,110,553	7,272,027
(Inclusive) Ordinary whole life insurance (low cash value)	218,490	586,198	207,832	554,932
Fixed amount type	99,891	193,727	94,540	181,969
Increased amount type	118,599	392,470	113,292	372,962
Ordinary whole life insurance with relaxed underwriting criteria	57,768	53,214	53,522	95,341
(Inclusive) Ordinary whole life insurance with relaxed underwriting criteria (low cash value)	11,782	9,574	11,133	17,769
Special whole life insurance	1,893,885	6,319,678	1,839,866	6,071,265
(Inclusive) Special whole life insurance (low cash value)	41,453	142,074	39,759	134,068
Whole life insurance with nursing care benefit	108	261	106	220
Ordinary term insurance	5,402	21,165	4,952	21,252
Ordinary endowment insurance	5,936,109	15,407,654	5,236,485	13,515,432
Ordinary endowment insurance with relaxed underwriting criteria	31,095	31,713	30,631	60,611
Special endowment insurance	2,975,441	11,925,917	2,684,900	10,762,665
Designated endowment insurance	34,299	65,212	21,763	42,249
Educational endowment insurance	1,021,115	1,838,202	989,302	1,772,980
Educational endowment insurance with scholarship annuity	81,928	158,511	79,800	152,613
Educational endowment insurance (H24)	1,652,038	3,491,595	1,640,775	3,460,699
Husband-and-wife insurance	34	101	33	99
Whole life insurance with whole life annuity	340	1,402	333	1,291
Husband-and-wife insurance with husband-and-wife annuity	1	3	1	3
Individual annuities	1,164,059	¥ 1,930,642	1,009,956	¥ 1,563,865
Longevity support insurance (low cash value)	1,334	7,090	1,267	6,629
Immediate whole life annuity	872	3,241	821	2,979
Deferred whole life annuity	9,668	75,305	9,506	73,641
Whole life annuity with additional nursing annuity	5	51	5	50
Immediate term annuity	254,666	206,342	185,111	128,487
Deferred term annuity	897,504	1,638,554	813,236	1,352,020
Immediate husband-and-wife annuity	1	3	1	2
Deferred husband-and-wife annuity	9	54	9	53
Asset-formation insurance	61	¥ 64	50	¥ 56
Asset-formation savings insurance	57	59	46	50
Asset-formation housing funding insurance	4	5	4	6
Asset-formation annuities	11	¥ 47	11	¥ 47
Asset-formation whole life annuity	11	47	11	47

Notes:

- Figures for number of policies for "asset-formation insurance" and "asset-formation annuities" are the number of insured persons.
- Policy amounts for "individual annuities" and "asset-formation 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) the amount of policy reserves for the annuity after payments have commenced.
- Policy amount for "asset-formation insurance" is the amount of policy reserves.
- "Educational endowment insurance (H24)" includes educational endowment insurance (H24) (without premium protection agreement).

(5) Policies in Force by Benefit Type

(Millions of yen)

As of March 31			Policy amount in force	
			2020	2021
Death benefit	General death	Individual insurance	¥ 46,423,990	¥ 42,451,530
		Individual annuities	—	—
		Group insurance	—	—
		Group annuities	—	—
		Net, including others	67,322,726	60,679,819
	Accidental death	Individual insurance	[58,397,757]	[55,427,766]
		Individual annuities	[12,460]	[10,682]
		Group insurance	[—]	[—]
		Group annuities	[—]	[—]
		Net, including others	[99,297,614]	[92,044,662]
	Other conditional death	Individual insurance	[—]	[—]
		Individual annuities	[—]	[—]
		Group insurance	[—]	[—]
		Group annuities	[—]	[—]
		Net, including others	[—]	[—]
Survival benefit	Maturity/living benefits	Individual insurance	3,491,595	3,460,699
		Individual annuities	441,993	322,889
		Group insurance	—	—
		Group annuities	—	—
		Net, including others	5,509,104	5,164,660
	Annuities	Individual insurance	[19,493]	[18,997]
		Individual annuities	[419,888]	[366,990]
		Group insurance	[—]	[—]
		Group annuities	[—]	[—]
		Net, including others	[1,002,768]	[892,556]
	Others	Individual insurance	—	—
		Individual annuities	1,488,648	1,240,975
		Group insurance	—	—
		Group annuities	—	—
		Net, including others	10,506,515	10,117,786
Hospitalization benefit	Hospitalization due to accident	Individual insurance	[49,644]	[45,839]
		Individual annuities	[30]	[25]
		Group insurance	[—]	[—]
		Group annuities	[—]	[—]
		Net, including others	[83,908]	[76,696]
	Hospitalization due to illness	Individual insurance	[49,146]	[45,438]
		Individual annuities	[7]	[6]
		Group insurance	[—]	[—]
		Group annuities	[—]	[—]
		Net, including others	[83,308]	[76,210]
	Other conditional hospitalization	Individual insurance	[6,404]	[5,828]
		Individual annuities	[4]	[4]
		Group insurance	[—]	[—]
		Group annuities	[—]	[—]
		Net, including others	[10,219]	[9,308]

Notes:

- Figures within brackets “[]” are supplementary benefits of the basic policy and rider benefits.
- Policy amounts for “individual annuities” in the “maturity/living benefits” column in “survival benefit” are the accumulated contribution payments as of the date of annuity payment commencement for the annuity before payments commence.
- Policy amounts of “annuities” in survival benefit are the amounts of annuities to be paid annually.
- Policy amounts of “others” in survival benefit are the amounts of policy reserves for individual annuities (the annuity after payments have commenced).
- Policy amounts for “hospitalization benefits” are the amounts of daily hospitalization benefits.

(Number of policies)

As of March 31		Number of policies in force	
		2020	2021
Disability benefit	Individual insurance	[10,317,191]	[9,494,895]
	Individual annuities	[3,441]	[2,942]
	Group insurance	[-]	[-]
	Group annuities	[-]	[-]
	Net, including others	[19,137,690]	[17,440,080]
Surgery benefit	Individual insurance	[12,883,121]	[11,938,977]
	Individual annuities	[5,637]	[4,822]
	Group insurance	[-]	[-]
	Group annuities	[-]	[-]
	Net, including others	[22,929,616]	[21,072,383]

Note: Figures within brackets "[]" are supplementary benefits of the basic policy and rider benefits.

(6) Policies in Force by Type of Policy of Individual Insurance and Individual Annuity

(Millions of yen)

As of March 31		Policy amount in force	
		2020	2021
Death protection insurance	Whole life insurance	¥ 16,974,106	¥ 16,122,331
	Whole life insurance with term rider	—	—
	Term insurance	21,165	21,252
	Net, including others	16,996,677	16,144,878
Mixed insurance	Endowment insurance	27,430,498	24,380,959
	Endowment insurance with term rider	—	—
	Term insurance with living benefits	—	—
	Net, including others	29,427,313	26,306,652
Pure endowment insurance		3,491,595	3,460,699
Annuities	Individual annuities	1,930,642	1,563,865
Accident/illness riders	Accident rider	23,766,485	21,596,468
	Nursing care rider	188	183
	Accident hospitalization rider	2	2
	Illness hospitalization rider	0	0
	Illness and accident hospitalization rider	552	522
	Non-participating accident hospitalization rider	428	322
	Non-participating illness and accident hospitalization rider	37,658	34,327
	Non-participating accidental rider	4,760,829	4,625,239
	Non-participating injury medical care rider	89	96
	Non-participating general medical care rider	10,812	10,355
	Non-participating general medical care rider with relaxed underwriting criteria	130	240
	Non-participating advanced medical care rider	(Number of policies) 143,449	(Number of policies) 156,619

Notes:

1. 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) the amount of policy reserves for the annuity after payments have commenced.
2. Policy amounts for "hospitalization/medical riders" are the amounts of daily hospitalization benefits.
3. The figure for "non-participating advanced medical care rider" represents the number of policies.

(7) Annualized Premiums from Policies in Force by Type of Policy of Individual Insurance and Individual Annuity

(Millions of yen)

As of March 31		Annualized premiums from policies in force	
		2020	2021
Death protection insurance	Whole life insurance	¥ 788,598	¥ 744,876
	Whole life insurance with term rider	—	—
	Term insurance	195	178
	Net, including others	788,898	745,156
Mixed insurance	Endowment insurance	1,989,087	1,735,809
	Endowment insurance with term rider	—	—
	Term insurance with living benefits	—	—
	Net, including others	2,120,346	1,862,258
Pure endowment insurance		235,365	232,676
Annuities	Individual annuities	412,062	357,160

Note: Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined 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.

(8) Embedded Value (“EV”)

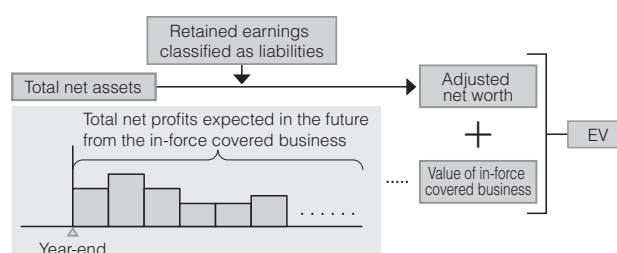
Embedded value (“EV”) is one of the corporate value indicators for life insurance companies.

The profit-loss structure in the life insurance business involves a loss at the time of sale and profit over a policy’s duration. A loss occurs temporarily at the time of sale, caused by a considerable amount of expenses generally incurred with the sale of a policy. Future profit is generated as the policy’s long duration serves to provide revenues over a long period of time, covering these initial expenses.

Under the current statutory accounting practices in Japan, gains and losses are recognized as they occur in each fiscal year. EV, on the other hand, is used to represent the present value of gains and losses that cover the entire duration. EV is the sum of the adjusted net worth (ANW), which reflects gains/losses from business activities in the past, and the value of in-force covered business (VIF), which is the present value of the expected future profits from the in-force covered business.

Since the end of the year ended March 31, 2013, we have been disclosing EV calculated on the basis of the European Embedded Value Principles (“EEV Principles”) as additional information supplementary to the financial data provided under the current statutory accounting practices.

Outline of EV



Notes:

The EEV Principles and Guidance were published in May 2004 by the CFO Forum, a group representing the Chief Financial Officers of major European insurance companies, in order to improve consistency and transparency in EV calculation and reporting.

1) EV Results

(Billions of yen)

As of March 31	2020	2021	
			Increase (Decrease)
EV	¥ 3,324.2	¥ 4,026.2	¥ 701.9
Adjusted net worth	2,212.4	2,376.8	164.4
Total net assets on the balance sheet (Note 1)	1,661.6	1,806.4	144.7
Reserve for price fluctuations (Note 2)	226.3	249.7	23.3
Contingency reserve (Note 2)	476.6	481.6	4.9
Others (Note 3)	61.8	60.9	(0.9)
Tax effect on the above	(214.1)	(221.8)	(7.6)
Value of in-force covered business	1,111.8	1,649.3	537.4
Certainty equivalent present value of future profits	1,806.7	2,054.1	247.3
Time value of financial options and guarantees	(456.0)	(232.3)	223.6
Cost of holding required capital	(0.0)	(0.0)	0.0
Allowance for non-hedgeable risk	(238.8)	(172.4)	66.4

For the years ended March 31	2020	2021	
			Increase (Decrease)
Value of new business (Note 4)	¥ 60.6	¥ (12.7)	¥ (73.3)
Certainty equivalent present value of future profits	70.1	(11.0)	(81.1)
Time value of financial options and guarantees	(5.7)	(1.1)	4.5
Cost of holding required capital	(0.0)	(0.0)	(0.0)
Allowance for non-hedgeable risk	(3.7)	(0.5)	3.2

Notes:

- The total net assets are the total net assets as on the consolidated balance sheet, excluding the total amount of accumulated other comprehensive income.
In addition, the board benefit trust reported as treasury stock has been added at book value.
- Excluding amounts in respect of the Postal Life Insurance policies that are included in the VIF.
- Unrealized gains/losses on securities, loans and real estate; general reserve for possible loan losses (excluding those related to insurance policies); unfunded retirement benefit obligations (unrecognized prior service costs and unrecognized actuarial differences); and unrealized gains/losses on subordinated bonds.
- The value of new business includes the difference in value arising from the switchover subscription to riders launched in October 2017 and subscription to the conditional cancellation system started in April 2020.

2) Movement Analysis

(Billions of yen)

	Adjusted net worth	Value of in-force covered business	EV
Values as of March 31, 2020	¥ 2,212.4	¥ 1,111.8	¥ 3,324.2
(1) Opening adjustments	(21.3)	—	(21.3)
Values as of March 31, 2020 after adjustment	¥ 2,191.0	¥ 1,111.8	¥ 3,302.8
(2) Value of new business	—	(12.7)	(12.7)
(3) Expected existing business contribution (risk-free rate)	(2.5)	74.8	72.2
(4) Expected existing business contribution (in excess of risk-free rate)	4.6	59.9	64.6
(5) Expected transfer from value of in-force covered business to adjusted net worth	142.5	(142.5)	—
On in-force at the beginning of the fiscal year	149.5	(149.5)	—
On new business	(6.9)	6.9	—
(6) Non-economic experience variances	38.3	(3.0)	35.2
(7) Non-economic assumption changes	—	4.0	4.0
(8) Economic variances	2.9	556.8	559.7
Values as of March 31, 2021	¥ 2,376.8	¥ 1,649.3	¥ 4,026.2

3) Sensitivities

(Billions of yen)

Assumptions		EV	
			Change in EV
Base Scenario	March 31, 2021	¥ 4,026.2	¥ —
Sensitivity 1	50bp increase in risk-free rate (Note 1)	4,111.7	85.5
Sensitivity 2	50bp decrease in risk-free rate (Notes 1 and 2)	3,822.3	(203.8)
Sensitivity 3	10% decrease in equity and real estate value	3,897.3	(128.8)
Sensitivity 4	10% decrease in maintenance expenses	4,225.3	199.1
Sensitivity 5	10% decrease in surrender and lapse rates	4,038.2	12.0
Sensitivity 6	5% decrease in claim incidence rates for life business	4,136.9	110.7
Sensitivity 7	5% decrease in claim incidence rates for annuity business	3,925.4	(100.7)
Sensitivity 8	Change the required capital to statutory minimum	4,026.2	0.0
Sensitivity 9	25% increase in implied volatilities of equity and real estate values	3,931.2	(94.9)
Sensitivity 10	25% increase in implied volatilities of swaptions	3,968.7	(57.4)

Notes:

1. For the long-duration risk-free rates at terms longer than the extrapolation entry term, extrapolation to the ultimate forward rate is applied without changing the ultimate forward rate itself.
2. The 50bp decrease is applied to both positive and negative risk-free rates, without a floor.

In the fiscal year ended March 31, 2021, we refrained from proactive sales activities, so the volume of new policies was so small that the sensitivity of the value of new business is deemed immaterial and is accordingly not calculated.

4) Main EV Assumptions

(i) Economic Assumptions

Based on the assets held by Japan Post Insurance, the risk-free rates for use in the certainty equivalent calculation have been determined based on Japanese government bonds as of the valuation date.

The table on the right shows, for selected terms, the risk-free rates (converted to spot rates) used for the calculation. For interest rates at longer durations, for which reference rates are not available, we take an extrapolation approach utilizing an ultimate forward rate assumed to converge over a period of time to a fixed ultimate level, commonly set based on macroeconomic or other methods.

We have assumed an ultimate forward rate of 3.8%, and as the market of Japanese government bonds beyond 30 years is not considered deep and liquid, we have determined the extrapolation entry term as 30 years. For the forward rate for year 31 and later years, we have applied the Smith-Wilson approach with convergence to the ultimate forward rate over 30 years.

Term (Years)	For calculation of the value of in-force covered business		For calculation of the value of new business	
	March 31, 2020	March 31, 2021	Fiscal year ended March 31, 2020 (Rate at December 31, 2019)	Fiscal year ended March 31, 2021 (Rate at June 30, 2020)
1	(0.150)%	(0.129)%	(0.129)%	(0.180)%
2	(0.130)%	(0.130)%	(0.134)%	(0.140)%
3	(0.148)%	(0.136)%	(0.139)%	(0.144)%
4	(0.119)%	(0.118)%	(0.133)%	(0.128)%
5	(0.115)%	(0.083)%	(0.130)%	(0.102)%
10	0.032%	0.105%	(0.015)%	0.043%
15	0.286%	0.314%	0.154%	0.286%
20	0.319%	0.496%	0.285%	0.427%
25	0.405%	0.610%	0.379%	0.556%
30	0.427%	0.697%	0.421%	0.603%
40	0.923%	1.187%	0.932%	1.083%
50	1.455%	1.671%	1.463%	1.586%
60	1.837%	2.019%	1.845%	1.947%

Source: Analysis of Ministry of Finance data

(ii) Non-Economic Assumptions

All cash flows (premiums, expenses, claims and benefits, cash surrender values, taxes, etc.) are projected applying the best estimate assumptions up to the termination of the policies. Best estimate assumptions are specified by product group, considering recent experience and expected future prospects.

5) Notes on the Use of Results

- (i) As the profits arising from the release of the contingency reserve and reserve for price fluctuations related to the Postal Life Insurance policies form a part of the reinsurance dividend paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network, the EV calculations take into consideration the profits net of this reinsurance dividend. Therefore, the contingency reserve and reserve for price fluctuations related to these policies are included in the VIF, rather than the ANW, as it is assumed that these reserves will be released in the future.
- (ii) The calculation of EV is based on many assumptions, including future outlook, which involves certain risks and uncertainties. Since actual performance may differ materially from these assumptions, we strongly recommend that users exercise caution.
- (iii) We requested an independent actuarial firm to review the assumptions and the calculation of our EV results and obtained a written opinion verifying the validity. For further details of this written opinion and our EV, please refer to our website (https://www.jp-life.japanpost.jp/english/news/2021/en_news_id000117.html).

6-3 Insurance Policy Indicators

(1) Policies in Force and New Policies

1) Policies in Force

(Number of policies, millions of yen, %)

As of March 31	2020				2021			
	Number of policies		Policy amount		Number of policies		Policy amount	
		Rate of increase/decrease		Rate of increase/decrease		Rate of increase/decrease		Rate of increase/decrease
Individual insurance	17,163,300	(5.2)%	¥ 49,915,586	(5.8)%	15,893,392	(7.4)%	¥ 45,912,230	(8.0)%
Death protection insurance	5,431,241	(1.5)	16,996,677	(3.3)	5,209,703	(4.1)	16,144,878	(5.0)
Mixed insurance	10,080,021	(7.8)	29,427,313	(7.9)	9,042,914	(10.3)	26,306,652	(10.6)
Pure endowment insurance	1,652,038	0.3	3,491,595	0.1	1,640,775	(0.7)	3,460,699	(0.9)
Individual annuities	1,164,059	(8.2)	1,930,642	(17.1)	1,009,956	(13.2)	1,563,865	(19.0)
Group insurance	—	—	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—	—	—
Asset-formation insurance	61	(29.1)	64	(25.5)	50	(18.0)	56	(12.5)
Asset-formation annuities	11	(8.3)	47	(8.7)	11	0.0	47	0.0

Notes:

- Figures for number of policies for "asset-formation insurance" and "asset-formation annuities" are the number of insured persons.
- Policy amounts for "individual annuities" and "asset-formation 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) the amount of policy reserves for the annuity after payments have commenced.
- Policy amount for "asset-formation insurance" is the amount of policy reserves.

2) New Policies

(Number of policies, millions of yen, %)

For the years ended March 31	2020				2021			
	Number of policies		Policy amount		Number of policies		Policy amount	
		Rate of increase/decrease		Rate of increase/decrease		Rate of increase/decrease		Rate of increase/decrease
Individual insurance	644,499	(62.3)%	¥ 1,893,727	(66.0)%	124,933	(80.6)%	¥ 390,355	(79.4)%
Death protection insurance	253,804	(65.8)	653,446	(72.0)	12,376	(95.1)	35,581	(94.6)
Mixed insurance	344,559	(59.1)	1,146,785	(61.4)	91,351	(73.5)	309,316	(73.0)
Pure endowment insurance	46,136	(63.9)	93,494	(63.6)	21,206	(54.0)	45,457	(51.4)
Individual annuities	549	35.2	3,527	78.7	30	(94.5)	176	(95.0)
Group insurance	—	—	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—	—	—
Asset-formation insurance	2	0.0	0	(66.7)	4	100.0	0	500.0
Asset-formation annuities	—	—	—	—	—	—	—	—

Notes:

- Figures for number of policies for "asset-formation insurance" and "asset-formation annuities" are the number of insured persons.
- Policy amounts for "individual annuities" and "asset-formation annuities" are the total of the accumulated contribution payment as of the date of annuity payment commencement.
- Policy amount for "asset-formation insurance" is the amount of the first premium payment.

(2) Average Policy Amount of New Policies and Policies in Force (individual insurance)

(Thousands of yen)

Items	New Policies		Policies in Force	
	For the year ended March 31, 2020	For the year ended March 31, 2021	As of March 31, 2020	As of March 31, 2021
Individual insurance	¥ 2,938	¥ 3,124	¥ 2,908	¥ 2,888
Death protection insurance	2,574	2,875	3,129	3,099
Mixed insurance	3,328	3,386	2,919	2,909
Pure endowment insurance	2,026	2,143	2,113	2,109

(3) Ratio of New Policies (against the policy in force at the beginning of fiscal year)

(%)

For the years ended March 31	2020	2021
Individual insurance	3.6%	0.8%
Individual annuities	0.2	0.0
Group insurance	—	—

Note: This refers to the ratio of the policy amount of new policies against the policy amount in force at the beginning of fiscal year.

(4) Ratio of Surrender and Lapse (against the policy in force at the beginning of fiscal year)

(%)

For the years ended March 31	2020	2021
Individual insurance	5.1%	3.1%
Individual annuities	1.0	0.4
Group insurance	—	—

Notes:

- Ratio of surrender and lapse is calculated based on the policy amount associated with surrenders and lapses as modified by decrease or increase in policy amount, as well as the amount of the policy reinstatement.
- Ratio of surrender and lapse for "individual annuities" is based on the annuity before payments commence.

(5) Average Premium for New Policies of Individual Insurance (monthly payment agreement)

(Yen)

For the years ended March 31	2020	2021
Individual insurance	¥ 254,427	¥ 253,911

Note: These are annual premiums for the policies involving monthly payment agreement.

(6) Mortality Rates (basic policies in individual insurance)

(‰)

For the years ended March 31	2020	2021
In terms of number of policies	2.02‰	2.27‰
In terms of policy amount	1.63	1.84

Notes:

- Mortality rates are calculated by dividing the number of/policy amount for policies filing death claim by the number of/policy amount for policies exposed to risk.
- Number of/policy amount for policies exposed to risk is calculated by the formula as follows:
(Number of/policy amount for policies in force at the beginning of fiscal year + number of/policy amount for policies in force at the end of fiscal year + the number of/policy amount for policies filing death claim) ÷ 2

(7) Ratio of Riders Filing Claim (individual insurance)

(‰)

For the years ended March 31		2020	2021
Accident death benefit policy	In terms of number of policies	0.10‰	0.11‰
	In terms of policy amount	0.09	0.09
Disability benefit policy	In terms of number of policies	0.25	0.27
	In terms of policy amount	0.07	0.07
Accident hospitalization benefit policy	In terms of number of policies	5.99	5.69
	In terms of policy amount	0.19	0.18
Illness hospitalization benefit policy	In terms of number of policies	48.20	44.55
	In terms of policy amount	1.01	0.99
Lifestyle disease hospitalization benefit policy	In terms of number of policies	—	—
	In terms of policy amount	—	—
Illness/accident surgery benefit policy	In terms of number of policies	37.29	35.37
Lifestyle disease surgery benefit policy	In terms of number of policies	—	—

Notes:

- Ratio of the number of/policy amount for riders filing claim is calculated by dividing the number of/policy amount for riders filing claim by the number of/policy amount for policies exposed to risk.
- Number of/policy amount for policies exposed to risk is calculated by the formula as follows:

$$(\text{Number of/policy amount for policies in force at the beginning of fiscal year} + \text{number of/policy amount for policies in force at the end of fiscal year} + \text{the number of/policy amount for policies filing full-paid rider claim}) \div 2$$

(8) Ratio of Operating Expenses (against premium revenues)

(%)

For the year ended March 31, 2020	For the year ended March 31, 2021
14.62%	14.99%

(9) In the Cases Where Insurance Policies are Reinsured, Number of Principal Insurance Companies Accepting Reinsurance

(Number of companies)

For the year ended March 31, 2020	For the year ended March 31, 2021
4	4

Note: This is not applicable to third-sector insurance, in which the accumulation of insurance premium reserves is not required pursuant to Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

(10) In the Cases Where Insurance Policies are Reinsured, Ratio of Reinsurance Premiums Paid to the Top Five Reinsurers in Terms of the Volume of Reinsurance Premiums Paid, Against Reinsurance Premiums Paid to All Reinsurers Accepting Reinsurance

(%)

For the year ended March 31, 2020	For the year ended March 31, 2021
100.0%	100.0%

Note: This is not applicable to third-sector insurance, in which the accumulation of insurance premium reserves is not required pursuant to Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

(11) In the Cases Where Insurance Policies are Reinsured, Ratio of Reinsurance Premiums Paid, of Each Group of Principal Reinsurers Accepting Reinsurance, Where the Grouping is Done Based on Ratings by a Rating Agency

(%)

Category of credit ratings	For the year ended March 31, 2020	For the year ended March 31, 2021
A or superior	100.0%	100.0%
BBB or superior	—	—
Other	—	—

Notes:

- The above ratings are based on the ratings provided by S&P (Standard & Poor's) at each fiscal year-end, where "A or superior" represents A- or superior, while "BBB or superior" represents the range from BBB- to less than A-.
- This is not applicable to third-sector insurance, in which the accumulation of insurance premium reserves is not required pursuant to Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

(12) Amount of Reinsurance Proceeds Yet to be Recovered

(Millions of yen)

For the year ended March 31, 2020	For the year ended March 31, 2021
¥ 3,432	¥ 3,443

Note: This is not applicable to third-sector insurance, in which the accumulation of insurance premium reserves is not required pursuant to Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

(13) Ratio of the Insurance Amount Paid Against Earned Premiums by Reason of Benefit or Class of Insurance in Third-Sector Insurance

(%)

For the years ended March 31	2020	2021
Claim-filing ratio in third-sector insurance	38.5%	36.6%
Medical (Illness)	31.6	29.8
Cancer	—	—
Nursing care	62.3	64.3
Other	80.0	77.7

6-4 Accounting Data

(1) Reserve for Outstanding Claims

(Millions of yen)

As of March 31		2020	2021
Insurance claims	Death benefits	¥ 12,484	¥ 13,004
	Accidental benefits	2,164	2,323
	Serious disability benefits	1,298	1,301
	Maturity benefits	76,844	82,908
	Other	308,115	266,783
	Subtotal	400,908	366,320
Annuity payments		7,534	7,645
Benefits		23,647	21,110
Surrender benefits		28,035	22,773
Deferred insurance benefits payment		—	—
Net, including other reserve for outstanding claims		461,224	419,021

(2) Policy Reserves

(Millions of yen)

As of March 31		2020	2021
Policy reserves [excluding contingency reserve]	Individual insurance	¥ 25,282,332	¥ 24,845,103
	[General account]	[25,282,332]	[24,845,103]
	[Separate account]	[-]	[-]
	Individual annuities	1,889,285	1,532,465
	[General account]	[1,889,285]	[1,532,465]
	[Separate account]	[-]	[-]
	Group insurance	-	-
	[General account]	[-]	[-]
	[Separate account]	[-]	[-]
	Group annuities	-	-
	[General account]	[-]	[-]
	[Separate account]	[-]	[-]
	Other	33,324,181	31,408,808
	[General account]	[33,324,181]	[31,408,808]
	[Separate account]	[-]	[-]
	Subtotal	60,495,799	57,786,377
	[General account]	[60,495,799]	[57,786,377]
	[Separate account]	[-]	[-]
Contingency reserve		1,797,366	1,611,343
Total		62,293,166	59,397,720
[General account]		[62,293,166]	[59,397,720]
[Separate account]		[-]	[-]

Note: "Other" includes asset-formation insurance, asset-formation annuities and receiving reinsurance.

(3) Balance of Policy Reserves

(Millions of yen)

	Insurance premium reserves	Unearned premiums	Reserve for refunds	Contingency reserve	Total
As of March 31, 2020	¥ 52,589,960	¥ 7,905,839	¥ -	¥ 1,797,366	¥ 62,293,166
As of March 31, 2021	51,328,903	6,457,473	-	1,611,343	59,397,720

(4) Reserving Method, Reserve Ratio and Reserve Balance for Policy Reserves for Individual Insurance and Individual Annuities (by contract year)

1) Reserving Method and Reserve Ratio for Policy Reserves

As of March 31		2020	2021
Reserving method	Contracts subject to the standard policy reserves	The method prescribed by Ordinance No. 48 issued by the Ministry of Finance in 1996 (standard policy reserves)	The method prescribed by Ordinance No. 48 issued by the Ministry of Finance in 1996 (standard policy reserves)
	Contracts outside the scope of the standard policy reserves	—	—
Reserve ratio (excluding contingency reserve)		100.0%	100.0%

Notes:

- Individual insurance and individual annuities are subject to the reserving method and the reserve ratio. Asset-formation insurance, asset-formation annuities and receiving reinsurance are not included here, while they are computed based on the net level premium method.
- Reserve ratios here are the ratios against insurance premium reserves and unearned premiums as calculated by the method prescribed by the public notification No. 48 issued by the Ministry of Finance in 1996.

2) Balance of Policy Reserves (by contract year)

(Millions of yen)

Contract year	Balance of policy reserves	Assumed rates of return
For the years ended March 31, 2008 to 2011	¥ 4,069,482	1.00%–1.50%
For the year ended March 31, 2012	3,060,981	0.80%–1.50%
For the year ended March 31, 2013	3,153,348	0.70%–1.50%
For the year ended March 31, 2014	3,155,468	0.70%–1.00%
For the year ended March 31, 2015	3,485,111	0.55%–1.00%
For the year ended March 31, 2016	3,000,948	0.50%–1.00%
For the year ended March 31, 2017	3,066,681	0.50%–1.00%
For the year ended March 31, 2018	1,676,959	0.25%
For the year ended March 31, 2019	1,248,851	0.25%
For the year ended March 31, 2020	415,570	0.25%
For the year ended March 31, 2021	44,164	0.25%

Notes:

- Balance of policy reserves includes policy reserves for individual insurance and individual annuities (excluding policy reserves in the separate account and the contingency reserve).
- Assumed rates of return here refer to the main assumed rates of return applicable to policy reserves by contract year.

(5) Balance of Policy Reserves in General Account Associated with Insurance Policies Involving a Separate Account with a Guarantee for Minimum Insurance Claims and Others, Their Calculation Methods and the Multiplier Used in Such Calculation

Not applicable as of March 31, 2020 and 2021.

(6) Rationality and Adequacy of the Confirmation under Article 121, Paragraph 1, Item 1 of the Insurance Business Act (limited to the confirmation pertaining to third-sector insurance)

1) Principles for Ensuring Appropriateness of Policy Reserves for Third-sector Insurance

We carry out the liability adequacy test and stress test as required by laws and regulations in order to ensure a sufficient level of policy reserves.

The scope of the stress test includes the applicable products of Postal Life Insurance.

2) Rationality and Adequacy of the Level of Risk Frequency and Others Assumed for the Purpose of the Liability Adequacy Test and Stress Test

For the purpose of assuming risk frequency, we calculate the occurrence rate that covers the fluctuations of payment of hospitalization benefits and others with certain rates of probability (99% and 97.7%) during the next 10 years, based on the historical actual payment, etc. of hospitalization benefits and others.

3) Results of the Liability Adequacy Test and Stress Test

We have verified as a result of the stress test that there is no need for an additional provision of contingency reserve or policy reserves for third-sector insurance, as the expected occurrence rate we assumed beforehand adequately covers the risks expected to materialize in the future.

(7) Reserve for Policyholder Dividends

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Asset-formation insurance Asset-formation annuities	Other insurance	Total
For the year ended March 31, 2020							
Balance at the beginning of the fiscal year	¥ 100,226	¥ 1,244	¥ –	¥ –	¥ –	¥ 1,412,163	¥ 1,513,634
Interest accrual	8	0	–	–	–	–	8
Reduction due to policyholder dividends paid	13,788	8	–	–	–	171,245	185,042
Reduction due to the acquisition of additional annuity	–	2	–	–	–	298	301
Provision for reserve for policyholder dividends	15,458	2	–	–	–	93,775	109,236
Balance at the end of the fiscal year	101,905	1,234	–	–	–	1,334,395	1,437,535
	[85,197]	[1,232]	[–]	[–]	[–]	[–]	[86,429]
For the year ended March 31, 2021							
Balance at the beginning of the fiscal year	101,905	1,234	–	–	–	1,334,395	1,437,535
Interest accrual	8	0	–	–	–	–	8
Reduction due to policyholder dividends paid	12,497	8	–	–	–	147,311	159,817
Reduction due to the acquisition of additional annuity	–	4	–	–	–	332	336
Provision for reserve for policyholder dividends	18,751	2	–	–	–	46,710	65,465
Balance at the end of the fiscal year	108,168	1,225	–	–	–	1,233,462	1,342,855
	[88,323]	[1,222]	[–]	[–]	[–]	[–]	[89,545]

Note: Figures within brackets “[]” are accumulated dividends. Meanwhile, the reserve for policyholder dividends associated with the reinsurance from the Management Network (¥1,334,395 million for the year ended March 31, 2020 and ¥1,223,462 million for the year ended March 31, 2021) is scheduled to be distributed/paid to the Management Network, based on the reinsurance contract.

(8) Reserves

(Millions of yen)

For the years ended March 31		2020			2021		
		Balance at the beginning of the fiscal year	Balance at the end of the fiscal year	Changes in the fiscal year	Balance at the beginning of the fiscal year	Balance at the end of the fiscal year	Changes in the fiscal year
Reserve for Possible Loan Losses	General reserve for possible loan losses	¥ 45	¥ 37	¥ (8)	¥ 37	¥ 36	¥ (0)
	Specific reserve for possible loan losses	413	411	(1)	411	347	(63)
	Reserve for specific foreign loans	–	–	–	–	–	–
Reserve for insurance claims and others		–	29,722	29,722	29,722	2,851	(26,870)
Reserve for employees' retirement benefits		68,450	68,831	380	68,831	69,659	828
Reserve for management board benefit trust		203	164	(38)	164	110	(53)
Reserve for price fluctuations		897,492	858,339	(39,152)	858,339	904,816	46,477

Note: Reason for reserving and its calculation method are omitted here as they are stated in the notes (notes to non-consolidated financial statements).

(9) Provision for Reserve for Specific Foreign Loans

Not applicable for the years ended March 31, 2020 and 2021.

(10) Capital Stock, etc.

(Millions of yen)

		Balance at the beginning of the year ended March 31, 2021	Increase in the fiscal year	Decrease in the fiscal year	Balance at the end of the year ended March 31, 2021	Remarks
Capital stock		¥ 500,000	¥ –	¥ –	¥ 500,000	
	Of which shares issued	[562,600 thousand shares]	–	–	[562,600 thousand shares]	
	[Common stock]	500,000	–	–	500,000	
	Total	500,000	–	–	500,000	
Capital surplus	[Legal capital surplus]	405,044	–	–	405,044	
	Total	405,044	–	–	405,044	

(11) Premiums

(Millions of yen)

For the years ended March 31	2020	2021
Individual insurance	¥ 2,753,753	¥ 2,305,399
(Lump-sum payment)	–	–
(Annual payment)	–	–
(Semi-annual payment)	–	–
(Monthly payment)	2,753,753	2,305,399
Individual annuities	14,072	9,687
(Lump-sum payment)	–	–
(Annual payment)	–	–
(Semi-annual payment)	–	–
(Monthly payment)	14,072	9,687
Group insurance	–	–
Group annuities	–	–
Net, including other premiums	3,229,518	2,682,067

Note: "Net, including other premiums" includes asset-formation insurance, asset-formation annuities and receiving reinsurance.

• Premiums by Income Year

(Millions of yen)

For the years ended March 31	2020	2021
Individual insurance	¥ 237,643	¥ 39,544
First-year premiums		
Premiums for the following years	2,530,182	2,275,543
Individual annuities	2,767,826	2,315,087
Subtotal		
Group insurance	–	–
First-year premiums		
Premiums for the following years	–	–
Group annuities	–	–
Subtotal		
Net, including other premiums	238,434	39,763
First-year premiums		
Premiums for the following years	2,991,083	2,642,304
Total	3,229,518	2,682,067

Note: "Net, including other premiums" includes asset-formation insurance, asset-formation annuities and receiving reinsurance.

(12) Insurance Claims**1) Insurance Claims (amounts)**

(Millions of yen)

	Death benefits	Accidental benefits	Serious disability benefits	Maturity benefits	Other	Total
For the year ended March 31, 2020						
Individual insurance	¥ 80,344	¥ 5,551	¥ 2,015	¥ 1,450,927	¥ –	¥ 1,538,838
Individual annuities	–	–	–	–	–	–
Group insurance	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–
Asset-formation insurance, asset- formation annuities	–	–	–	26	–	26
Other insurance	–	–	–	–	3,350,310	3,350,310
Total	80,344	5,551	2,015	1,450,954	3,350,310	4,889,175
For the year ended March 31, 2021						
Individual insurance	84,533	5,735	2,207	1,646,699	–	1,739,176
Individual annuities	–	–	–	–	–	–
Group insurance	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–
Asset-formation insurance, asset- formation annuities	–	–	–	17	–	17
Other insurance	–	–	–	–	2,941,912	2,941,912
Total	84,533	5,735	2,207	1,646,717	2,941,912	4,681,106

Note: "Other insurance" includes receiving reinsurance.

2) Insurance Claims (number of benefits)

(Number of benefits)

	Death benefits	Accidental benefits	Serious disability benefits	Maturity benefits	Other	Total
For the year ended March 31, 2020						
Individual insurance	33,789	2,517	787	710,162	—	747,255
Individual annuities	—	—	—	—	—	—
Group insurance	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—
Asset-formation insurance, asset-formation annuities	—	—	—	20	—	20
Other insurance	—	—	—	—	11,435,367	11,435,367
Total	33,789	2,517	787	710,182	11,435,367	12,182,642
For the year ended March 31, 2021						
Individual insurance	35,578	2,704	825	783,938	—	823,045
Individual annuities	—	—	—	—	—	—
Group insurance	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—
Asset-formation insurance, asset-formation annuities	—	—	—	13	—	13
Other insurance	—	—	—	—	10,405,665	10,405,665
Total	35,578	2,704	825	783,951	10,405,665	11,228,723

Note: "Other insurance" includes receiving reinsurance.

(13) Annuities

(Millions of yen)

For the year ended March 31, 2020						
Individual insurance	Individual annuities	Group insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Other insurance	Total
¥ 80	¥ 393,924	¥ —	¥ —	¥ —	¥ —	¥ 394,005

For the year ended March 31, 2021						
Individual insurance	Individual annuities	Group insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Other insurance	Total
¥ 102	¥ 359,719	¥ —	¥ —	¥ —	¥ —	¥ 359,821

(14) Benefits**1) Benefits (amounts)**

(Millions of yen)

	Death benefits	Hospitalization benefits	Surgery benefits	Disability benefits	Living benefits	Other	Total
For the year ended March 31, 2020							
Individual insurance	¥ 73	¥ 40,643	¥ 29,301	¥ 1,971	¥ 37,055	¥ 1,161	¥ 110,207
Individual annuities	–	26	10	10	–	0	47
Group insurance	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–
Asset-formation insurance, asset- formation annuities	–	–	–	–	–	–	–
Other insurance	–	–	–	–	–	–	–
Total	73	40,669	29,311	1,981	37,055	1,162	110,254
For the year ended March 31, 2021							
Individual insurance	56	36,778	26,149	2,045	54,203	1,061	120,295
Individual annuities	–	15	8	3	–	0	28
Group insurance	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–
Asset-formation insurance, asset- formation annuities	–	–	–	–	–	–	–
Other insurance	–	–	–	–	–	–	–
Total	56	36,794	26,158	2,049	54,203	1,062	120,324

2) Benefits (number of benefits)

(Number of benefits)

	Death benefits	Hospitalization benefits	Surgery benefits	Disability benefits	Living benefits	Other	Total
For the year ended March 31, 2020							
Individual insurance	129	784,233	436,208	2,557	156,749	16,593	1,396,469
Individual annuities	—	209	117	6	—	8	340
Group insurance	—	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—	—
Asset-formation insurance, asset-formation annuities	—	—	—	—	—	—	—
Other insurance	—	—	—	—	—	—	—
Total	129	784,442	436,325	2,563	156,749	16,601	1,396,809
For the year ended March 31, 2021							
Individual insurance	79	689,731	387,677	2,561	224,081	15,874	1,320,003
Individual annuities	—	160	94	3	—	6	263
Group insurance	—	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—	—
Asset-formation insurance, asset-formation annuities	—	—	—	—	—	—	—
Other insurance	—	—	—	—	—	—	—
Total	79	689,891	387,771	2,564	224,081	15,880	1,320,266

(15) Surrender Benefits

(Millions of yen)

For the year ended March 31, 2020						
Individual insurance	Individual annuities	Group insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Other insurance	Total
¥ 596,086	¥ 6,485	¥ —	¥ —	¥ 10	¥ —	¥ 602,583

For the year ended March 31, 2021						
Individual insurance	Individual annuities	Group insurance	Group annuities	Asset-formation insurance, asset-formation annuities	Other insurance	Total
¥ 476,097	¥ 4,378	¥ —	¥ —	¥ 1	¥ —	¥ 480,477

(16) Depreciation and Amortization

(Millions of yen, %)

	Cost	Depreciation and amortization in the fiscal year	Accumulated depreciation and amortization	Balance at the end of the fiscal year	Accumulated depreciation percentage
For the year ended March 31, 2020					
Tangible fixed assets	¥ 106,941	¥ 8,139	¥ 45,242	¥ 61,699	42.3
Buildings	63,895	3,278	22,338	41,556	35.0
Leased assets	4,265	675	2,257	2,007	52.9
Other tangible fixed assets	38,781	4,185	20,645	18,135	53.2
Intangible fixed assets	492,353	50,934	351,657	140,696	71.4
Others	709	52	380	329	53.6
Total	600,005	59,125	397,280	202,725	66.2
For the year ended March 31, 2021					
Tangible fixed assets	109,892	8,788	53,323	56,569	48.5
Buildings	65,924	3,206	25,624	40,299	38.9
Leased assets	4,298	637	2,458	1,839	57.2
Other tangible fixed assets	39,669	4,944	25,239	14,429	63.6
Intangible fixed assets	520,596	52,371	401,847	118,748	77.2
Others	709	54	434	275	61.3
Total	631,198	61,214	455,605	175,593	72.2

Notes:

1. "Buildings" includes all buildings, facilities and structures.
2. "Intangible fixed assets" includes software in progress.

(17) Operating Expenses

(Millions of yen)

For the years ended March 31	2020	2021
Sales activity expenses	¥ 111,079	¥ 51,416
Sales administration expenses	15,003	10,917
General administration expenses	346,095	339,731
Total	472,177	402,065

Note: "General administration expenses" include the contributions to the Life Insurance Policyholders Protection Corporation of Japan (¥2,474 million for the year ended March 31, 2020 and ¥2,410 million for the year ended March 31, 2021), pursuant to Article 259 of the Insurance Business Act.

(18) Taxes

		(Millions of yen)	
For the years ended March 31	2020	2021	
National taxes	¥ 29,339	¥ 25,123	
Consumption tax	26,390	23,262	
Special local corporation tax	2,589	1,664	
Stamp duty	358	197	
Registration license tax	0	0	
Other national taxes	0	—	
Local taxes	14,635	13,279	
Local consumption tax	7,282	6,563	
Enterprise tax	6,213	5,549	
Fixed property tax	890	910	
Real estate acquisition tax	—	0	
Business office tax	248	255	
Other local taxes	—	—	
Total	43,974	38,402	

Notes:

1. The figure for "Special local corporation tax" in 2021 includes Special corporate enterprise tax.

2. "Fixed property tax" includes city planning tax.

(19) Lease Transactions

Lease transactions (as lessee)

[Finance lease transactions without transfer of ownership that apply an accounting treatment equivalent to those for operating lease transactions]

Not applicable for the years ended March 31, 2020 and 2021.

(20) Borrowings by Maturity Date

		(Millions of yen)					
	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
As of March 31, 2020							
Bonds payable	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 100,000	¥ 100,000
Payables under securities lending transactions	4,290,140	—	—	—	—	—	4,290,140
Total	4,290,140	—	—	—	—	100,000	4,390,140
As of March 31, 2021							
Bonds payable	—	—	—	—	—	300,000	300,000
Payables under securities lending transactions	4,587,469	—	—	—	—	—	4,587,469
Total	4,587,469	—	—	—	—	300,000	4,887,469

6-5 Indicators Related to Asset Management (General Account)

(1) Portfolio Trends

Asset Structure, Increase/Decrease in Assets

(Millions of yen, %)

As of March 31	2020			2021		
	Amount	Percentage	Increase/decrease	Amount	Percentage	Increase/decrease
Cash, deposits, call loans	¥ 1,786,640	2.5	¥ 725,296	¥ 1,459,749	2.1	¥ (326,890)
Receivables under resale agreements	—	—	—	—	—	—
Receivables under securities borrowing transactions	3,191,710	4.5	399,508	2,585,087	3.7	(606,623)
Monetary claims bought	318,581	0.4	(36,376)	276,772	0.4	(41,809)
Trading account securities	—	—	—	—	—	—
Money held in trust	3,056,072	4.3	268,516	4,189,294	6.0	1,133,222
Securities	55,871,541	78.0	(2,581,023)	55,274,594	78.8	(596,946)
Corporate and government bonds	48,954,516	68.3	(2,174,242)	48,264,456	68.8	(690,059)
Domestic stocks	286,975	0.4	80,406	404,577	0.6	117,601
Foreign securities	4,687,342	6.5	(597,593)	4,632,376	6.6	(54,966)
Foreign corporate and government bonds	4,522,175	6.3	(586,613)	4,479,823	6.4	(42,351)
Foreign stocks and other securities	165,167	0.2	(10,979)	152,552	0.2	(12,615)
Other securities	1,942,706	2.7	110,405	1,973,184	2.8	30,477
Loans	5,662,748	7.9	(1,123,326)	4,964,087	7.1	(698,661)
Policy loans	152,681	0.2	8,114	161,419	0.2	8,737
Industrial and commercial loans	994,446	1.4	3,136	996,127	1.4	1,681
Loans to the Management Network	4,515,620	6.3	(1,134,577)	3,806,540	5.4	(709,080)
Real estate	89,561	0.1	(1,525)	88,707	0.1	(853)
Investment property	—	—	—	—	—	—
Deferred tax assets	1,173,751	1.6	151,751	904,333	1.3	(269,417)
Other	517,239	0.7	(40,009)	431,615	0.6	(85,624)
Reserve for possible loan losses	(448)	(0.0)	10	(384)	(0.0)	64
General account total	71,667,398	100.0	(2,237,178)	70,173,857	100.0	(1,493,540)
Foreign-currency-denominated assets	4,980,015	6.9	(533,121)	5,397,078	7.7	417,062

Notes:

1. "Loans to the Management Network" includes lending to the Management Network (Postal Life Insurance Account).
2. "Real estate" is booked as the sum total of land, buildings and construction in progress.

(2) Yield

(%)

For the years ended March 31	2020	2021
Cash, deposits and call loans	0.00%	0.00%
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	—	—
Monetary claims bought	0.17	0.14
Trading account securities	—	—
Money held in trust	1.99	2.86
Securities	1.47	1.57
Corporate and government bonds	1.53	1.51
Domestic stocks	1.24	2.72
Foreign securities	0.97	2.16
Loans	1.94	1.82
Industrial and commercial loans	1.12	1.09
Real estate	—	—
General account total	1.41	1.51
Overseas loans and investments	1.21	2.15

Notes:

1. Yields are calculated by dividing investment income less investment expenses by the daily average balance based on book value.
2. "General account total" includes assets related to securities trusts.
3. "Overseas loans and investments" is the total of assets denominated in foreign currencies and yen-denominated assets.

(3) Average Balance on Primary Assets

(Millions of yen)

For the years ended March 31	2020	2021
Cash, deposits and call loans	¥ 871,393	¥ 971,519
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	—	—
Monetary claims bought	245,585	331,785
Trading account securities	—	—
Money held in trust	2,590,039	3,060,875
Securities	57,277,536	55,266,241
Corporate and government bonds	50,390,583	48,761,968
Domestic stocks	246,486	325,661
Foreign securities	4,817,411	4,239,811
Loans	6,225,901	5,509,886
Industrial and commercial loans	1,011,092	1,014,293
Real estate	90,107	88,497
General account total	72,010,400	69,581,188
Overseas loans and investments	5,618,940	5,207,411

Notes:

1. "General account total" includes assets related to securities trusts.
2. "Real estate" is booked as the sum total of land, buildings and construction in progress.
3. "Overseas loans and investments" is the total of assets denominated in foreign currencies and yen-denominated assets.

(4) Investment Income

(Millions of yen)

For the years ended March 31	2020	2021
Interest and dividend income	¥ 1,049,804	¥ 1,004,635
Gains on trading account securities	–	–
Gains on money held in trust	51,560	87,593
Gains on trading securities	–	–
Gains on sales of securities	35,699	20,422
Gains on redemption of securities	614	1,170
Gains on derivative financial instruments	–	–
Gains on foreign exchanges	–	7,759
Reversal of reserve for possible loan losses	8	0
Other investment income	101	86
Total	1,137,789	1,121,668

(5) Investment Expenses

(Millions of yen)

For the years ended March 31	2020	2021
Interest expenses	¥ 2,130	¥ 2,311
Losses on trading account securities	–	–
Losses on money held in trust	–	–
Losses on trading securities	–	–
Losses on sales of securities	32,020	32,789
Losses on valuation of securities	2,689	–
Losses on redemption of securities	6,847	10,950
Losses on derivative financial instruments	74,799	21,604
Losses on foreign exchanges	2,085	–
Provision for reserve for possible loan losses	–	–
Write-off loans	–	–
Depreciation of real estate for lease and other assets	–	–
Other investment expenses	3,425	3,207
Total	123,999	70,863

(6) Interest, Dividends and Other Income

(Millions of yen)

For the years ended March 31	2020	2021
Interest on deposits	¥ 23	¥ 29
Interest and dividends on securities	924,098	898,429
Interest on corporate and government bonds	762,037	733,226
Domestic stock dividends	7,646	8,263
Interest and dividends on foreign securities	129,742	115,851
Interest on loans	14,684	13,314
Interest on loans to the Management Network	105,830	86,934
Rent revenue from real estate	—	—
Net, including other income	1,049,804	1,004,635

(7) Gains on Sales of Securities

(Millions of yen)

For the years ended March 31	2020	2021
Japanese government bonds and other bonds	¥ 12,657	¥ 4,876
Domestic stocks and other securities	6,730	14,692
Foreign securities	16,310	853
Net, including other gains on sales of securities	35,699	20,422

(8) Losses on Sales of Securities

(Millions of yen)

For the years ended March 31	2020	2021
Japanese government bonds and other bonds	¥ 802	¥ 1,063
Domestic stocks and other securities	11,204	13,895
Foreign securities	18,307	4,326
Net, including other losses on sales of securities	32,020	32,789

(9) Losses on Valuation of Securities

(Millions of yen)

For the years ended March 31	2020	2021
Japanese government bonds and other bonds	¥ —	¥ —
Domestic stocks and other securities	—	—
Foreign securities	2,689	—
Net, including other losses on valuation of securities	2,689	—

(10) Proprietary Trading Securities

Not applicable as of March 31, 2020 and 2021.

(11) Proceeds on Sales of Proprietary Trading Securities

Not applicable as of March 31, 2020 and 2021.

(12) Securities Composition

(Millions of yen, %)

As of March 31	2020		2021	
	Amount	Percentage	Amount	Percentage
Corporate and government bonds	¥ 48,954,516	87.6	¥ 48,264,456	87.3
Japanese government bonds	36,730,786	65.7	37,345,671	67.6
Japanese local government bonds	6,737,380	12.1	5,593,508	10.1
Japanese corporate bonds	5,486,350	9.8	5,325,276	9.6
Public entity bonds	3,516,937	6.3	3,290,216	6.0
Domestic stocks	286,975	0.5	404,577	0.7
Foreign securities	4,687,342	8.4	4,632,376	8.4
Foreign corporate and government bonds	4,522,175	8.1	4,479,823	8.1
Foreign stocks and other securities	165,167	0.3	152,552	0.3
Other securities	1,942,706	3.5	1,973,184	3.6
Total	55,871,541	100.0	55,274,594	100.0

(13) Securities by Maturity Date

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
As of March 31, 2020	¥ 3,066,028	¥ 5,058,151	¥ 4,651,108	¥ 3,986,343	¥10,245,029	¥29,718,461	¥56,725,123
Securities	2,236,029	5,058,151	4,651,108	3,986,343	10,245,029	29,694,878	55,871,541
Japanese government bonds	455,383	1,939,008	1,884,588	2,732,186	7,764,053	21,955,566	36,730,786
Japanese local government bonds	1,207,198	1,862,098	1,352,690	567,258	239,569	1,508,564	6,737,380
Japanese corporate bonds	445,162	1,063,949	478,359	263,174	665,094	2,570,610	5,486,350
Domestic stocks	—	—	—	—	—	286,975	286,975
Foreign securities	128,285	193,095	935,470	423,724	1,576,312	1,430,454	4,687,342
Foreign corporate and government bonds	128,285	193,095	935,470	423,724	1,576,312	1,265,287	4,522,175
Foreign stocks and other securities	—	—	—	—	—	165,167	165,167
Other securities	—	—	—	—	—	1,942,706	1,942,706
Monetary claims bought	294,998	—	—	—	—	23,583	318,581
Negotiable certificates of deposit	535,000	—	—	—	—	—	535,000
Other	—	—	—	—	—	—	—
As of March 31, 2021	3,426,249	4,688,622	3,720,570	5,920,893	9,769,118	28,505,912	56,031,366
Securities	2,691,256	4,688,622	3,720,570	5,920,893	9,769,118	28,484,133	55,274,594
Japanese government bonds	1,038,615	1,745,328	1,947,364	4,168,507	7,457,485	20,988,368	37,345,671
Japanese local government bonds	1,062,081	1,610,124	660,103	470,617	322,756	1,467,825	5,593,508
Japanese corporate bonds	464,276	796,006	428,791	403,942	614,823	2,617,436	5,325,276
Domestic stocks	—	—	—	—	—	404,577	404,577
Foreign securities	126,282	537,163	684,310	877,826	1,374,052	1,032,741	4,632,376
Foreign corporate and government bonds	126,282	537,163	684,310	877,826	1,374,052	880,188	4,479,823
Foreign stocks and other securities	—	—	—	—	—	152,552	152,552
Other securities	—	—	—	—	—	1,973,184	1,973,184
Monetary claims bought	254,992	—	—	—	—	21,779	276,772
Negotiable certificates of deposit	480,000	—	—	—	—	—	480,000
Other	—	—	—	—	—	—	—

Note: Includes the handling of securities based on "Accounting Standard for Financial Instruments"(Accounting Standards Board of Japan ("ASBJ") Statement No. 10).

(14) Bond Term-End Balance Yield

(%)

As of March 31	2020	2021
Corporate and government bonds	1.52%	1.51%
Foreign corporate and government bonds	2.61	2.55

(15) Breakdown of Local Government Bonds by Region

(Millions of yen)

As of March 31	2020	2021
Hokkaido	¥ 144,133	¥ 127,932
Tohoku	62,937	56,429
Kanto	1,570,288	1,345,027
Chubu	703,516	636,366
Kinki	823,720	733,345
Chugoku	221,468	185,059
Shikoku	41,827	28,500
Kyushu	500,847	428,728
Other	2,668,640	2,052,118
Total	6,737,380	5,593,508

Note: "Other" indicates the balance of joint issuance local government bonds.

(16) Shareholdings by Industry Sector

(Millions of yen, %)

As of March 31	2020		2021	
	Amount	Percentage	Amount	Percentage
Fishery, agriculture and forestry	¥ –	–	¥ –	–
Mining	842	0.3	–	–
Construction	7,435	2.6	17,658	4.4
Manufacturing				
Foods	2,118	0.7	11,740	2.9
Textiles and apparel	737	0.3	2,980	0.7
Pulp and paper	–	–	–	–
Chemicals	38,102	13.3	71,040	17.6
Pharmaceuticals	17,438	6.1	19,331	4.8
Oil and coal products	1,420	0.5	1,915	0.5
Rubber products	1,405	0.5	1,706	0.4
Glass and ceramic products	3,922	1.4	9,425	2.3
Iron and steel	–	–	–	–
Nonferrous metals	3,401	1.2	6,889	1.7
Metal products	2,291	0.8	5,604	1.4
Machinery	18,522	6.5	26,669	6.6
Electric appliances	36,472	12.7	57,206	14.1
Transportation equipment	7,109	2.5	10,707	2.6
Precision instruments	10,593	3.7	14,442	3.6
Other products	7,851	2.7	11,422	2.8
Electric power and gas	–	–	–	–
Transportation, information and communications				
Land transportation	12,647	4.4	3,895	1.0
Marine transportation	–	–	–	–
Air transportation	1,419	0.5	–	–
Warehousing and port transportation services	–	–	–	–
Information and communications	39,367	13.7	30,351	7.5
Trade and services				
Wholesale trade	22,554	7.9	26,811	6.6
Retail trade	16,855	5.9	35,028	8.7
Finance and insurance				
Banking	13,169	4.6	19,067	4.7
Securities and trading	495	0.2	495	0.1
Insurance	3,199	1.1	3,478	0.9
Other financial services	4,629	1.6	3,168	0.8
Real estate	5,862	2.0	3,996	1.0
Services	7,109	2.5	9,543	2.4
Total	286,975	100.0	404,577	100.0

Note: Industry sector category is based on the sector classification table of the Securities Identification Code Committee.

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(17) Loans

(Millions of yen)

As of March 31	2020	2021
Policy loans	¥ 152,681	¥ 161,419
Policyholder loans	152,680	161,418
Policy premium loans	1	0
Industrial and commercial loans	5,510,067	4,802,668
(Loans to non-residents)	(-)	(-)
Loans to companies	4,674,702	3,958,194
(Loans to domestic corporations)	(4,674,702)	(3,958,194)
Loans to state, international organizations and government organizations	-	-
Loans to public bodies and public businesses	835,365	844,474
Housing loans	-	-
Consumer loans	-	-
Other	-	-
Total	5,662,748	4,964,087

Note: Loans to the Management Network (Postal Life Insurance account) are recorded as loans to companies, as they are classified into loans to companies in "finance and insurance" in the Loans Questionnaire by Industrial Type in the "Guideline of Entry Statistics Questionnaire" as specified by the Research and Statistics Department, the Bank of Japan.

(18) Loans by Contractual Maturity Date

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
Total industrial and commercial loans as of March 31, 2020	¥ 761,372	¥ 1,517,225	¥ 1,069,770	¥ 713,597	¥ 680,111	¥ 767,989	¥ 5,510,067
Floating rate loans	4,592	9,525	15,175	5,925	1,388	4,112	40,721
Fixed rate loans	756,780	1,507,699	1,054,594	707,671	678,722	763,877	5,469,346
Total industrial and commercial loans as of March 31, 2021	715,402	1,349,925	881,802	597,462	584,367	673,708	4,802,668
Floating rate loans	5,700	12,150	5,000	5,000	-	-	27,850
Fixed rate loans	709,702	1,337,775	876,802	592,462	584,367	673,708	4,774,818

Notes:

1. "Fixed rate loans" includes loans to the Management Network (Postal Life Insurance Account).
2. Among the loans to the Management Network (Postal Life Insurance Account), the legal designated period is accrued as current maturity.

(19) Loans to Domestic Companies by Company Size

(Number of borrowers, millions of yen, %)

As of March 31		2020		2021	
			Percentage		Percentage
Large companies	Number of borrowers	23	65.7	21	61.8
	Amount of loans	¥ 126,970	2.7	¥ 115,620	2.9
Medium-sized companies	Number of borrowers	—	—	—	—
	Amount of loans	¥ —	—	¥ —	—
Small companies	Number of borrowers	12	34.3	13	38.2
	Amount of loans	¥ 4,547,732	97.3	¥ 3,842,574	97.1
Total loans to domestic companies	Number of borrowers	35	100.0	34	100.0
	Amount of loans	¥ 4,674,702	100.0	¥ 3,958,194	100.0

Notes:

- Loans to the Management Network (Postal Life Insurance Account) are classified as “small and medium-sized companies” in the “Corporate Guideline of Entry Statistics Questionnaire” as specified by the Research and Statistics Department, the Bank of Japan.
- Classifications are defined as shown below.
- “Number of borrowers” indicates the number of borrowers identified by name and is not the number of loans.

Industry type	1. All industries (excluding 2–4)		2. Retail and restaurant		3. Service		4. Wholesale	
Large companies	More than 300 employees	Paid-in capital over ¥1 billion	More than 50 employees	Paid-in capital over ¥1 billion	More than 100 employees	Paid-in capital over ¥1 billion	More than 100 employees	Paid-in capital over ¥1 billion
Medium-sized companies		Paid-in capital between ¥0.3 billion and ¥1 billion		Paid-in capital between ¥0.05 billion and ¥1 billion		Paid-in capital between ¥0.05 billion and ¥1 billion		Paid-in capital between ¥0.1 billion and ¥1 billion
Small companies	Paid-in capital under ¥0.3 billion or fewer than 300 employees		Paid-in capital under ¥0.05 billion or fewer than 50 employees		Paid-in capital under ¥0.05 billion or fewer than 100 employees		Paid-in capital under ¥0.1 billion or fewer than 100 employees	

(20) Breakdown of Loans by Industry

(Millions of yen, %)

As of March 31	2020		2021	
	Amount	Percentage	Amount	Percentage
Domestic				
Manufacturing	¥ 22,650	0.4	¥ 20,550	0.4
Foods	—	—	—	—
Textiles and apparel	—	—	—	—
Wood, wood products	—	—	—	—
Pulp and paper	8,950	0.2	6,850	0.1
Printing	—	—	—	—
Chemicals	6,100	0.1	6,100	0.1
Oil and coal products	600	0.0	600	0.0
Ceramics, soil and stone	7,000	0.1	7,000	0.1
Iron and steel	—	—	—	—
Nonferrous metals	—	—	—	—
Metal products	—	—	—	—
General purpose, production and industrial machinery	—	—	—	—
Electric appliances	—	—	—	—
Transportation equipment	—	—	—	—
Other manufacturing products	—	—	—	—
Agriculture and forestry	—	—	—	—
Fishery	—	—	—	—
Mining, quarrying and gravel extraction	—	—	—	—
Construction	900	0.0	—	—
Electric power, gas, heat supply and waterworks	19,582	0.4	28,712	0.6
Information and communications	2,750	0.0	1,400	0.0
Transportation and postal	31,611	0.6	24,528	0.5
Wholesale trade	39,900	0.7	39,900	0.8
Retail trade	—	—	—	—
Financing and insurance	4,535,620	82.3	3,821,540	79.6
Real estate	21,687	0.4	21,562	0.4
Rental	—	—	—	—
Academic research, specialist and technology services	—	—	—	—
Lodging	—	—	—	—
Restaurant	—	—	—	—
Lifestyle-related services, amusement	—	—	—	—
Education and learning support	—	—	—	—
Medical and welfare	—	—	—	—
Other services	—	—	—	—
Local organizations and public entities	835,365	15.2	844,474	17.6
Individuals (residential/consumption/local taxes/other)	—	—	—	—
Total	5,510,067	100.0	4,802,668	100.0
Overseas				
Governments and public entities	—	—	—	—
Financial institutions	—	—	—	—
Commerce and industry, etc.	—	—	—	—
Total	—	—	—	—
Total industrial and commercial loans	5,510,067	100.0	4,802,668	100.0

Notes:

- Domestic classification is based on the industrial classification of the Bank of Japan's rental payment previous to loans (by industry and new loans for equipment rentals).
- Loans to the Management Network (Postal Life Insurance Account) are classified as "financing and insurance" in the Loans Questionnaire by Industrial Type in the "Guideline of Entry Statistics Questionnaire" as specified by the Research and Statistics Department, the Bank of Japan.

(21) Breakdown of Industrial Loans by Use

(Millions of yen, %)

As of March 31	2020		2021	
	Amount	Percentage	Amount	Percentage
Capital investments	¥ 711,821	12.9	¥ 728,898	15.2
Operations	4,798,246	87.1	4,073,769	84.8
Total	5,510,067	100.0	4,802,668	100.0

Note: Loans to the Management Network (Postal Life Insurance Account) are classified as "operations."

(22) Breakdown of Loans by Region

(Millions of yen, %)

As of March 31	2020		2021	
	Amount	Percentage	Amount	Percentage
Hokkaido	¥ 2,901	0.1	¥ 2,802	0.1
Tohoku	43,523	0.8	42,156	0.9
Kanto	4,912,383	89.2	4,190,024	87.2
Chubu	194,282	3.5	239,578	5.0
Kinki	190,618	3.5	171,105	3.6
Chugoku	54,637	1.0	48,654	1.0
Shikoku	7,248	0.1	6,654	0.1
Kyushu	104,472	1.9	101,692	2.1
Total	5,510,067	100.0	4,802,668	100.0

Notes:

1. Loans to individuals, non-residents and for insurance policies are not included.
2. Regional classification depends on the location of the borrower's headquarters.
3. Loans to the Management Network (Postal Life Insurance Account) are classified under "Kanto," as the Network is located in Tokyo.

(23) Breakdown of Loans by Collateral

(Millions of yen, %)

As of March 31	2020		2021	
	Amount	Percentage	Amount	Percentage
Secured loans	¥ 21,711	0.4	¥ 30,633	0.6
Loans secured by securities	—	—	—	—
Loans secured by real estate, movable property or foundation	—	—	—	—
Loans secured by nominative claims	21,711	0.4	30,633	0.6
Guaranteed loans	16,840	0.3	7,040	0.1
Credit loans	955,895	17.3	958,454	20.0
Other	4,515,620	82.0	3,806,540	79.3
Industrial and commercial loans	5,510,067	100.0	4,802,668	100.0
Subordinated loans	1,000	0.0	1,000	0.0

Note: Loans to the Management Network (Postal Life Insurance Account) are classified as "Other."

(24) Tangible Fixed Assets

1) Tangible Fixed Assets

(Millions of yen, %)

	Balance at the end of the previous fiscal year	Increase in the fiscal year	Decrease in the fiscal year	Depreciation in the fiscal year	Balance at the end of the fiscal year	Accumulated depreciation	Accumulated depreciation percentage
For the year ended March 31, 2020							
Land	¥ 48,008	¥ –	¥ 179	¥ –	¥ 47,828	¥ –	–
Buildings, net	43,078	1,818	62	3,278	41,556	22,338	35.0
Leased assets, net	2,117	568	3	675	2,007	2,257	52.9
Construction in progress	–	2,260	2,084	–	176	–	–
Others, net	14,659	7,755	94	4,185	18,135	20,645	53.2
Total	107,865	12,402	2,423	8,139	109,704	45,242	–
(Includes rentals and other real estate)	–	–	–	–	–	–	–
For the year ended March 31, 2021							
Land	47,828	–	–	–	47,828	–	–
Buildings, net	41,556	1,986	37	3,206	40,299	25,624	38.9
Leased assets, net	2,007	480	11	637	1,839	2,458	57.2
Construction in progress	176	2,633	2,230	–	579	–	–
Others, net	18,135	1,290	51	4,944	14,429	25,239	63.6
Total	109,704	6,391	2,330	8,788	104,977	53,323	–
(Includes rentals and other real estate)	–	–	–	–	–	–	–

Note: "Buildings, net" includes all buildings, facilities and structures.

2) Breakdown of Real Estate Holdings by Use

(Millions of yen, number of buildings)

As of March 31	2020	2021
Value of real estate holdings	¥ 89,561	¥ 88,707
For business operations	89,561	88,707
For lease	–	–
Number of buildings held for leasing	–	–

Note: "Value of real estate holdings" includes all land, buildings (including facilities and structures) and construction in progress.

(25) Gains on Disposal of Fixed Assets

(Millions of yen)

For the years ended March 31	2020	2021
Tangible fixed assets	¥ 393	¥ –
Land	390	–
Buildings	2	–
Leased assets	–	–
Other assets	–	–
Intangible fixed assets	–	–
Others	–	–
Total	393	–
Includes rentals and other real estate	–	–

(26) Losses on Disposal of Fixed Assets

(Millions of yen)

For the years ended March 31	2020	2021
Tangible fixed assets	¥ 181	¥ 118
Land	—	—
Buildings	83	48
Leased assets	3	11
Other assets	94	58
Intangible fixed assets	122	136
Others	—	—
Total	303	255
Includes rentals and other real estate	—	—

(27) Depreciation on Real Estate, Movables and Other Assets Held for Leasing

Not applicable for the years ended March 31, 2020 and 2021.

(28) Overseas Loans and Investments

1) Breakdown by Asset Composition

(Millions of yen, %)

As of March 31		2020		2021	
		Amount	Percentage	Amount	Percentage
Foreign-currency-denominated assets	Corporate and government bonds	¥ 4,250,940	76.1	¥ 4,359,445	73.8
	Stocks	323,512	5.8	489,519	8.3
	Cash and cash equivalents	405,563	7.3	548,114	9.3
	Subtotal	4,980,015	89.1	5,397,078	91.4
Foreign-currency-denominated assets with fixed yen value	Corporate and government bonds	—	—	—	—
	Cash and cash equivalents	—	—	—	—
	Subtotal	—	—	—	—
Yen-denominated assets	Loans to non-residents	—	—	—	—
	Foreign corporate and government bonds and other assets	606,909	10.9	507,037	8.6
	Subtotal	606,909	10.9	507,037	8.6
Net overseas loans and investments		5,586,925	100.0	5,904,116	100.0

Note: "Foreign-currency-denominated assets with fixed yen value" is recorded under assets on the balance sheets as the fixed yen value that was determined at settlement with foreign exchange forward contracts.

2) Overseas Loans and Investments by Geographic Area

(Millions of yen, %)

	Foreign securities						Loans to non-residents	
			Corporate and government bonds		Stocks and other securities		Amount	Percentage
	Amount	Percentage	Amount	Percentage	Amount	Percentage		
As of March 31, 2020	¥ 5,462,256	100.0	¥ 4,522,175	100.0	¥ 940,081	100.0	¥ —	—
North America	3,387,006	62.0	3,089,472	68.3	297,533	31.6	—	—
Europe	873,964	16.0	837,936	18.5	36,028	3.8	—	—
Oceania	55,364	1.0	55,364	1.2	—	—	—	—
Asia	91,365	1.7	91,365	2.0	—	—	—	—
Central and South America	655,456	12.0	48,937	1.1	606,519	64.5	—	—
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	—	—
International organization	399,099	7.3	399,099	8.8	—	—	—	—
As of March 31, 2021	5,726,399	100.0	4,479,823	100.0	1,246,576	100.0	—	—
North America	3,362,126	58.7	2,909,283	64.9	452,842	36.3	—	—
Europe	953,164	16.6	898,956	20.1	54,208	4.3	—	—
Oceania	72,325	1.3	72,325	1.6	—	—	—	—
Asia	93,402	1.6	93,402	2.1	—	—	—	—
Central and South America	788,740	13.8	49,215	1.1	739,525	59.3	—	—
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	—	—
International organization	456,640	8.0	456,640	10.2	—	—	—	—

3) Composition of Foreign-Currency-Denominated Assets by Currency

(Millions of yen, %)

As of March 31	2020		2021	
	Amount	Percentage	Amount	Percentage
U.S. dollar	¥ 3,627,238	72.8	¥ 3,709,226	68.7
Euro	587,927	11.8	658,493	12.2
Australian dollar	229,497	4.6	425,844	7.9
Canadian dollar	153,378	3.1	175,088	3.2
Polish zloty	129,785	2.6	138,391	2.6
Swedish krona	115,010	2.3	133,581	2.5
New Zealand dollar	87,301	1.8	103,999	1.9
Singapore dollar	29,852	0.6	31,929	0.6
British pound	20,024	0.4	20,522	0.4
Total	4,980,015	100.0	5,397,078	100.0

(29) Yield on Overseas Loans and Investments

(%)		
For the years ended March 31	2020	2021
Yield on overseas loans and investments	1.21	2.15

(30) Summary of New Public-Sector Investment Underwriting and Loans

(Millions of yen)		
For the years ended March 31	2020	2021
Public bonds	Japanese government bonds	¥ —
	Japanese local government bonds	—
	Public entity bonds	5
	Subtotal	5
Loans	Government organizations	—
	Public entities	51,669
	Subtotal	51,669
Total		51,674

(31) Loan Interest Rates

Not applicable for the years ended March 31, 2020 and 2021.

(32) Other Assets

(Millions of yen)							
Asset class	Cost	Balance at the beginning of the fiscal year	Increase in the fiscal year	Decrease in the fiscal year	Accumulated depreciation and amortization	Balance at the end of the fiscal year	Remarks
For the year ended March 31, 2020							
Other	¥ 1,685	¥ 2,240	¥ 2,457	¥ 3,012	¥ —	¥ 1,685	
Total	1,685	2,240	2,457	3,012	—	1,685	
For the year ended March 31, 2021							
Other	1,863	1,685	2,919	2,742	—	1,863	
Total	1,863	1,685	2,919	2,742	—	1,863	

6-6 Fair Value Information of Securities (General Account)

(1) Fair Value of Securities

1) Net Valuation Gain/Loss of Trading Securities

Japan Post Insurance did not hold securities for trading as of March 31, 2020 and 2021.

2) Fair Value Information of Securities (with fair value, other than trading securities)

(Millions of yen)

As of March 31	2020					2021				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)		
			Gains		Losses			Gains		Losses
Held-to-maturity bonds	¥35,735,724	¥41,953,389	¥6,217,664	¥6,217,743	¥ 79	¥35,327,980	¥40,512,921	¥5,184,940	¥5,225,937	¥ 40,996
Policy-reserve-matching bonds	9,574,646	10,578,535	1,003,888	1,007,456	3,567	9,382,446	10,158,590	776,143	798,498	22,355
Equities of subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	13,651,666	14,021,785	370,119	786,871	416,751	13,445,144	14,865,016	1,419,871	1,521,504	101,632
Corporate and government bonds	3,700,415	3,742,144	41,729	46,711	4,981	3,519,145	3,554,029	34,883	42,363	7,480
Domestic stocks	1,710,037	1,765,197	55,159	265,192	210,032	1,754,330	2,514,296	759,966	790,263	30,297
Foreign securities	4,754,442	5,159,292	404,849	448,638	43,788	4,835,932	5,398,112	562,180	578,698	16,518
Foreign corporate and government bonds	4,048,995	4,424,175	375,180	378,559	3,379	4,147,536	4,479,823	332,287	348,645	16,358
Foreign stocks and other securities	705,447	735,117	29,669	70,078	40,409	688,396	918,289	229,893	230,052	159
Other securities	2,635,194	2,501,569	(133,625)	24,323	157,948	2,580,552	2,641,805	61,253	108,589	47,336
Monetary claims bought	316,576	318,581	2,005	2,005	—	275,183	276,772	1,588	1,588	—
Negotiable certificates of deposit	535,000	535,000	—	—	—	480,000	480,000	—	—	—
Other	—	—	—	—	—	—	—	—	—	—
Total	58,962,037	66,553,710	7,591,672	8,012,071	420,398	58,155,572	65,536,528	7,380,955	7,545,940	164,984
Corporate and government bonds	48,912,786	56,175,830	7,263,044	7,271,672	8,628	48,229,573	54,225,541	5,995,967	6,066,800	70,832
Domestic stocks	1,710,037	1,765,197	55,159	265,192	210,032	1,754,330	2,514,296	759,966	790,263	30,297
Foreign securities	4,852,442	5,257,531	405,088	448,877	43,788	4,835,932	5,398,112	562,180	578,698	16,518
Foreign corporate and government bonds	4,146,995	4,522,414	375,418	378,798	3,379	4,147,536	4,479,823	332,287	348,645	16,358
Foreign stocks and other securities	705,447	735,117	29,669	70,078	40,409	688,396	918,289	229,893	230,052	159
Other securities	2,635,194	2,501,569	(133,625)	24,323	157,948	2,580,552	2,641,805	61,253	108,589	47,336
Monetary claims bought	316,576	318,581	2,005	2,005	—	275,183	276,772	1,588	1,588	—
Negotiable certificates of deposit	535,000	535,000	—	—	—	480,000	480,000	—	—	—
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 was ¥2,647,007 million with net unrealized gains of ¥920,156 million as of March 31, 2021 and ¥2,549,094 million with net unrealized gains of ¥73,086 million as of March 31, 2020.

The book values of securities for which the fair values are deemed extremely difficult to determine are as follows.

(Millions of yen)

As of March 31	2020	2021
Held-to-maturity bonds	¥ —	¥ —
Unlisted foreign bonds	—	—
Other	—	—
Policy-reserve-matching bonds	—	—
Equities of subsidiaries and affiliates	10,907	18,846
Available-for-sale securities	305,190	445,184
Unlisted domestic stocks (excluding OTC-traded equities)	4,239	4,239
Unlisted foreign stocks (excluding OTC-traded equities)	—	—
Unlisted foreign bonds	—	—
Other	300,951	440,944
Total	316,098	464,030

Notes:

1. This table includes money held in trust other than trading securities (¥300,951 million as of March 31, 2020 and ¥440,944 million as of March 31, 2021).
2. Net unrealized gains (losses) on foreign exchanges for assets denominated in foreign currencies of the securities for which the fair values are deemed extremely difficult to determine are as follows: ¥(4,633) million as of March 31, 2020 and ¥6,740 million as of March 31, 2021.

(2) Fair Value of Money Held in Trust

(Millions of yen)

As of March 31	2020					2021				
	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	¥2,744,305	¥2,744,305	¥ —	¥ —	¥ —	¥3,696,910	¥3,696,910	¥ —	¥ —	¥ —

Note: Excluding money held in trust for which the fair values are deemed extremely difficult to determine (¥311,766 million as of March 31, 2020 and ¥492,384 million as of March 31, 2021).

1) Money Held in Trust for Trading Purposes

The Company did not hold money held in trust for trading purposes as of March 31, 2020 and 2021.

2) Assets Held-to-Maturity in Trust/Assets Held for Reserves in Trust/Other Money Held in Trust

(Millions of yen)

As of March 31	2020					2021				
	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	2,671,219	2,744,305	73,086	339,561	266,474	2,776,753	3,696,910	920,156	970,021	49,865
Domestic stocks	1,387,969	1,483,941	95,971	261,306	165,334	1,431,501	2,115,438	683,937	713,124	29,187
Foreign stocks	297,237	323,512	26,275	52,834	26,558	303,379	489,519	186,140	186,140	—
Foreign bonds	736,002	698,499	(37,503)	23,453	60,956	742,769	779,998	37,229	57,823	20,593
Other	250,009	238,353	(11,656)	1,967	13,623	299,104	311,953	12,848	12,933	84

Notes:

1. Excluding money held in trust for which the fair values are deemed extremely difficult to determine (¥311,766 million as of March 31, 2020 and ¥492,384 million as of March 31, 2021).
2. "Domestic stocks," "Foreign stocks" and "Foreign bonds" include individual stocks and bonds as well as mutual funds which exclusively invest in these assets.
3. "Other" includes cash and deposits, bank loans, and real estate funds.

3) Balances of Securities in Money Held in Trust

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
As of March 31, 2020							
Domestic stocks						¥ 1,483,941	
Foreign securities						774,913	
Foreign corporate and government bonds						—	
Foreign stocks and other securities						774,913	
Other securities						659,643	2,918,498
As of March 31, 2021							
Domestic stocks						2,115,438	
Foreign securities						1,094,023	
Foreign corporate and government bonds						—	
Foreign stocks and other securities						1,094,023	
Other securities						805,385	4,014,847

Note: Including money held in trust for which the fair values are deemed extremely difficult to determine.

4) Currency Composition of Money Held in Trust

(Millions of yen, %)

As of March 31	2020		2021	
	Amount	Percentage	Amount	Percentage
Japanese yen	¥ 2,190,226	75.0	¥ 2,978,688	74.2
U.S. dollar	667,211	22.9	944,421	23.5
Euro	56,834	1.9	85,196	2.1
Others	4,225	0.1	6,541	0.2
Total	2,918,498	100.0	4,014,847	100.0

Note: Includes money held in trust for which the fair values are deemed extremely difficult to determine.
Excluding cash and deposits.

5) Industry Composition of Japanese Stocks of Money Held in Trust

(Millions of yen, %)

As of March 31	2020		2021	
	Fair value	Percentage	Fair value	Percentage
Fishery, agriculture and forestry	¥ 1,288	0.1	¥ 1,840	0.1
Mining	2,805	0.2	3,158	0.1
Construction	48,501	3.3	78,546	3.7
Manufacturing				
Foods	59,833	4.0	72,309	3.4
Textiles and apparel	7,947	0.5	11,312	0.5
Pulp and paper	3,036	0.2	4,358	0.2
Chemicals	108,991	7.3	179,592	8.5
Pharmaceuticals	81,769	5.5	103,203	4.9
Oil and coal products	6,313	0.4	8,437	0.4
Rubber products	16,114	1.1	25,549	1.2
Glass and ceramic products	11,682	0.8	18,629	0.9
Iron and steel	11,137	0.8	13,273	0.6
Nonferrous metals	11,117	0.7	22,221	1.1
Metal products	7,906	0.5	11,237	0.5
Machinery	72,457	4.9	106,560	5.0
Electric appliances	211,855	14.3	341,067	16.1
Transportation equipment	121,821	8.2	143,943	6.8
Precision instruments	34,973	2.4	48,133	2.3
Other products	29,609	2.0	46,493	2.2
Electric power and gas	20,878	1.4	23,936	1.1
Transportation, information and communications				
Land transportation	55,385	3.7	64,816	3.1
Marine transportation	1,603	0.1	3,642	0.2
Air transportation	6,496	0.4	8,557	0.4
Warehousing and port transportation services	2,127	0.1	2,915	0.1
Information and communications	159,812	10.8	216,847	10.3
Trade and services				
Wholesale trade	79,500	5.4	105,092	5.0
Retail trade	60,462	4.1	103,650	4.9
Finance and insurance				
Banking	69,836	4.7	100,500	4.8
Securities and trading	10,276	0.7	15,888	0.8
Insurance	55,149	3.7	69,384	3.3
Other financial services	19,369	1.3	22,019	1.0
Real estate	30,096	2.0	37,064	1.8
Services	63,779	4.3	101,251	4.8
Total	1,483,941	100.0	2,115,438	100.0

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(3) Combined Fair Value of Derivative Transactions (with or without Hedge Accounting)

(i) Breakdown of gains (losses) (breakdown of portions with hedge accounting applied and not applied)

(Millions of yen)

	(ii) Interest rate related	(iii) Currency related	(iv) Stock related	(v) Bond related	(vi) Others	Total
As of March 31, 2020	¥ 980	¥ 36,971	¥ –	¥ –	¥ –	¥ 37,952
Portion with hedge accounting applied	980	36,973	–	–	–	37,954
Portion with hedge accounting not applied	–	(2)	–	–	–	(2)
As of March 31, 2021	–	(156,665)	–	–	–	(156,665)
Portion with hedge accounting applied	–	(155,809)	–	–	–	(155,809)
Portion with hedge accounting not applied	–	(855)	–	–	–	(855)

Notes:

1. Net unrealized gains (losses) on the portion subject to the fair value hedge method (currency related ¥36,973 million) of the portion with hedge accounting applied, and those on the portion with hedge accounting not applied as of March 31, 2020 are accrued in the statement of income.
2. Net unrealized gains (losses) on the portion subject to the fair value hedge method (currency related ¥(155,809) million) of the portion with hedge accounting applied, and those on the portion with hedge accounting not applied as of March 31, 2021, are accrued in the statement of income.

(ii) Interest rate related

(Millions of yen)

Category	As of March 31	2020				2021			
	Type	Contract amount, etc.	Over one year	Fair value	Net gain/loss	Contract amount, etc.	Over one year	Fair value	Net gain/loss
Over-the-counter	Interest rate swap								
	Fixed interest receipt/ floating interest payment								
		¥ 32,200	¥ 27,850	¥ 980	¥ 980	¥ –	¥ –	¥ –	¥ –
Total					980				–

Note: The fair value (current price) of swap transactions is indicated in the net gain/loss column.

Reference: Outstanding balances of interest rate swaps by contractual maturity date

(Millions of yen, %)

Category	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
As of March 31, 2020	¥ 4,350	¥ 8,600	¥ 14,250	¥ 5,000	¥ –	¥ –	¥ 32,200
Fixed receipt swap notional principal	4,350	8,600	14,250	5,000	–	–	32,200
Average fixed interest receipt	0.55	0.61	0.92	1.12	–	–	0.82
Average floating interest payment	0.05	0.07	0.06	0.08	–	–	0.06
As of March 31, 2021	–	–	–	–	–	–	–
Fixed receipt swap notional principal	–	–	–	–	–	–	–
Average fixed interest receipt	–	–	–	–	–	–	–
Average floating interest payment	–	–	–	–	–	–	–

(iii) Currency related

(Millions of yen)

Category	As of March 31	2020				2021			
	Type	Contract amount, etc.		Fair value	Net gain/ loss	Contract amount, etc.		Fair value	Net gain/ loss
			Over one year				Over one year		
Over-the-counter	Foreign exchange forward contracts								
	Sold	¥3,383,197	¥ -	¥ 36,971	¥ 36,971	¥3,484,221	¥ -	¥ (156,699)	¥ (156,699)
	U.S. dollars	2,093,610	-	(32,312)	(32,312)	1,990,619	-	(75,918)	(75,918)
	Euros	523,596	-	6,238	6,238	537,353	-	(19,578)	(19,578)
	Australian dollars	256,452	-	30,310	30,310	413,962	-	(35,464)	(35,464)
	Other	509,538	-	32,734	32,734	542,285	-	(25,737)	(25,737)
	Purchased	-	-	-	-	8,552	-	33	33
	U.S. dollars	-	-	-	-	8,552	-	33	33
Total					36,971				(156,665)

Notes:

1. Fair value is calculated using forward foreign exchange rates at the fiscal year-end.
2. Fair value of foreign exchange contracts is represented by net unrealized gains (losses).

(iv) Stock related

There were no such outstanding balances as of March 31, 2020 and 2021.

(v) Bond related

There were no such outstanding balances as of March 31, 2020 and 2021.

(vi) Others

There were no such outstanding balances as of March 31, 2020 and 2021.

7 Indicators for Separate Accounts

Not applicable.

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Published September 2021

The information in this Annual Report is as of March 31, 2021, unless expressly stated otherwise.

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