

# Financial Statements

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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, 2022

Regarding the key business results of the Company for the fiscal year ended March 31, 2022, on the sales front, annualized premiums from new policies for individual insurances decreased 86.9% compared with the fiscal year ended March 31, 2019, before the solicitation quality issues occurred, due to current sluggish performance in new policies. Annualized premiums from policies in force also decreased in both categories: those for individual insurance decreased ¥359.1 billion (9.2% decrease year on year) to ¥3,538.9 billion (including reinsured Postal Life Insurance Policies (insurance)), while those for third-sector insurance decreased ¥42.0 billion (6.3% decrease year on year) to ¥627.0 billion (including reinsured Postal Life Insurance Policies). In asset management, due to our continuous efforts to diversify our investment assets under the current low interest rate environment, our positive spread increased ¥64.3 billion year on year to ¥140.7 billion.

In response to the expanding impact of COVID-19, the Company has implemented initiatives to support our customers in order to ensure that we fulfill our social mission and functions as a life insurance company, such as extending the grace period for premium payments, doubling insurance benefits in the event of death due to COVID-19, and paying hospitalization benefits for treatment at home or lodging provided by the government after being diagnosed with COVID-19.

Ordinary income amounted to ¥6,454.2 billion (4.9% decrease year on year), comprising the sum of insurance premiums and others of ¥2,418.9 billion (10.3% decrease year on year), investment income of ¥1,149.1 billion (2.4% increase year on year), and other ordinary income of ¥2,886.0 billion (2.7% decrease year on year).

Ordinary expenses amounted to ¥6,098.0 billion (5.3% decrease year on year), comprising the sum of insurance claims and others of ¥5,549.3 billion (5.4% decrease year on year), investment expenses of ¥69.7 billion (1.5% decrease year on year), operating expenses of ¥385.9 billion (4.2% decrease year on year), and other ordinary expenses of ¥93.0 billion (7.4% decrease year on year).

As a result, ordinary profit amounted to ¥356.1 billion (3.0% increase year on year), and net income attributable to Japan Post Insurance amounted to ¥158.0 billion (4.8% decrease year on year), which is calculated by adjusting extraordinary gains/losses with ordinary profit, and subtracting 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, 2022 AND 2021

|   | Millions of Yen     |                     | Millions of U.S.<br>Dollars (Note 1) |
|---|---------------------|---------------------|--------------------------------------|
|   | 2022                | 2021                | 2022                                 |
| <b>ASSETS:</b>  |                     |                     |                                      |
| Cash and deposits (Note 3)                                      | ¥ 1,270,762         | ¥ 1,335,014         | \$ 10,383                            |
| Call loans  | 40,000              | 130,000             | 327                                  |
| Receivables under resale agreements                             | 2,120,137           | —                   | 17,323                               |
| Receivables under securities borrowing transactions             | —                   | 2,585,087           | —                                    |
| Monetary claims bought (Note 25)                                | 39,543              | 276,772             | 323                                  |
| Money held in trust (Notes 4 and 25)                            | 4,521,912           | 4,189,294           | 36,947                               |
| Securities (Notes 4, 5 and 25)                                  | 53,417,580          | 55,273,610          | 436,454                              |
| Loans (Notes 6 and 25)  | 4,251,956           | 4,964,087           | 34,741                               |
| Tangible fixed assets (Note 7):                                 |                     |                     |                                      |
| Land  | 43,112              | 47,828              | 352                                  |
| Buildings   | 37,152              | 40,439              | 304                                  |
| Leased assets   | 2,606               | 1,978               | 21                                   |
| Construction in progress  | 432                 | 579                 | 4                                    |
| Other tangible fixed assets                                     | 11,193              | 14,573              | 91                                   |
| Total tangible fixed assets                                     | 94,497              | 105,399             | 772                                  |
| Intangible fixed assets:  |                     |                     |                                      |
| Software  | 93,594              | 113,405             | 765                                  |
| Other intangible fixed assets                                   | 14                  | 14                  | 0                                    |
| Total intangible fixed assets                                   | 93,609              | 113,420             | 765                                  |
| Agency accounts receivable                                      | 47,287              | 53,250              | 386                                  |
| Reinsurance receivables   | 3,914               | 3,938               | 32                                   |
| Other assets (Note 5)   | 268,626             | 239,354             | 2,195                                |
| Deferred tax assets (Note 15)                                   | 1,005,346           | 904,135             | 8,214                                |
| Reserve for possible loan losses                                | (379)               | (384)               | (3)                                  |
| <b>Total assets</b>   | <b>¥ 67,174,796</b> | <b>¥ 70,172,982</b> | <b>\$ 548,859</b>                    |
| <b>LIABILITIES:</b>   |                     |                     |                                      |
| Policy reserves and others:                                     |                     |                     |                                      |
| Reserve for outstanding claims (Note 8)                         | ¥ 402,608           | ¥ 419,021           | \$ 3,290                             |
| Policy reserves (Notes 8 and 13)                                | 56,533,454          | 59,397,720          | 461,912                              |
| Reserve for policyholder dividends (Note 10)                    | 1,260,009           | 1,342,855           | 10,295                               |
| Total policy reserves and others                                | 58,196,072          | 61,159,597          | 475,497                              |
| Reinsurance payables  | 6,256               | 6,394               | 51                                   |
| Bonds payable (Notes 11 and 25)                                 | 300,000             | 300,000             | 2,451                                |
| Payables under repurchase agreements (Notes 5 and 11)           | 2,570,899           | —                   | 21,006                               |
| Payables under securities lending transactions (Notes 5 and 11) | 2,236,696           | 4,587,469           | 18,275                               |
| Other liabilities (Notes 11 and 14)                             | 402,658             | 303,851             | 3,290                                |
| Reserve for insurance claims and others                         | —                   | 2,851               | —                                    |
| Liability for retirement benefits (Note 12)                     | 68,313              | 66,414              | 558                                  |
| Reserve for management board benefit trust                      | 230                 | 110                 | 2                                    |
| Reserve for price fluctuations (Note 13)                        | 972,606             | 904,816             | 7,947                                |
| <b>Total liabilities</b>  | <b>¥ 64,753,732</b> | <b>¥ 67,331,506</b> | <b>\$ 529,077</b>                    |
| <b>NET ASSETS (Note 16):</b>                                    |                     |                     |                                      |
| Capital stock   | ¥ 500,000           | ¥ 500,000           | \$ 4,085                             |
| Capital surplus   | 405,044             | 405,044             | 3,309                                |
| Retained earnings   | 639,822             | 901,390             | 5,228                                |
| Treasury stock  | (355)               | (397)               | (3)                                  |
| Total shareholders' equity                                      | 1,544,511           | 1,806,036           | 12,620                               |
| Net unrealized gains (losses) on available-for-sale securities  | 873,764             | 1,031,384           | 7,139                                |
| Net deferred gains (losses) on hedges                           | —                   | 573                 | —                                    |
| Accumulated adjustments for retirement benefits                 | 2,786               | 3,480               | 23                                   |
| Total accumulated other comprehensive income                    | 876,551             | 1,035,438           | 7,162                                |
| <b>Total net assets</b>   | <b>2,421,063</b>    | <b>2,841,475</b>    | <b>19,782</b>                        |
| <b>Total liabilities and net assets</b>                         | <b>¥ 67,174,796</b> | <b>¥ 70,172,982</b> | <b>\$ 548,859</b>                    |

See accompanying notes to consolidated financial statements.

Message From CEO

Value Creation Story

Business Strategy for Value Creation

About Japan Post Insurance

Corporate Information

Financial Statements

# JAPAN POST INSURANCE CO., LTD. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED MARCH 31, 2022 AND 2021

|   | Millions of Yen |             | Millions of U.S.<br>Dollars (Note 1) |
|---|-----------------|-------------|--------------------------------------|
|   | 2022            | 2021        | 2022                                 |
| <b>ORDINARY INCOME:</b>                                 |                 |             |                                      |
| Insurance premiums and others (Note 19)                 | ¥ 2,418,979     | ¥ 2,697,936 | \$ 19,765                            |
| Investment income:                                      |                 |             |                                      |
| Interest and dividend income                            | 985,879         | 1,004,635   | 8,055                                |
| Gains on money held in trust                            | 114,553         | 87,593      | 936                                  |
| Gains on sales of securities                            | 26,942          | 20,422      | 220                                  |
| Gains on redemption of securities                       | 779             | 1,170       | 6                                    |
| Gains on foreign exchanges                              | 20,879          | 7,759       | 171                                  |
| Reversal of reserve for possible loan losses            | 3               | 0           | 0                                    |
| Other investment income                                 | 107             | 86          | 1                                    |
| Total investment income                                 | 1,149,145       | 1,121,668   | 9,389                                |
| <b>Other ordinary income:</b>                           |                 |             |                                      |
| Reversal of reserve for outstanding claims (Note 18)    | 16,412          | 42,203      | 134                                  |
| Reversal of policy reserves (Note 18)                   | 2,864,265       | 2,895,445   | 23,403                               |
| Other ordinary income                                   | 5,405           | 28,971      | 44                                   |
| Total other ordinary income                             | 2,886,083       | 2,966,621   | 23,581                               |
| Total ordinary income                                   | 6,454,208       | 6,786,226   | 52,735                               |
| <b>ORDINARY EXPENSES:</b>                               |                 |             |                                      |
| Insurance claims and others:                            |                 |             |                                      |
| Insurance claims (Note 20)                              | 4,477,034       | 4,681,106   | 36,580                               |
| Annuity payments  | 317,508         | 359,821     | 2,594                                |
| Benefits  | 137,982         | 120,324     | 1,127                                |
| Surrender benefits                                      | 483,773         | 480,477     | 3,953                                |
| Other refunds   | 110,798         | 201,420     | 905                                  |
| Reinsurance premiums                                    | 22,217          | 22,940      | 182                                  |
| Total insurance claims and others                       | 5,549,315       | 5,866,091   | 45,341                               |
| <b>Provision for interest on policyholder dividends</b> | 9               | 8           | 0                                    |
| <b>Investment expenses:</b>                             |                 |             |                                      |
| Interest expenses                                       | 2,352           | 2,312       | 19                                   |
| Losses on sales of securities                           | 51,108          | 32,789      | 418                                  |
| Losses on redemption of securities                      | 6,046           | 10,950      | 49                                   |
| Losses on derivative financial instruments              | 7,398           | 21,604      | 60                                   |
| Other investment expenses                               | 2,863           | 3,207       | 23                                   |
| Total investment expenses                               | 69,769          | 70,865      | 570                                  |
| <b>Operating expenses (Note 17)</b>                     | 385,928         | 403,033     | 3,153                                |
| <b>Other ordinary expenses</b>                          | 93,073          | 100,492     | 760                                  |
| <b>Total ordinary expenses</b>                          | 6,098,095       | 6,440,490   | 49,825                               |
| <b>Ordinary profit</b>                                  | 356,113         | 345,736     | 2,910                                |

See accompanying notes to consolidated financial statements.

|   | Millions of Yen |           | Millions of U.S. Dollars (Note 1) |
|---|-----------------|-----------|-----------------------------------|
|   | 2022            | 2021      | 2022                              |
| <b>EXTRAORDINARY GAINS</b> (Note 21)                              | ¥ 5,696         | ¥ —       | \$ 47                             |
| <b>EXTRAORDINARY LOSSES</b> (Note 22)                             | 68,116          | 46,732    | 557                               |
| <b>Provision for reserve for policyholder dividends</b> (Note 23) | 73,113          | 65,465    | 597                               |
| <b>Income before income taxes</b>                                 | 220,579         | 233,537   | 1,802                             |
| <b>Income taxes</b> (Note 15):                                    |                 |           |                                   |
| Current   | 101,702         | 91,632    | 831                               |
| Deferred  | (39,184)        | (24,197)  | (320)                             |
| <b>Total income taxes</b>   | 62,517          | 67,434    | 511                               |
| <b>Net income</b>   | ¥ 158,062       | ¥ 166,103 | \$ 1,291                          |
| <b>Net income attributable to non-controlling interests</b>       | ¥ —             | ¥ —       | \$ —                              |
| <b>Net income attributable to Japan Post Insurance</b>            | 158,062         | 166,103   | 1,291                             |

|   | Yen      |          | U.S. Dollars |
|---|----------|----------|--------------|
| <b>Per share of common stock</b> (Note 30): |          |          |              |
| Basic net income                            | ¥ 375.14 | ¥ 295.33 | \$ 3.07      |
| Diluted net income                          | —        | —        | —            |

See accompanying notes to consolidated financial statements.

# JAPAN POST INSURANCE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED MARCH 31, 2022 AND 2021

|  | Millions of Yen |           | Millions of U.S.<br>Dollars (Note 1) |
|--|-----------------|-----------|--------------------------------------|
|  | 2022            | 2021      | 2022                                 |
| Net income   | ¥ 158,062       | ¥ 166,103 | \$ 1,291                             |
| Other comprehensive income (Note 24):                          |                 |           |                                      |
| Net unrealized gains (losses) on available-for-sale securities | (157,619)       | 767,374   | (1,288)                              |
| Net deferred gains (losses) on hedges                          | (573)           | 556       | (5)                                  |
| Adjustments for retirement benefits                            | (693)           | 413       | (6)                                  |
| Total other comprehensive income (loss)                        | (158,887)       | 768,344   | (1,298)                              |
| Comprehensive income (loss)                                    | ¥ (824)         | ¥ 934,447 | \$ (7)                               |
| Total comprehensive income (loss) attributable to:             |                 |           |                                      |
| Japan Post Insurance   | ¥ (824)         | ¥ 934,447 | \$ (7)                               |
| 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, 2022 AND 2021

|   | Millions of Yen      |                  |                   |                |                            |
|---|----------------------|------------------|-------------------|----------------|----------------------------|
|   | Shareholders' equity |                  |                   |                |                            |
|   | Capital stock        | Capital surplus  | Retained earnings | Treasury stock | Total shareholders' equity |
| BALANCE, APRIL 1, 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                    |
| <b>BALANCE, MARCH 31, 2021</b>  | <b>500,000</b>       | <b>405,044</b>   | <b>901,390</b>    | <b>(397)</b>   | <b>1,806,036</b>           |
| Changes in the fiscal year:   |                      |                  |                   |                |                            |
| Cash dividends  |                      |                  | (60,742)          |                | (60,742)                   |
| Net income attributable to Japan Post Insurance                         |                      |                  | 158,062           |                | 158,062                    |
| Purchases of treasury stock   |                      |                  |                   | (358,882)      | (358,882)                  |
| Disposals of treasury stock   |                      |                  |                   | 37             | 37                         |
| Cancellation of treasury stock  |                      | (358,887)        |                   | 358,887        | —                          |
| Transfer from retained earnings to capital surplus                      |                      | 358,887          | (358,887)         |                | —                          |
| Net changes in items other than shareholders' equity in the fiscal year |                      |                  |                   |                |                            |
| Net changes in the fiscal year  | —                    | —                | (261,567)         | 42             | (261,524)                  |
| <b>BALANCE, MARCH 31, 2022</b>  | <b>¥ 500,000</b>     | <b>¥ 405,044</b> | <b>¥ 639,822</b>  | <b>¥ (355)</b> | <b>¥ 1,544,511</b>         |

|   | 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, 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            |
| <b>BALANCE, MARCH 31, 2021</b>  | <b>1,031,384</b>   | <b>573</b>                            | <b>3,480</b>                                    | <b>1,035,438</b>                             | <b>2,841,475</b>   |
| Changes in the fiscal year:   |  |                                       |   |  |                    |
| Cash dividends  |  |                                       |   |  | (60,742)           |
| Net income attributable to Japan Post Insurance                         |  |                                       |   |  | 158,062            |
| Purchases of treasury stock   |  |                                       |   |  | (358,882)          |
| Disposals of treasury stock   |  |                                       |   |  | 37                 |
| Cancellation of treasury stock  |  |                                       |   |  | —                  |
| Transfer from retained earnings to capital surplus                      |  |                                       |   |  | —                  |
| Net changes in items other than shareholders' equity in the fiscal year | (157,619)  | (573)                                 | (693)   | (158,887)                                    | (158,887)          |
| Net changes in the fiscal year  | (157,619)  | (573)                                 | (693)   | (158,887)                                    | (420,411)          |
| <b>BALANCE, MARCH 31, 2022</b>  | <b>¥ 873,764</b>   | <b>¥ —</b>                            | <b>¥ 2,786</b>                                  | <b>¥ 876,551</b>                             | <b>¥ 2,421,063</b> |

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 |
|---|-----------------|-----------------|-------------------|----------------|----------------------------|
| <b>BALANCE, MARCH 31, 2021</b>  | <b>\$ 4,085</b> | <b>\$ 3,309</b> | <b>\$ 7,365</b>   | <b>\$ (3)</b>  | <b>\$ 14,756</b>           |
| <b>Changes in the fiscal year:</b>                                      |                 |                 |                   |                |                            |
| Cash dividends  |                 |                 | (496)             |                | (496)                      |
| Net income attributable to Japan Post Insurance                         |                 |                 | 1,291             |                | 1,291                      |
| Purchases of treasury stock   |                 |                 |                   | (2,932)        | (2,932)                    |
| Disposals of treasury stock   |                 |                 |                   | 0              | 0                          |
| Cancellation of treasury stock  |                 | (2,932)         |                   | 2,932          | —                          |
| Transfer from retained earnings to capital surplus                      |                 | 2,932           | (2,932)           |                | —                          |
| Net changes in items other than shareholders' equity in the fiscal year |                 |                 |                   |                |                            |
| Net changes in the fiscal year  | —               | —               | (2,137)           | 0              | (2,137)                    |
| <b>BALANCE, MARCH 31, 2022</b>  | <b>\$ 4,085</b> | <b>\$ 3,309</b> | <b>\$ 5,228</b>   | <b>\$ (3)</b>  | <b>\$ 12,620</b>           |

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 |
|---|--|---------------------------------------|---|--|------------------|
| <b>BALANCE, MARCH 31, 2021</b>  | <b>\$ 8,427</b>  | <b>\$ 5</b>                           | <b>\$ 28</b>                                    | <b>\$ 8,460</b>                              | <b>\$ 23,217</b> |
| <b>Changes in the fiscal year:</b>                                      |  |                                       |   |  |                  |
| Cash dividends  |  |                                       |   |  | (496)            |
| Net income attributable to Japan Post Insurance                         |  |                                       |   |  | 1,291            |
| Purchases of treasury stock   |  |                                       |   |  | (2,932)          |
| Disposals of treasury stock   |  |                                       |   |  | 0                |
| Cancellation of treasury stock  |  |                                       |   |  | —                |
| Transfer from retained earnings to capital surplus                      |  |                                       |   |  | —                |
| Net changes in items other than shareholders' equity in the fiscal year | (1,288)  | (5)                                   | (6)   | (1,298)                                      | (1,298)          |
| Net changes in the fiscal year  | (1,288)  | (5)                                   | (6)   | (1,298)                                      | (3,435)          |
| <b>BALANCE, MARCH 31, 2022</b>  | <b>\$ 7,139</b>  | <b>\$ —</b>                           | <b>\$ 23</b>                                    | <b>\$ 7,162</b>                              | <b>\$ 19,782</b> |

See accompanying notes to consolidated financial statements.

# JAPAN POST INSURANCE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2022 AND 2021

|  | Millions of Yen |               | Millions of U.S.<br>Dollars (Note 1) |
|--|-----------------|---------------|--------------------------------------|
|  | 2022            | 2021          | 2022                                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                 |               |                                      |
| Income before income taxes   | ¥ 220,579       | ¥ 233,537     | \$ 1,802                             |
| Depreciation and amortization  | 54,562          | 59,387        | 446                                  |
| Net change in reserve for outstanding claims   | (16,412)        | (42,203)      | (134)                                |
| Net change in policy reserves  | (2,864,265)     | (2,895,445)   | (23,403)                             |
| Provision for interest on policyholder dividends   | 9               | 8             | 0                                    |
| Provision for reserve for policyholder dividends   | 73,113          | 65,465        | 597                                  |
| Net change in reserve for possible loan losses   | (4)             | (64)          | (0)                                  |
| Net change in reserve for insurance claims and others  | (2,851)         | (26,870)      | (23)                                 |
| Net change in liability for retirement benefits  | 1,898           | 353           | 16                                   |
| Net change in reserve for management board benefit trust   | 119             | (53)          | 1                                    |
| Net change in reserve for price fluctuations   | 67,789          | 46,477        | 554                                  |
| Interest and dividend income (accrual basis)   | (985,879)       | (1,004,635)   | (8,055)                              |
| Net (gains) losses on securities   | 29,432          | 22,147        | 240                                  |
| Interest expenses (accrual basis)  | 2,352           | 2,312         | 19                                   |
| Net (gains) losses on foreign exchanges  | (20,879)        | (7,759)       | (171)                                |
| Net (gains) losses on tangible fixed assets  | (5,440)         | 119           | (44)                                 |
| Net change in agency accounts receivable   | 5,962           | (7,662)       | 49                                   |
| Net change in reinsurance receivables  | 23              | 118           | 0                                    |
| Net change in other assets (excluding those related to investing activities and financing activities)      | (4,270)         | 2,584         | (35)                                 |
| Net change in reinsurance payables   | (138)           | (201)         | (1)                                  |
| Net change in other liabilities (excluding those related to investing activities and financing activities) | 1,918           | (1,108)       | 16                                   |
| Other, net   | (105,111)       | (61,457)      | (859)                                |
| Subtotal   | (3,547,490)     | (3,614,951)   | (28,985)                             |
| Interest and dividend received (cash basis)  | 1,029,437       | 1,059,143     | 8,411                                |
| Interest paid (cash basis)   | (2,457)         | (2,041)       | (20)                                 |
| Policyholder dividends paid  | (155,691)       | (159,817)     | (1,272)                              |
| Income taxes paid  | (79,482)        | (88,635)      | (649)                                |
| Net cash used in operating activities  | ¥ (2,755,684)   | ¥ (2,806,302) | \$ (22,516)                          |

See accompanying notes to consolidated financial statements.

|  | Millions of Yen |               | Millions of U.S.<br>Dollars (Note 1) |
|--|-----------------|---------------|--------------------------------------|
|  | 2022            | 2021          | 2022                                 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                 |               |                                      |
| Purchases of call loans  | ¥ (7,600,000)   | ¥ (7,660,000) | \$ (62,097)                          |
| Proceeds from redemption of call loans   | 7,690,000       | 7,910,000     | 62,832                               |
| Net change in receivables under resale agreements  | (2,120,137)     | —             | (17,323)                             |
| Net change in receivables under securities borrowing transactions                        | 2,585,087       | 606,623       | 21,122                               |
| Purchases of monetary claims bought  | (384,982)       | (1,434,928)   | (3,146)                              |
| Proceeds from sale and redemption of monetary claims bought                              | 621,790         | 1,476,386     | 5,080                                |
| Purchases of money held in trust   | (192,625)       | (234,480)     | (1,574)                              |
| Proceeds from decrease in money held in trust  | 109,700         | 34,428        | 896                                  |
| Purchases of securities  | (3,335,435)     | (2,702,286)   | (27,253)                             |
| Proceeds from sale and redemption of securities  | 5,087,083       | 3,659,771     | 41,565                               |
| Payments for loans   | (433,954)       | (571,239)     | (3,546)                              |
| Proceeds from collection of loans  | 1,146,082       | 1,269,894     | 9,364                                |
| Net change in payables under repurchase agreements                                       | 2,570,899       | —             | 21,006                               |
| Net change in payables under securities lending transactions                             | (2,350,772)     | 297,328       | (19,207)                             |
| Other, net   | (264,496)       | (63,911)      | (2,161)                              |
| Total of net cash provided by investment transactions                                    | 3,128,238       | 2,587,587     | 25,560                               |
| Total of net cash provided by (used in) operating activities and investment transactions | 372,554         | (218,714)     | 3,044                                |
| Purchases of tangible fixed assets   | (3,772)         | (3,838)       | (31)                                 |
| Proceeds from sales of tangible fixed assets   | 13,162          | —             | 108                                  |
| Purchases of intangible fixed assets   | (25,884)        | (28,487)      | (211)                                |
| Other, net   | (43)            | (986)         | (0)                                  |
| Net cash provided by investing activities  | 3,111,700       | 2,554,274     | 25,424                               |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |                 |               |                                      |
| Repayment of lease obligations   | (712)           | (669)         | (6)                                  |
| Proceeds from issuance of bonds  | —               | 198,798       | —                                    |
| Purchases of treasury stock  | (358,882)       | (0)           | (2,932)                              |
| Dividends paid   | (60,673)        | (21,385)      | (496)                                |
| Net cash provided by (used in) financing activities                                      | (420,268)       | 176,743       | (3,434)                              |
| Effect of exchange rate changes on cash and cash equivalents                             | —               | —             | —                                    |
| Net change in cash and cash equivalents  | (64,252)        | (75,283)      | (525)                                |
| Cash and cash equivalents at the beginning of the year                                   | 1,335,014       | 1,410,298     | 10,908                               |
| Cash and cash equivalents at the end of the year (Note 3)                                | ¥ 1,270,762     | ¥ 1,335,014   | \$ 10,383                            |

See accompanying notes to consolidated financial statements.

# JAPAN POST INSURANCE CO., LTD. AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

### 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 ¥122.39 to US\$1, the approximate rate of exchange as of March 31, 2022. 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 5 affiliates in 2022 (3 in 2021) 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

companies 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

Valuation of available-for-sale securities as of March 31, 2022, is as follows:

##### A) Available-for-sale securities other than stocks, etc. with no market price

Available-for-sale securities other than stocks, etc. with no market price are carried at their market price at the end of the fiscal year. Cost of securities sold is calculated using the moving-average method.

##### B) Stocks, etc. with no market price

Stocks, etc. with no market price 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.

Valuation of available-for-sale securities as of March 31, 2021, is as follows:

**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, July 4, 2019; hereinafter referred to as the "Financial Instruments Accounting Standard"). 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, 2022 and 2021, were ¥37 million (\$0 million) and ¥96 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 procedures 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.

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. 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.

Portions 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 such 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 been paid, pursuant to Article 117 of the Insurance Business Act and Article 72 of the Ordinance for Enforcement of the Insurance Business Act.

## **(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 termination measures, etc., 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.

Actuarial differences are 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 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) Changes in Accounting Policies

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the "Fair Value Measurement Accounting Standard"), etc. from the beginning of the year ended March 31, 2022. In accordance with the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Financial Instruments Accounting Standard, the Company decided to apply the new accounting policy prescribed in the Fair Value Measurement Accounting Standard, etc. prospectively. Accordingly, while the fair value method based on the average market price over the month preceding the consolidated balance sheet date was previously adopted for stocks with the market price included in available-for-sale securities, from the year ended March 31, 2022, the fair value method based on the market price as of the consolidated balance sheet date is adopted.

In addition, the Company decided to describe notes on the fair value hierarchy of financial instruments and other items in Note "25. FINANCIAL INSTRUMENTS." However, the relevant notes for the year ended March 31, 2021, are not described in accordance with the transitional treatment provided for in Paragraph 7-4 of the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020; hereinafter referred to as the "Fair Value Disclosure Guidance").

## (17) Unadopted Accounting Standards, etc.

"Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021)

### 1) Outline

The treatments for the method of calculation of the fair value of mutual funds and the notes thereto, and notes on the fair value of investments in partnerships, etc. reported in the net amount equivalent to equity in the balance sheets have been determined.

### 2) Scheduled date of adoption

Scheduled to be adopted from the beginning of the year ending March 31, 2023.

### 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 the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (Practical Issues Task Force 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, 2022 and 2021, was ¥330 million (\$3 million) and ¥367 million, respectively, while the number of such treasury stock was 140 thousand shares and 156 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.

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 from reserve for insurance claims and others at the end of the previous fiscal year, and a reversal of ¥5,280 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 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, 2022 and 2021, and cash and deposits in the consolidated balance sheets as of March 31, 2022 and 2021, were as follows:

|  | Millions of Yen |             | Millions of U.S. Dollars |
|--|-----------------|-------------|--------------------------|
|  | 2022            | 2021        | 2022                     |
| <b>March 31</b>                                  |                 |             |                          |
| Cash and deposits                                | ¥ 1,270,762     | ¥ 1,335,014 | \$ 10,383                |
| Cash and cash equivalents at the end of the year | ¥ 1,270,762     | ¥ 1,335,014 | \$ 10,383                |

### 4. SECURITIES

#### (1) Securities

Securities as of March 31, 2022 and 2021, consisted of the following:

|                                 | Millions of Yen |              | Millions of U.S. Dollars |
|---------------------------------|-----------------|--------------|--------------------------|
|                                 | 2022            | 2021         | 2022                     |
| <b>March 31</b>                 |                 |              |                          |
| Japanese government bonds       | ¥ 37,408,974    | ¥ 37,345,671 | \$ 305,654               |
| Japanese local government bonds | 4,472,466       | 5,593,508    | 36,543                   |
| Japanese corporate bonds        | 4,866,504       | 5,325,276    | 39,762                   |
| Stocks                          | 424,569         | 403,593      | 3,469                    |
| Foreign securities              | 4,332,519       | 4,632,376    | 35,399                   |
| Other                           | 1,912,544       | 1,973,184    | 15,627                   |
| Total                           | ¥ 53,417,580    | ¥ 55,273,610 | \$ 436,454               |

Investments in affiliates included in "Stocks" and "Other" as of March 31, 2022 and 2021, were as follows:

|  | Millions of Yen |          | Millions of U.S. Dollars |
|--|-----------------|----------|--------------------------|
|  | 2022            | 2021     | 2022                     |
| <b>March 31</b>                              |                 |          |                          |
| Stocks (included in "Stocks")                | ¥ 495           | ¥ 495    | \$ 4                     |
| Investments in capital (included in "Other") | 22,608          | 17,366   | 185                      |
| Total  | ¥ 23,104        | ¥ 17,862 | \$ 189                   |

Securities lent under lending agreements in the amount of ¥3,172,477 million (\$25,921 million) and ¥5,249,528 million were included in "Securities" in the consolidated balance sheets as of March 31, 2022 and 2021, respectively.

The Group has the right to sell or pledge securities received as collateral for transactions such as resale agreements, borrowing agreements and derivative transactions. The fair value of such securities held in hand was ¥601,181 million (\$4,912 million) and ¥2,909,293 million as of March 31, 2022 and 2021, respectively.

#### (2) Policy-Reserve-Matching Bonds

The consolidated balance sheet amount and fair value of policy-reserve-matching bonds as of March 31, 2022 and 2021, were as follows:

|                                   | Millions of Yen |             | Millions of U.S. Dollars |
|-----------------------------------|-----------------|-------------|--------------------------|
|                                   | 2022            | 2021        | 2022                     |
| <b>March 31</b>                   |                 |             |                          |
| Consolidated balance sheet amount | ¥ 8,604,735     | ¥ 9,382,446 | \$ 70,306                |
| Fair value                        | 9,106,029       | 10,158,590  | 74,402                   |

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 in order 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 (all insurance policies)
- 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)

Previously, the sub-group of Postal Life Insurance Contracts consisted of insurance contracts with a remaining period within 30 years, but from the beginning of the year ended March 31, 2022, the limitation of the remaining period was eliminated and then the sub-group consists of all insurance contracts, as the stable expansion of the issuance of 30- and 40-year Japanese government bonds has made it easier to secure super long-term bonds and made it possible to adjust duration gap of longer-term insurance contracts. This change has no impact on profit or loss.

(3) Fair Value Information on Securities  
1) Held-to-maturity bonds

(Millions of Yen)

|                                 | 2022                                    |              |                                  |                     |                      |
|---------------------------------|---|--------------|----------------------------------|---------------------|----------------------|
|                                 | Consolidated<br>balance sheet<br>amount | Fair value   | Net unrealized<br>gains (losses) | Unrealized<br>gains | Unrealized<br>losses |
| <b>March 31</b>                 |   |              |                                  |                     |                      |
| Bonds                           | ¥ 34,126,248                            | ¥ 38,143,194 | ¥ 4,016,945                      | ¥ 4,218,557         | ¥ (201,611)          |
| Japanese government bonds       | 29,146,236                              | 32,950,194   | 3,803,957                        | 3,976,982           | (173,024)            |
| Japanese local government bonds | 3,228,076                               | 3,380,944    | 152,867                          | 165,002             | (12,134)             |
| Japanese corporate bonds        | 1,751,934                               | 1,812,054    | 60,119                           | 76,571              | (16,452)             |
| Total                           | ¥ 34,126,248                            | ¥ 38,143,194 | ¥ 4,016,945                      | ¥ 4,218,557         | ¥ (201,611)          |

(Millions of Yen)

|                                 | 2021                                    |              |                                  |                     |                      |
|---------------------------------|---|--------------|----------------------------------|---------------------|----------------------|
|                                 | Consolidated<br>balance sheet<br>amount | Fair value   | Net unrealized<br>gains (losses) | Unrealized<br>gains | Unrealized<br>losses |
| <b>March 31</b>                 |   |              |                                  |                     |                      |
| 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 U.S. Dollars)

|                                 | 2022                                    |            |                                  |                     |                      |
|---------------------------------|---|------------|----------------------------------|---------------------|----------------------|
|                                 | Consolidated<br>balance sheet<br>amount | Fair value | Net unrealized<br>gains (losses) | Unrealized<br>gains | Unrealized<br>losses |
| <b>March 31</b>                 |   |            |                                  |                     |                      |
| Bonds                           | \$ 278,832                              | \$ 311,653 | \$ 32,821                        | \$ 34,468           | \$ (1,647)           |
| Japanese government bonds       | 238,142                                 | 269,223    | 31,081                           | 32,494              | (1,414)              |
| Japanese local government bonds | 26,375                                  | 27,624     | 1,249                            | 1,348               | (99)                 |
| Japanese corporate bonds        | 14,314                                  | 14,806     | 491                              | 626                 | (134)                |
| Total                           | \$ 278,832                              | \$ 311,653 | \$ 32,821                        | \$ 34,468           | \$ (1,647)           |

## 2) Policy-reserve-matching bonds

(Millions of Yen)

### March 31

|                                 |
|---------------------------------|
| Bonds                           |
| Japanese government bonds       |
| Japanese local government bonds |
| Japanese corporate bonds        |
| Total                           |

| 2022                              |             |                               |                  |                   |
|-----------------------------------|-------------|-------------------------------|------------------|-------------------|
| Consolidated balance sheet amount | Fair value  | Net unrealized gains (losses) | Unrealized gains | Unrealized losses |
| ¥ 8,604,735                       | ¥ 9,106,029 | ¥ 501,294                     | ¥ 593,102        | ¥ (91,808)        |
| 6,867,049                         | 7,378,646   | 511,597                       | 570,710          | (59,113)          |
| 545,525                           | 556,796     | 11,271                        | 14,280           | (3,008)           |
| 1,192,160                         | 1,170,585   | (21,574)                      | 8,111            | (29,686)          |
| ¥ 8,604,735                       | ¥ 9,106,029 | ¥ 501,294                     | ¥ 593,102        | ¥ (91,808)        |

(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 U.S. Dollars)

### March 31

|                                 |
|---------------------------------|
| Bonds                           |
| Japanese government bonds       |
| Japanese local government bonds |
| Japanese corporate bonds        |
| Total                           |

| 2022                              |            |                               |                  |                   |
|-----------------------------------|------------|-------------------------------|------------------|-------------------|
| Consolidated balance sheet amount | Fair value | Net unrealized gains (losses) | Unrealized gains | Unrealized losses |
| \$ 70,306                         | \$ 74,402  | \$ 4,096                      | \$ 4,846         | \$ (750)          |
| 56,108                            | 60,288     | 4,180                         | 4,663            | (483)             |
| 4,457                             | 4,549      | 92                            | 117              | (25)              |
| 9,741                             | 9,564      | (176)                         | 66               | (243)             |
| \$ 70,306                         | \$ 74,402  | \$ 4,096                      | \$ 4,846         | \$ (750)          |

## 3) Available-for-sale securities

(Millions of Yen)

|                                 | 2022                              |              |                               |                  |                   |
|---------------------------------|-----------------------------------|--------------|-------------------------------|------------------|-------------------|
|                                 | Consolidated balance sheet amount | Cost         | Net unrealized gains (losses) | Unrealized gains | Unrealized losses |
| <b>March 31</b>                 |                                   |              |                               |                  |                   |
| Bonds                           | ¥ 4,016,962                       | ¥ 4,043,706  | ¥ (26,743)                    | ¥ 19,433         | ¥ (46,177)        |
| Japanese government bonds       | 1,395,688                         | 1,422,776    | (27,087)                      | 2,007            | (29,094)          |
| Japanese local government bonds | 698,864                           | 700,100      | (1,235)                       | 313              | (1,549)           |
| Japanese corporate bonds        | 1,922,409                         | 1,920,830    | 1,579                         | 17,113           | (15,534)          |
| Stocks                          | 419,814                           | 357,794      | 62,019                        | 74,969           | (12,950)          |
| Foreign securities              | 4,332,519                         | 4,247,078    | 85,441                        | 173,433          | (87,991)          |
| Foreign bonds                   | 4,181,527                         | 4,096,267    | 85,259                        | 170,702          | (85,442)          |
| Foreign other securities        | 150,992                           | 150,810      | 181                           | 2,731            | (2,549)           |
| Other <sup>1</sup>              | 2,334,479                         | 2,327,634    | 6,845                         | 55,477           | (48,631)          |
| Total                           | ¥ 11,103,776                      | ¥ 10,976,214 | ¥ 127,562                     | ¥ 323,313        | ¥ (195,751)       |

(Millions of Yen)

|                                 | 2021                              |              |                               |                  |                   |
|---------------------------------|-----------------------------------|--------------|-------------------------------|------------------|-------------------|
|                                 | Consolidated balance sheet amount | Cost         | Net unrealized gains (losses) | Unrealized gains | Unrealized losses |
| <b>March 31</b>                 |                                   |              |                               |                  |                   |
| 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 <sup>2</sup>              | 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 U.S. Dollars)

|                                 | 2022                              |           |                               |                  |                   |
|---------------------------------|-----------------------------------|-----------|-------------------------------|------------------|-------------------|
|                                 | Consolidated balance sheet amount | Cost      | Net unrealized gains (losses) | Unrealized gains | Unrealized losses |
| <b>March 31</b>                 |                                   |           |                               |                  |                   |
| Bonds                           | \$ 32,821                         | \$ 33,040 | \$ (219)                      | \$ 159           | \$ (377)          |
| Japanese government bonds       | 11,404                            | 11,625    | (221)                         | 16               | (238)             |
| Japanese local government bonds | 5,710                             | 5,720     | (10)                          | 3                | (13)              |
| Japanese corporate bonds        | 15,707                            | 15,694    | 13                            | 140              | (127)             |
| Stocks                          | 3,430                             | 2,923     | 507                           | 613              | (106)             |
| Foreign securities              | 35,399                            | 34,701    | 698                           | 1,417            | (719)             |
| Foreign bonds                   | 34,166                            | 33,469    | 697                           | 1,395            | (698)             |
| Foreign other securities        | 1,234                             | 1,232     | 1                             | 22               | (21)              |
| Other <sup>1</sup>              | 19,074                            | 19,018    | 56                            | 453              | (397)             |
| Total                           | \$ 90,725                         | \$ 89,682 | \$ 1,042                      | \$ 2,642         | \$ (1,599)        |

Notes:

1. "Other" includes negotiable certificates of deposit (cost: ¥405,000 million (\$3,309 million), consolidated balance sheet amount: ¥405,000 million (\$3,309 million)) presented as "Cash and deposits" in the consolidated balance sheet and monetary claims bought (cost: ¥38,399 million (\$314 million), consolidated balance sheet amount: ¥39,543 million (\$323 million)) as of March 31, 2022.
2. "Other" includes negotiable certificates of deposit (cost: ¥480,000 million, consolidated balance sheet amount: ¥480,000 million) presented as "Cash and deposits" in the consolidated balance sheet and monetary claims bought (cost: ¥275,183 million, consolidated balance sheet amount: ¥276,772 million) as of March 31, 2021.

#### 4) Policy-reserve-matching bonds sold for the years ended March 31, 2022 and 2021

(Millions of Yen)

##### March 31

|                           |
|---------------------------|
| Bonds                     |
| Japanese government bonds |
| Total                     |

| 2022      |         |        |
|-----------|---------|--------|
| Sales     | Gains   | Losses |
| ¥ 428,238 | ¥ 6,800 | ¥ —    |
| 428,238   | 6,800   | —      |
| ¥ 428,238 | ¥ 6,800 | ¥ —    |

(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 U.S. Dollars)

##### March 31

|                           |
|---------------------------|
| Bonds                     |
| Japanese government bonds |
| Total                     |

| 2022     |       |        |
|----------|-------|--------|
| Sales    | Gains | Losses |
| \$ 3,499 | \$ 56 | \$ —   |
| 3,499    | 56    | —      |
| \$ 3,499 | \$ 56 | \$ —   |

#### 5) Available-for-sale securities sold for the years ended March 31, 2022 and 2021

(Millions of Yen)

##### March 31

|                                 |
|---------------------------------|
| Bonds                           |
| Japanese government bonds       |
| Japanese local government bonds |
| Japanese corporate bonds        |
| Stocks                          |
| Foreign securities              |
| Foreign bonds                   |
| Foreign other securities        |
| Other securities                |
| Total                           |

| 2022        |          |            |
|-------------|----------|------------|
| Sales       | Gains    | Losses     |
| ¥ 824,713   | ¥ 1,056  | ¥ (13,317) |
| 592,415     | 982      | (12,384)   |
| 91,010      | 32       | (119)      |
| 141,287     | 41       | (813)      |
| 58,005      | 8,005    | (3,071)    |
| 655,411     | 11,079   | (24,243)   |
| 654,798     | 11,079   | (24,239)   |
| 612         | —        | (4)        |
| 119,524     | —        | (10,475)   |
| ¥ 1,657,654 | ¥ 20,142 | ¥ (51,108) |

(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 U.S. Dollars)

##### March 31

|                                 |
|---------------------------------|
| Bonds                           |
| Japanese government bonds       |
| Japanese local government bonds |
| Japanese corporate bonds        |
| Stocks                          |
| Foreign securities              |
| Foreign bonds                   |
| Foreign other securities        |
| Other securities                |
| Total                           |

| 2022      |        |          |
|-----------|--------|----------|
| Sales     | Gains  | Losses   |
| \$ 6,738  | \$ 9   | \$ (109) |
| 4,840     | 8      | (101)    |
| 744       | 0      | (1)      |
| 1,154     | 0      | (7)      |
| 474       | 65     | (25)     |
| 5,355     | 91     | (198)    |
| 5,350     | 91     | (198)    |
| 5         | —      | (0)      |
| 977       | —      | (86)     |
| \$ 13,544 | \$ 165 | \$ (418) |

## (4) Money Held in Trust

### Money Held in Trust Classified as Other than Trading, Held-to-Maturity and Policy-Reserve-Matching

(Millions of Yen)

|                               | 2022                              |             |                               |                  |                   |
|-------------------------------|-----------------------------------|-------------|-------------------------------|------------------|-------------------|
|                               | Consolidated balance sheet amount | Cost        | Net unrealized gains (losses) | Unrealized gains | Unrealized losses |
| <b>March 31</b>               |                                   |             |                               |                  |                   |
| Specified money held in trust | ¥ 3,820,432                       | ¥ 2,793,740 | ¥ 1,026,692                   | ¥ 1,100,917      | ¥ (74,224)        |

(Millions of Yen)

|                               | 2021                              |             |                               |                  |                   |
|-------------------------------|-----------------------------------|-------------|-------------------------------|------------------|-------------------|
|                               | Consolidated balance sheet amount | Cost        | Net unrealized gains (losses) | Unrealized gains | Unrealized losses |
| <b>March 31</b>               |                                   |             |                               |                  |                   |
| Specified money held in trust | ¥ 3,696,910                       | ¥ 2,776,753 | ¥ 920,156                     | ¥ 970,021        | ¥ (49,865)        |

(Millions of U.S. Dollars)

|                               | 2022                              |           |                               |                  |                   |
|-------------------------------|-----------------------------------|-----------|-------------------------------|------------------|-------------------|
|                               | Consolidated balance sheet amount | Cost      | Net unrealized gains (losses) | Unrealized gains | Unrealized losses |
| <b>March 31</b>               |                                   |           |                               |                  |                   |
| Specified money held in trust | \$ 31,215                         | \$ 22,827 | \$ 8,389                      | \$ 8,995         | \$ (606)          |

Note:

The Group recognized losses on valuation of ¥8,168 million (\$67 million) and ¥13,285 million for the years ended March 31, 2022 and 2021, respectively.

Stocks managed as trust assets whose average market value for the month preceding the consolidated balance sheet date declined 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.

## 5. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral as of March 31, 2022 and 2021, consisted of the following:

|  | Millions of Yen |             | Millions of U.S. Dollars |
|--|-----------------|-------------|--------------------------|
|  | 2022            | 2021        | 2022                     |
| <b>March 31</b>  |                 |             |                          |
| Assets pledged as collateral:                              |                 |             |                          |
| Securities   | ¥ 4,253,107     | ¥ 3,965,725 | \$ 34,750                |
| Liabilities corresponding to assets pledged as collateral: |                 |             |                          |
| Payables under repurchase agreements                       | 2,570,899       | —           | 21,006                   |
| Payables under securities lending transactions             | 2,236,696       | 4,587,469   | 18,275                   |

The above securities are those sold under repurchase agreements and those pledged as collateral for securities lending transactions with cash collateral.

In addition to the above, the following has been pledged as collateral for the transactions such as transactions under securities lending secured by securities and derivative transactions.

|  | Millions of Yen |           | Millions of U.S. Dollars |
|--|-----------------|-----------|--------------------------|
|  | 2022            | 2021      | 2022                     |
| <b>March 31</b>                                |                 |           |                          |
| Securities                                     | ¥ 498,437       | ¥ 438,177 | \$ 4,073                 |
| Margin deposits for futures transactions       | 3,674           | 1,105     | 30                       |
| Cash collateral paid for financial instruments | 36,850          | 11,286    | 301                      |

## 6. LOANS

There were no bankrupt loans or quasi-bankrupt loans, doubtful loans, past due loans for three months or more, or restructured loans as of March 31, 2022 and 2021.

Definitions for each of the respective loans are as follows:

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.

Doubtful loans are loans to borrowers who are yet to have fallen into bankruptcy, but from whom the collection of principal and receipt of interest as committed under an agreement is unlikely to be achieved, due to the borrower's deteriorating financial conditions and business performance. This category excludes loans classified as bankrupt loans or quasi-bankrupt loans and doubtful 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 those classified as bankrupt loans or quasi-bankrupt loans.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, postponement of principal or interest payments, debt waiver or other arrangements, have been made for the purpose of assisting and supporting the borrowers in the restructuring of their business. This category excludes loans classified as bankrupt loans or quasi-bankrupt loans, doubtful loans and past due loans for three months or more.

The amounts of unused commitments as of March 31, 2022 and 2021, were as follows:

|   | Millions of Yen |          | Millions of U.S. Dollars |
|---|-----------------|----------|--------------------------|
|   | 2022            | 2021     | 2022                     |
| <b>March 31</b><br>Amount of unused commitments | ¥ 25,367        | ¥ 24,863 | \$ 207                   |

## 7. TANGIBLE FIXED ASSETS

Accumulated depreciation as of March 31, 2022 and 2021, was as follows:

|   | Millions of Yen |          | Millions of U.S. Dollars |
|---|-----------------|----------|--------------------------|
|   | 2022            | 2021     | 2022                     |
| <b>March 31</b><br>Accumulated depreciation | ¥ 55,931        | ¥ 53,637 | \$ 457                   |

## 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, 2022 and 2021, was as follows:

|   | Millions of Yen |       | Millions of U.S. Dollars |
|---|-----------------|-------|--------------------------|
|   | 2022            | 2021  | 2022                     |
| <b>March 31</b><br>Reserve for outstanding claims—ceded | ¥ 525           | ¥ 418 | \$ 4                     |

Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance (hereinafter "policy reserves—ceded") as of March 31, 2022 and 2021, were as follows:

|  | Millions of Yen |       | Millions of U.S. Dollars |
|--|-----------------|-------|--------------------------|
|  | 2022            | 2021  | 2022                     |
| <b>March 31</b><br>Policy reserves—ceded | ¥ 907           | ¥ 935 | \$ 7                     |

## 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 ¥33,449 million (\$273 million) and ¥33,629 million as of March 31, 2022 and 2021, 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, 2022 and 2021, were as follows:

| Years ended March 31                                   | Millions of Yen |             | Millions of U.S. Dollars |
|--|-----------------|-------------|--------------------------|
|  | 2022            | 2021        | 2022                     |
| Balance at the beginning of the year                   | ¥ 1,342,855     | ¥ 1,437,535 | \$ 10,972                |
| Policyholder dividends paid                            | (155,691)       | (159,817)   | (1,272)                  |
| Interest accrual                                       | 9               | 8           | 0                        |
| Reduction due to the acquisition of additional annuity | (278)           | (336)       | (2)                      |
| Provision for reserve for policyholder dividends       | 73,113          | 65,465      | 597                      |
| Balance at the end of the year                         | ¥ 1,260,009     | ¥ 1,342,855 | \$ 10,295                |

## 11. BONDS PAYABLE, LEASE OBLIGATIONS AND OTHER INTEREST-BEARING DEBT

Bonds payable as of March 31, 2022 and 2021, were as follows:

| March 31  | Date of issuance | Millions of Yen |           | Millions of U.S. Dollars | Interest rate       | Collateral | Maturity date    |
|---|------------------|-----------------|-----------|--------------------------|---------------------|------------|------------------|
|   |                  | 2022            | 2021      | 2022                     |                     |            |                  |
| 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 | \$ 817                   | 1.00% <sup>1</sup>  | None       | January 29, 2049 |
| Second series of subordinated unsecured bonds with interest deferral option and early redemption option | January 28, 2021 | 200,000         | 200,000   | 1,634                    | 1.050% <sup>2</sup> | None       | January 28, 2051 |
| Total   |                  | ¥ 300,000       | ¥ 300,000 | \$ 2,451                 |                     |            |                  |

Notes:

- Interest rate from the day immediately following January 29, 2029, shall be 6-month Euroyen LIBOR plus 1.78%.
- 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).
- No scheduled redemption is due within 5 years after the end of the year ended March 31, 2022.
- 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, 2022 and 2021, were as follows:

| March 31                                       | Millions of Yen |             | Millions of U.S. Dollars | Average interest rate | Due        |
|--|-----------------|-------------|--------------------------|-----------------------|------------|
|  | 2022            | 2021        | 2022                     | 2022                  |            |
| Lease obligations                              | ¥ 2,813         | ¥ 2,068     | \$ 23                    | —                     | March 2029 |
| Other interest-bearing debt:                   |                 |             |                          |                       |            |
| Payables under repurchase agreements           | 2,570,899       | —           | 21,006                   | (0.07)%               | —          |
| Payables under securities lending transactions | 2,236,696       | 4,587,469   | 18,275                   | 0.01 %                | —          |
| Total  | ¥ 4,810,409     | ¥ 4,589,537 | \$ 39,304                | —                     | —          |

Notes:

- Lease obligations are included in "Other liabilities" in the consolidated balance sheets.
- The average interest rate of lease obligations is not presented above because interest is included in the total amount of lease payments.
- The interest rates of payables under repurchase agreements and payables under securities lending transactions are calculated using the weighted-average method based on the balance at the fiscal year-end.
- Payables under repurchase agreements and payables under securities lending transactions are scheduled to be settled within one year.

The repayment schedule on lease obligations as of March 31, 2022, was as follows:

| March 31                          | Millions of Yen | Millions of U.S. Dollars |
|-----------------------------------|-----------------|--------------------------|
|                                   | 2022            | 2022                     |
| Within 1 year                     | ¥ 688           | \$ 6                     |
| Due after 1 year through 2 years  | 581             | 5                        |
| Due after 2 years through 3 years | 476             | 4                        |
| Due after 3 years through 4 years | 382             | 3                        |
| Due after 4 years through 5 years | 319             | 3                        |
| Due after 5 years                 | 365             | 3                        |
| Total                             | ¥ 2,813         | \$ 23                    |

## 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, 2022 and 2021, was ¥363 million (\$3 million) and ¥369 million, respectively.

### (2) Defined Benefit Plans

#### 1) Changes in retirement benefit obligations

| Years ended March 31                 | Millions of Yen |          | Millions of U.S. Dollars |
|--------------------------------------|-----------------|----------|--------------------------|
|                                      | 2022            | 2021     | 2022                     |
| Balance at the beginning of the year | ¥ 66,414        | ¥ 66,060 | \$ 543                   |
| Service cost                         | 4,111           | 4,152    | 34                       |
| Interest cost                        | 459             | 455      | 4                        |
| Actuarial differences                | 264             | 31       | 2                        |
| Benefits paid                        | (2,992)         | (3,041)  | (24)                     |
| Prior service cost                   | —               | (1,273)  | —                        |
| Other                                | 55              | 30       | 0                        |
| Balance at the end of the year       | ¥ 68,313        | ¥ 66,414 | \$ 558                   |

Note: In the year ended March 31, 2021, prior service cost was recognized due to the revision of the lump-sum severance indemnity plans in association with the extension of the 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 |
|---|-----------------|----------|--------------------------|
|   | 2022            | 2021     | 2022                     |
| Unfunded retirement benefit obligations                                       | ¥ 68,313        | ¥ 66,414 | \$ 558                   |
| Liability for retirement benefits recorded on the consolidated balance sheets | ¥ 68,313        | ¥ 66,414 | \$ 558                   |

#### 3) Retirement benefit costs

| Years ended March 31                                 | Millions of Yen |         | Millions of U.S. Dollars |
|--|-----------------|---------|--------------------------|
|  | 2022            | 2021    | 2022                     |
| Service cost   | ¥ 4,111         | ¥ 4,152 | \$ 34                    |
| Interest cost  | 459             | 455     | 4                        |
| Amortization of actuarial differences                | (231)           | (234)   | (2)                      |
| Amortization of prior service cost                   | (464)           | (434)   | (4)                      |
| Other  | 97              | 134     | 1                        |
| Retirement benefit expenses of defined benefit plans | ¥ 3,971         | ¥ 4,073 | \$ 32                    |

#### 4) Adjustments for retirement benefits (before tax effect)

| Years ended March 31  | Millions of Yen |       | Millions of U.S. Dollars |
|-----------------------|-----------------|-------|--------------------------|
|                       | 2022            | 2021  | 2022                     |
| Prior service cost    | ¥ (464)         | ¥ 839 | \$ (4)                   |
| Actuarial differences | (496)           | (265) | (4)                      |
| Total                 | ¥ (961)         | ¥ 573 | \$ (8)                   |

## 5) Accumulated adjustments for retirement benefits (before tax effect)

|                                    | Millions of Yen |         | Millions of U.S. Dollars |
|------------------------------------|-----------------|---------|--------------------------|
|                                    | 2022            | 2021    | 2022                     |
| <b>March 31</b>                    |                 |         |                          |
| Unrecognized prior service cost    | ¥ 3,721         | ¥ 4,186 | \$ 30                    |
| Unrecognized actuarial differences | 151             | 648     | 1                        |
| Total                              | ¥ 3,873         | ¥ 4,835 | \$ 32                    |

## 6) Actuarial assumptions

The principal actuarial assumptions used for the years ended March 31, 2022 and 2021, were as follows:

| <b>Years ended March 31</b> | 2022        | 2021        |
|-----------------------------|-------------|-------------|
| 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, 2022 and 2021, were as follows:

|   | Millions of Yen |              | Millions of U.S. Dollars |
|---|-----------------|--------------|--------------------------|
|   | 2022            | 2021         | 2022                     |
| <b>March 31</b>                                 |                 |              |                          |
| Policy reserves (excluding contingency reserve) | ¥ 29,331,229    | ¥ 31,408,726 | \$ 239,654               |
| Contingency reserve                             | 1,203,243       | 1,129,662    | 9,831                    |
| Reserve for price fluctuations                  | 695,157         | 655,111      | 5,680                    |

## 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, 2022 and 2021.

Deposits from the Management Network as of March 31, 2022 and 2021, were as follows:

|                                      | Millions of Yen |          | Millions of U.S. Dollars |
|--------------------------------------|-----------------|----------|--------------------------|
|                                      | 2022            | 2021     | 2022                     |
| <b>March 31</b>                      |                 |          |                          |
| Deposits from the Management Network | ¥ 39,991        | ¥ 41,143 | \$ 327                   |

## 15. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities as of March 31, 2022 and 2021, were as follows:

| March 31   | Millions of Yen |             | Millions of U.S. Dollars |
|--|-----------------|-------------|--------------------------|
|  | 2022            | 2021        | 2022                     |
| Deferred tax assets:                               |                 |             |                          |
| Policy reserves                                    | ¥ 1,026,908     | ¥ 1,011,450 | \$ 8,390                 |
| Reserve for price fluctuations                     | 248,305         | 223,044     | 2,029                    |
| Reserve for outstanding claims                     | 38,057          | 38,126      | 311                      |
| Liability for retirement benefits                  | 19,172          | 18,638      | 157                      |
| Unrealized losses on available-for-sale securities | 74,964          | 27,983      | 613                      |
| Other  | 31,185          | 30,223      | 255                      |
| Subtotal   | 1,438,593       | 1,349,468   | 11,754                   |
| Valuation allowance                                | (14,133)        | (13,375)    | (115)                    |
| Total deferred tax assets                          | 1,424,459       | 1,336,093   | 11,639                   |
| Deferred tax liabilities:                          |                 |             |                          |
| Unrealized gains on available-for-sale securities  | (408,207)       | (422,761)   | (3,335)                  |
| Other  | (10,906)        | (9,196)     | (89)                     |
| Total deferred tax liabilities                     | (419,113)       | (431,957)   | (3,424)                  |
| Net deferred tax assets (liabilities)              | ¥ 1,005,346     | ¥ 904,135   | \$ 8,214                 |

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, 2022 and 2021.

Reconciliation of the statutory tax rate and the effective income tax rate for the years ended March 31, 2022 and 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 |          |          |                |
|----------------------------------|---------------------|----------|----------|----------------|
| <u>Year ended March 31, 2022</u> | April 1, 2021       | Increase | Decrease | March 31, 2022 |
| Shares issued:                   |                     |          |          |                |
| Common stock                     | 562,600             | —        | 162,906  | 399,693        |
| Total                            | 562,600             | —        | 162,906  | 399,693        |
| Treasury stock                   |                     |          |          |                |
| Common stock                     | 167                 | 162,906  | 162,922  | 151            |
| Total                            | 167                 | 162,906  | 162,922  | 151            |

Notes:

- The decrease of 162,906 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 July 28, 2021.
- The number of treasury stock of common stock at the beginning and the end of the year ended March 31, 2022, included shares of the Company held in the BBT and was 156 thousand shares and 140 thousand shares, respectively.
- The increase of 162,906 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 May 14, 2021.
- The decrease of 162,922 thousand shares in the number of treasury stock was attributable to the cancellation of 162,906 thousand shares of treasury stock based on the resolution at the Board of Directors meeting held on July 28, 2021, and the granting of 15 thousand shares via the BBT.

| <b><u>Year ended March 31, 2021</u></b> | Thousands of shares |          |          |                |
|---|---------------------|----------|----------|----------------|
|   | April 1, 2020       | Increase | Decrease | March 31, 2021 |
| Shares issued:                          |                     |          |          |                |
| Common stock                            | 562,600             | —        | —        | 562,600        |
| Total                                   | 562,600             | —        | —        | 562,600        |
| Treasury stock                          |                     |          |          |                |
| Common stock                            | 178                 | 0        | 10       | 167            |
| Total                                   | 178                 | 0        | 10       | 167            |

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.

## (2) Information on Dividends

### 1) Dividends paid

#### Dividends paid for the year ended March 31, 2022

| Resolution  | Type of shares | Total amount<br>(Millions of Yen) | Total amount<br>(Millions of U.S. Dollars) | Per share amount (Yen) | Per share amount<br>(U.S. Dollars) | Record date        | Effective date   |
|---|----------------|-----------------------------------|--|------------------------|------------------------------------|--------------------|------------------|
| Board of Directors' meeting held on May 14, 2021      | Common stock   | ¥ 42,756                          | \$ 349                                     | ¥ 76.00                | \$ 0.62                            | March 31, 2021     | June 17, 2021    |
| Board of Directors' meeting held on November 12, 2021 | Common stock   | ¥ 17,985                          | \$ 147                                     | ¥ 45.00                | \$ 0.37                            | September 30, 2021 | December 3, 2021 |

Notes:

- Total amount of dividends based on the resolution at the Board of Directors' meeting held on May 14, 2021, included ¥11 million (\$0 million) of dividends paid to shares of the Company held in the BBT.
- Total amount of dividends based on the resolution at the Board of Directors' meeting held on November 12, 2021, 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, 2021

| Resolution                                       | Type of shares | Total amount<br>(Millions of Yen) | Per share amount (Yen) | Record date    | Effective date |
|--|----------------|-----------------------------------|------------------------|----------------|----------------|
| Board of Directors' meeting held on May 15, 2020 | Common stock   | ¥ 21,378                          | ¥ 38.00                | March 31, 2020 | June 16, 2020  |

Note: Total amount of dividends 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, 2022

| Resolution                                       | Type of shares | Total amount<br>(Millions of Yen) | Total amount<br>(Millions of U.S. Dollars) | Source of dividends | Per share amount (Yen) | Per share amount<br>(U.S. Dollars) | Record date    | Effective date |
|--|----------------|-----------------------------------|--|---------------------|------------------------|------------------------------------|----------------|----------------|
| Board of Directors' meeting held on May 13, 2022 | Common stock   | ¥ 17,985                          | \$ 147                                     | Retained earnings   | ¥ 45.00                | \$ 0.37                            | March 31, 2022 | June 16, 2022  |

Note: Total amount of dividends includes ¥6 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, 2022 and 2021, consisted of the following:

| Years ended March 31            | Millions of Yen |           | Millions of U.S. Dollars |
|---------------------------------|-----------------|-----------|--------------------------|
|                                 | 2022            | 2021      | 2022                     |
| Sales activity expenses         | ¥ 39,131        | ¥ 51,416  | \$ 320                   |
| Sales administration expenses   | 13,137          | 10,917    | 107                      |
| General administration expenses | 333,659         | 340,699   | 2,726                    |
| Total                           | ¥ 385,928       | ¥ 403,033 | \$ 3,153                 |

## 18. REVERSAL OF RESERVE FOR OUTSTANDING CLAIMS AND REVERSAL OF POLICY RESERVES

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, 2022, was ¥106 million (\$1 million). 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.

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, 2022 and 2021, was ¥27 million (\$0 million) and ¥32 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, 2022 and 2021, were as follows:

| Years ended March 31 | Millions of Yen |           | Millions of U.S. Dollars |
|----------------------|-----------------|-----------|--------------------------|
|                      | 2022            | 2021      | 2022                     |
| Insurance premiums   | ¥ 286,840       | ¥ 364,196 | \$ 2,344                 |

## 20. INSURANCE CLAIMS

Insurance claims based on reinsurance contracts with the Management Network included in insurance claims for the years ended March 31, 2022 and 2021, were as follows:

| Years ended March 31 | Millions of Yen |             | Millions of U.S. Dollars |
|----------------------|-----------------|-------------|--------------------------|
|                      | 2022            | 2021        | 2022                     |
| Insurance claims     | ¥ 2,717,586     | ¥ 2,940,643 | \$ 22,204                |

## 21. EXTRAORDINARY GAINS

Extraordinary gains for the years ended March 31, 2022 and 2021, consisted of the following:

| Years ended March 31           | Millions of Yen |      | Millions of U.S. Dollars |
|--------------------------------|-----------------|------|--------------------------|
|                                | 2022            | 2021 | 2022                     |
| Gains on sales of fixed assets | ¥ 5,696         | ¥ —  | \$ 47                    |
| Total                          | ¥ 5,696         | ¥ —  | \$ 47                    |

## 22. EXTRAORDINARY LOSSES

Extraordinary losses for the years ended March 31, 2022 and 2021, consisted of the following:

| Years ended March 31                         | Millions of Yen |          | Millions of U.S. Dollars |
|--|-----------------|----------|--------------------------|
|  | 2022            | 2021     | 2022                     |
| Losses on sales and disposal of fixed assets | ¥ 326           | ¥ 255    | \$ 3                     |
| Provision for reserve for price fluctuations | 67,789          | 46,477   | 554                      |
| Total  | ¥ 68,116        | ¥ 46,732 | \$ 557                   |

## 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, 2022 and 2021, was as follows:

| Years ended March 31                             | Millions of Yen |          | Millions of U.S. Dollars |
|--|-----------------|----------|--------------------------|
|  | 2022            | 2021     | 2022                     |
| Provision for reserve for policyholder dividends | ¥ 54,849        | ¥ 46,710 | \$ 448                   |

## 24. OTHER COMPREHENSIVE INCOME

The amount reclassified and the tax-effect amounts related to other comprehensive income for the years ended March 31, 2022 and 2021, were as follows:

| Years ended March 31  | Millions of Yen |             | Millions of U.S. Dollars |
|---|-----------------|-------------|--------------------------|
|   | 2022            | 2021        | 2022                     |
| Net unrealized gains (losses) on available-for-sale securities: |                 |             |                          |
| Amount arising during the fiscal year                           | ¥ (221,217)     | ¥ 1,062,340 | \$ (1,807)               |
| Reclassification adjustments                                    | 2,062           | (1,491)     | 17                       |
| Before tax-effect adjustments                                   | (219,154)       | 1,060,848   | (1,791)                  |
| Tax effect  | 61,534          | (293,473)   | 503                      |
| Net unrealized gains (losses) on available-for-sale securities  | (157,619)       | 767,374     | (1,288)                  |
| Net deferred gains (losses) on hedges:                          |                 |             |                          |
| Amount arising during the fiscal year                           | —               | 778         | —                        |
| Reclassification adjustments                                    | (796)           | (5)         | (7)                      |
| Before tax-effect adjustments                                   | (796)           | 772         | (7)                      |
| Tax effect  | 222             | (216)       | 2                        |
| Net deferred gains (losses) on hedges                           | (573)           | 556         | (5)                      |
| Adjustments for retirement benefits:                            |                 |             |                          |
| Amount arising during the fiscal year                           | (264)           | 1,181       | (2)                      |
| Reclassification adjustments                                    | (696)           | (608)       | (6)                      |
| Before tax-effect adjustments                                   | (961)           | 573         | (8)                      |
| Tax effect  | 267             | (160)       | 2                        |
| Adjustments for retirement benefits                             | (693)           | 413         | (6)                      |
| Total other comprehensive income (loss)                         | ¥ (158,887)     | ¥ 768,344   | \$ (1,298)               |

## 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 credit risk management 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, 2022 and 2021, were as follows.

Stocks, etc. with no market price and investments in partnership are not included in the following table as of March 31, 2022, while financial instruments for which the fair values are extremely difficult to determine are not included in the following table as of March 31, 2021, and these are described in "Note 1" and "Note 2" to the table below. In addition, cash, as well as deposits, call loans, receivables under resale agreements, receivables under securities borrowing transactions, payables under repurchase agreements, and payables under securities lending transactions, whose fair value approximates book value because they are settled within a short term, have been omitted from the Notes.

(Millions of Yen)

#### March 31

|   |  |
|---|--|
| Monetary claims bought                        |  |
| Available-for-sale securities                 |  |
| Money held in trust <sup>1</sup>              |  |
| Securities                                    |  |
| Held-to-maturity bonds                        |  |
| Policy-reserve-matching bonds                 |  |
| Available-for-sale securities                 |  |
| Loans   |  |
| Policy loans                                  |  |
| Industrial and commercial loans <sup>2</sup>  |  |
| Loans to the Management Network <sup>2</sup>  |  |
| Reserve for possible loan losses <sup>3</sup> |  |
| Total assets                                  |  |
| <br>Bonds payable                             |  |
| Total liabilities                             |  |
| <br>Derivative transactions <sup>4</sup>      |  |
| Hedge accounting not applied                  |  |
| Hedge accounting applied                      |  |
| Total derivative transactions                 |  |

| 2022                              |              |                               |
|-----------------------------------|--------------|-------------------------------|
| Consolidated balance sheet amount | Fair value   | Net unrealized gains (losses) |
| ¥ 39,543                          | ¥ 39,543     | ¥ -                           |
| 39,543                            | 39,543       | -                             |
| 3,820,432                         | 3,820,432    | -                             |
| 53,390,216                        | 57,908,456   | 4,518,240                     |
| 34,126,248                        | 38,143,194   | 4,016,945                     |
| 8,604,735                         | 9,106,029    | 501,294                       |
| 10,659,233                        | 10,659,233   | -                             |
| 4,251,924                         | 4,478,732    | 226,808                       |
| 140,980                           | 140,980      | -                             |
| 965,872                           | 993,771      | 27,931                        |
| 3,145,103                         | 3,343,980    | 198,876                       |
| (32)                              | -            | -                             |
| ¥ 61,502,117                      | ¥ 66,247,166 | ¥ 4,745,048                   |
| ¥ 300,000                         | ¥ 299,760    | ¥ (240)                       |
| ¥ 300,000                         | ¥ 299,760    | ¥ (240)                       |
| ¥ [256]                           | ¥ [256]      | ¥ -                           |
| [239,193]                         | [239,193]    | -                             |
| ¥ [239,449]                       | ¥ [239,449]  | ¥ -                           |

(Millions of Yen)

|   | 2021                                    |              |                                  |
|---|---|--------------|----------------------------------|
|   | Consolidated<br>balance sheet<br>amount | Fair value   | Net unrealized<br>gains (losses) |
| <b>March 31</b>                               |   |              |                                  |
| Monetary claims bought                        | ¥ 276,772                               | ¥ 276,772    | ¥ —                              |
| Available-for-sale securities                 | 276,772                                 | 276,772      | —                                |
| Money held in trust <sup>1</sup>              | 3,696,910                               | 3,696,910    | —                                |
| Securities                                    | 55,251,508                              | 61,212,592   | 5,961,084                        |
| Held-to-maturity bonds                        | 35,327,980                              | 40,512,921   | 5,184,940                        |
| Policy-reserve-matching bonds                 | 9,382,446                               | 10,158,590   | 776,143                          |
| Available-for-sale securities                 | 10,541,080                              | 10,541,080   | —                                |
| Loans   | 4,964,051                               | 5,276,267    | 312,215                          |
| Policy loans                                  | 161,419                                 | 161,419      | —                                |
| Industrial and commercial loans <sup>2</sup>  | 996,127                                 | 1,039,595    | 43,503                           |
| Loans to the Management Network <sup>2</sup>  | 3,806,540                               | 4,075,252    | 268,711                          |
| Reserve for possible loan losses <sup>3</sup> | (36)                                    | —            | —                                |
| Total assets                                  | ¥ 64,189,242                            | ¥ 70,462,542 | ¥ 6,273,300                      |
| Bonds payable                                 | ¥ 300,000                               | ¥ 300,290    | ¥ 290                            |
| Total liabilities                             | ¥ 300,000                               | ¥ 300,290    | ¥ 290                            |
| Derivative transactions <sup>4</sup>          |   |              |                                  |
| Hedge accounting not applied                  | ¥ [855]                                 | ¥ [855]      | ¥ —                              |
| Hedge accounting applied                      | [155,809]                               | [155,809]    | —                                |
| Total derivative transactions                 | ¥ [156,665]                             | ¥ [156,665]  | ¥ —                              |

(Millions of U.S. Dollars)

|   | 2022                                    |            |                                  |
|---|---|------------|----------------------------------|
|   | Consolidated<br>balance sheet<br>amount | Fair value | Net unrealized<br>gains (losses) |
| <b>March 31</b>                               |   |            |                                  |
| Monetary claims bought                        | \$ 323                                  | \$ 323     | \$ —                             |
| Available-for-sale securities                 | 323                                     | 323        | —                                |
| Money held in trust <sup>1</sup>              | 31,215                                  | 31,215     | —                                |
| Securities                                    | 436,230                                 | 473,147    | 36,917                           |
| Held-to-maturity bonds                        | 278,832                                 | 311,653    | 32,821                           |
| Policy-reserve-matching bonds                 | 70,306                                  | 74,402     | 4,096                            |
| Available-for-sale securities                 | 87,092                                  | 87,092     | —                                |
| Loans   | 34,741                                  | 36,594     | 1,853                            |
| Policy loans                                  | 1,152                                   | 1,152      | —                                |
| Industrial and commercial loans <sup>2</sup>  | 7,892                                   | 8,120      | 228                              |
| Loans to the Management Network <sup>2</sup>  | 25,697                                  | 27,322     | 1,625                            |
| Reserve for possible loan losses <sup>3</sup> | (0)                                     | —          | —                                |
| Total assets                                  | \$ 502,509                              | \$ 541,279 | \$ 38,770                        |
| Bonds payable                                 | \$ 2,451                                | \$ 2,449   | \$ (2)                           |
| Total liabilities                             | \$ 2,451                                | \$ 2,449   | \$ (2)                           |
| Derivative transactions <sup>4</sup>          |   |            |                                  |
| Hedge accounting not applied                  | \$ [2]                                  | \$ [2]     | \$ —                             |
| Hedge accounting applied                      | [1,954]                                 | [1,954]    | —                                |
| Total derivative transactions                 | \$ [1,956]                              | \$ [1,956] | \$ —                             |

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 [ ] brackets.

(Note 1) The amounts carried on the consolidated balance sheets for stocks, etc. with no market price and investments in partnership as of March 31, 2022, are as follows. These amounts are not included in "Money held in trust" and "Securities" disclosed in the table for Fair Values of Financial Instruments.

|   | Millions of Yen  | Millions of U.S. Dollars |
|---|------------------|--------------------------|
| <b>March 31</b>                         | <b>2022</b>      | <b>2022</b>              |
| Money held in trust <sup>1</sup>        | ¥ 701,479        | \$ 5,732                 |
| Securities                              | 27,364           | 224                      |
| Unlisted stocks <sup>2</sup>            | 4,755            | 39                       |
| Investments in partnership <sup>3</sup> | 22,608           | 185                      |
| <b>Total</b>                            | <b>¥ 728,844</b> | <b>\$ 5,955</b>          |

Notes:

1. Trust asset components that are mutual funds are not subject to fair value disclosure in accordance with Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019; hereinafter referred to as the "Fair Value Measurement Implementation Guidance"), and trust asset components that are investments in partnership are not subject to fair value disclosure in accordance with Paragraph 27 of the Fair Value Measurement Implementation Guidance.
2. Unlisted stocks are not subject to fair value disclosure in accordance with Paragraph 5 of the Fair Value Disclosure Guidance.
3. Investments in partnership are not subject to fair value disclosure in accordance with Paragraph 27 of the Fair Value Measurement Implementation Guidance.

(Note 2) The amounts carried on the consolidated balance sheets for financial instruments for which the fair values are deemed extremely difficult to determine as of March 31, 2021, are as follows. These amounts are not included in "Money held in trust" and "Securities" disclosed in the table for Fair Values of Financial Instruments.

|   | Millions of Yen  |
|---|------------------|
| <b>March 31</b>                         | <b>2021</b>      |
| Money held in trust <sup>1</sup>        | ¥ 492,384        |
| Securities                              | 22,102           |
| Unlisted stocks <sup>2</sup>            | 4,735            |
| Investments in partnership <sup>2</sup> | 17,366           |
| <b>Total</b>                            | <b>¥ 514,487</b> |

Notes:

1. Trust asset components such as unlisted stocks, etc. for which the fair values are deemed extremely difficult to determine, are not subject to fair value disclosure.
2. Unlisted stocks and investments in partnership where partnership assets comprise primarily unlisted stocks, etc. are not subject to fair value disclosure as the fair values are deemed extremely difficult to determine.

(Note 3) Redemption schedules of major monetary claims and securities with maturities were as follows:

(Millions of Yen)

|   | 2022               |                                  |                                    |                     |
|---|--------------------|----------------------------------|------------------------------------|---------------------|
|   | Within 1 year      | Due after 1 year through 5 years | Due after 5 years through 10 years | Due after 10 years  |
| <b>March 31</b>                               |                    |                                  |                                    |                     |
| Monetary claims bought                        | ¥ 20,000           | ¥ —                              | ¥ —                                | ¥ 18,400            |
| Securities                                    | 1,868,266          | 8,344,767                        | 15,780,925                         | 24,458,758          |
| Held-to-maturity bonds                        | 1,325,157          | 4,199,972                        | 10,291,730                         | 17,904,404          |
| Bonds   | 1,325,157          | 4,199,972                        | 10,291,730                         | 17,904,404          |
| Japanese government bonds                     | 191,100            | 2,930,500                        | 9,662,900                          | 15,965,100          |
| Japanese local government bonds               | 691,955            | 1,116,502                        | 467,280                            | 945,594             |
| Japanese corporate bonds                      | 442,102            | 152,970                          | 161,550                            | 993,710             |
| Policy-reserve-matching bonds                 | 369,235            | 1,772,981                        | 2,755,700                          | 3,535,950           |
| Bonds   | 369,235            | 1,772,981                        | 2,755,700                          | 3,535,950           |
| Japanese government bonds                     | 277,000            | 1,492,400                        | 2,536,300                          | 2,394,600           |
| Japanese local government bonds               | 67,299             | 184,464                          | 60,000                             | 233,450             |
| Japanese corporate bonds                      | 24,936             | 96,117                           | 159,400                            | 907,900             |
| Available-for-sale securities with maturities | 173,873            | 2,371,813                        | 2,733,495                          | 3,018,403           |
| Bonds   | 126,810            | 982,334                          | 730,036                            | 2,228,777           |
| Japanese government bonds                     | —                  | —                                | —                                  | 1,454,200           |
| Japanese local government bonds               | 21,549             | 523,378                          | 9,790                              | 142,932             |
| Japanese corporate bonds                      | 105,261            | 458,955                          | 720,246                            | 631,644             |
| Foreign securities                            | 47,063             | 1,389,479                        | 2,003,458                          | 777,000             |
| Other securities                              | —                  | —                                | —                                  | 12,625              |
| Loans   | 908,499            | 1,790,599                        | 976,524                            | 576,734             |
| <b>Total</b>                                  | <b>¥ 2,796,765</b> | <b>¥ 10,135,367</b>              | <b>¥ 16,757,449</b>                | <b>¥ 25,053,893</b> |

(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  |
| <b>March 31</b>                               |                    |                                  |                                    |                     |
| 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           |
| 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             |
| <b>Total</b>                                  | <b>¥ 3,971,313</b> | <b>¥ 10,371,484</b>              | <b>¥ 16,655,979</b>                | <b>¥ 26,051,727</b> |

(Millions of U.S. Dollars)

|   | 2022             |                                  |                                    |                    |
|---|------------------|----------------------------------|------------------------------------|--------------------|
|   | Within 1 year    | Due after 1 year through 5 years | Due after 5 years through 10 years | Due after 10 years |
| <b>March 31</b>                               |                  |                                  |                                    |                    |
| Monetary claims bought                        | \$ 163           | \$ –                             | \$ –                               | \$ 150             |
| Securities                                    | 15,265           | 68,182                           | 128,940                            | 199,843            |
| Held-to-maturity bonds                        | 10,827           | 34,316                           | 84,090                             | 146,290            |
| Bonds   | 10,827           | 34,316                           | 84,090                             | 146,290            |
| Japanese government bonds                     | 1,561            | 23,944                           | 78,952                             | 130,444            |
| Japanese local government bonds               | 5,654            | 9,122                            | 3,818                              | 7,726              |
| Japanese corporate bonds                      | 3,612            | 1,250                            | 1,320                              | 8,119              |
| Policy-reserve-matching bonds                 | 3,017            | 14,486                           | 22,516                             | 28,891             |
| Bonds   | 3,017            | 14,486                           | 22,516                             | 28,891             |
| Japanese government bonds                     | 2,263            | 12,194                           | 20,723                             | 19,565             |
| Japanese local government bonds               | 550              | 1,507                            | 490                                | 1,907              |
| Japanese corporate bonds                      | 204              | 785                              | 1,302                              | 7,418              |
| Available-for-sale securities with maturities | 1,421            | 19,379                           | 22,334                             | 24,662             |
| Bonds   | 1,036            | 8,026                            | 5,965                              | 18,210             |
| Japanese government bonds                     | –                | –                                | –                                  | 11,882             |
| Japanese local government bonds               | 176              | 4,276                            | 80                                 | 1,168              |
| Japanese corporate bonds                      | 860              | 3,750                            | 5,885                              | 5,161              |
| Foreign securities                            | 385              | 11,353                           | 16,369                             | 6,349              |
| Other securities                              | –                | –                                | –                                  | 103                |
| Loans   | 7,423            | 14,630                           | 7,979                              | 4,712              |
| <b>Total</b>                                  | <b>\$ 22,851</b> | <b>\$ 82,812</b>                 | <b>\$ 136,918</b>                  | <b>\$ 204,705</b>  |

(Note 4) The redemption schedule of bonds payable was as follows:

(Millions of Yen)

|                 | 2022          |                                  |                                   |                                   |                                   |                   |
|-----------------|---------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-------------------|
|                 | 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 |
| <b>March 31</b> |               |                                  |                                   |                                   |                                   |                   |
| Bonds payable   | ¥ –           | ¥ –                              | ¥ –                               | ¥ –                               | ¥ –                               | ¥ 300,000         |
| <b>Total</b>    | <b>¥ –</b>    | <b>¥ –</b>                       | <b>¥ –</b>                        | <b>¥ –</b>                        | <b>¥ –</b>                        | <b>¥ 300,000</b>  |

(Millions of Yen)

|                 | 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 |
| <b>March 31</b> |               |                                  |                                   |                                   |                                   |                   |
| Bonds payable   | ¥ –           | ¥ –                              | ¥ –                               | ¥ –                               | ¥ –                               | ¥ 300,000         |
| <b>Total</b>    | <b>¥ –</b>    | <b>¥ –</b>                       | <b>¥ –</b>                        | <b>¥ –</b>                        | <b>¥ –</b>                        | <b>¥ 300,000</b>  |

(Millions of U.S. Dollars)

|                 | 2022          |                                  |                                   |                                   |                                   |                   |
|-----------------|---------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-------------------|
|                 | 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 |
| <b>March 31</b> |               |                                  |                                   |                                   |                                   |                   |
| Bonds payable   | \$ –          | \$ –                             | \$ –                              | \$ –                              | \$ –                              | \$ 2,451          |
| <b>Total</b>    | <b>\$ –</b>   | <b>\$ –</b>                      | <b>\$ –</b>                       | <b>\$ –</b>                       | <b>\$ –</b>                       | <b>\$ 2,451</b>   |

**(6) Fair Value Hierarchy of Financial Instruments**

The Company has classified the fair values of financial instruments into the following three levels according to the observability and materiality of the inputs used for fair value measurement.

- Level 1 Fair Values: Fair values measured using observable inputs that are quoted prices for identified assets or liabilities in active markets
- Level 2 Fair Values: Fair values measured using observable inputs other than those included within Level 1
- Level 3 Fair Values: Fair values measured using unobservable inputs

In cases where multiple inputs with a material impact on fair value measurement are used, fair value is classified into the level to which the input with the lowest priority in fair value measurement belongs.

## 1) Financial instruments carried at fair value in the consolidated balance sheets

(Millions of Yen)

|                                      | 2022        |             |          |              |
|--------------------------------------|-------------|-------------|----------|--------------|
|                                      | Fair value  |             |          |              |
|                                      | Level 1     | Level 2     | Level 3  | Total        |
| <b>March 31</b>                      |             |             |          |              |
| Monetary claims bought               | ¥ —         | ¥ 19,999    | ¥ 19,544 | ¥ 39,543     |
| Money held in trust <sup>1</sup>     | 2,194,752   | —           | —        | 2,194,752    |
| Securities                           |             |             |          |              |
| Available-for-sale securities        |             |             |          |              |
| Japanese government bonds            | 1,395,688   | —           | —        | 1,395,688    |
| Japanese local government bonds      | —           | 664,221     | 34,642   | 698,864      |
| Japanese corporate bonds             | —           | 1,922,409   | —        | 1,922,409    |
| Stocks                               | 419,814     | —           | —        | 419,814      |
| Foreign securities <sup>1</sup>      | 1,080,230   | 3,068,946   | 32,350   | 4,181,527    |
| Other securities <sup>1</sup>        | —           | —           | 12,551   | 12,551       |
| Total assets                         | ¥ 5,090,486 | ¥ 5,675,576 | ¥ 99,089 | ¥ 10,865,151 |
| Derivative transactions <sup>2</sup> |             |             |          |              |
| Currency-related derivatives         | ¥ —         | ¥ [239,449] | ¥ —      | ¥ [239,449]  |
| Total derivative transactions        | ¥ —         | ¥ [239,449] | ¥ —      | ¥ [239,449]  |

(Millions of U.S. Dollars)

|                                      | 2022       |            |         |            |
|--------------------------------------|------------|------------|---------|------------|
|                                      | Fair value |            |         |            |
|                                      | Level 1    | Level 2    | Level 3 | Total      |
| <b>March 31</b>                      |            |            |         |            |
| Monetary claims bought               | \$ —       | \$ 163     | \$ 160  | \$ 323     |
| Money held in trust <sup>1</sup>     | 17,932     | —          | —       | 17,932     |
| Securities                           |            |            |         |            |
| Available-for-sale securities        |            |            |         |            |
| Japanese government bonds            | 11,404     | —          | —       | 11,404     |
| Japanese local government bonds      | —          | 5,427      | 283     | 5,710      |
| Japanese corporate bonds             | —          | 15,707     | —       | 15,707     |
| Stocks                               | 3,430      | —          | —       | 3,430      |
| Foreign securities <sup>1</sup>      | 8,826      | 25,075     | 264     | 34,166     |
| Other securities <sup>1</sup>        | —          | —          | 103     | 103        |
| Total assets                         | \$ 41,592  | \$ 46,373  | \$ 810  | \$ 88,775  |
| Derivative transactions <sup>2</sup> |            |            |         |            |
| Currency-related derivatives         | \$ —       | \$ [1,956] | \$ —    | \$ [1,956] |
| Total derivative transactions        | \$ —       | \$ [1,956] | \$ —    | \$ [1,956] |

Notes:

1. In accordance with Paragraph 26 of the Fair Value Measurement Implementation Guidance, mutual funds are not included in the above table. The consolidated balance sheet amount for mutual funds is ¥3,569,216 million (\$29,163 million).
2. Net receivables and payables arising from derivative transactions are stated at net values, and if the values are payable, they are indicated in [ ] brackets.

## 2) Financial instruments not carried at fair value in the consolidated balance sheets

(Millions of Yen)

|                                 | 2022         |             |             |              |
|---------------------------------|--------------|-------------|-------------|--------------|
|                                 | Fair value   |             |             |              |
|                                 | Level 1      | Level 2     | Level 3     | Total        |
| <b>March 31</b>                 |              |             |             |              |
| Money held in trust             | ¥ —          | ¥ 84,840    | ¥ —         | ¥ 84,840     |
| Securities                      |              |             |             |              |
| Held-to-maturity bonds          |              |             |             |              |
| Japanese government bonds       | 32,950,194   | —           | —           | 32,950,194   |
| Japanese local government bonds | —            | 3,376,814   | 4,130       | 3,380,944    |
| Japanese corporate bonds        | —            | 1,812,054   | —           | 1,812,054    |
| Policy-reserve-matching bonds   |              |             |             |              |
| Japanese government bonds       | 7,378,646    | —           | —           | 7,378,646    |
| Japanese local government bonds | —            | 531,162     | 25,634      | 556,796      |
| Japanese corporate bonds        | —            | 1,170,585   | —           | 1,170,585    |
| Loans                           | —            | —           | 4,478,732   | 4,478,732    |
| Total assets                    | ¥ 40,328,841 | ¥ 6,975,458 | ¥ 4,508,497 | ¥ 51,812,797 |
| Bonds payable                   | ¥ —          | ¥ 299,760   | ¥ —         | ¥ 299,760    |
| Total liabilities               | ¥ —          | ¥ 299,760   | ¥ —         | ¥ 299,760    |

(Millions of U.S. Dollars)

**March 31**

Money held in trust

Securities

Held-to-maturity bonds

Japanese government bonds

Japanese local government bonds

Japanese corporate bonds

Policy-reserve-matching bonds

Japanese government bonds

Japanese local government bonds

Japanese corporate bonds

Loans

Total assets

Bonds payable

Total liabilities

| 2022       |         |           |           |            |
|------------|---------|-----------|-----------|------------|
| Fair value |         |           |           |            |
|            | Level 1 | Level 2   | Level 3   | Total      |
| \$         | –       | \$ 693    | \$ –      | \$ 693     |
|            |         |           |           |            |
|            | 269,223 | –         | –         | 269,223    |
|            | –       | 27,591    | 34        | 27,624     |
|            | –       | 14,806    | –         | 14,806     |
|            |         |           |           |            |
|            | 60,288  | –         | –         | 60,288     |
|            | –       | 4,340     | 209       | 4,549      |
|            | –       | 9,564     | –         | 9,564      |
|            | –       | –         | 36,594    | 36,594     |
| \$         | 329,511 | \$ 56,994 | \$ 36,837 | \$ 423,342 |
|            |         |           |           |            |
| \$         | –       | \$ 2,449  | \$ –      | \$ 2,449   |
| \$         | –       | \$ 2,449  | \$ –      | \$ 2,449   |

(Note 1) Calculation methods for fair values of financial instruments and explanation of inputs used in fair value measurement are as follows:

AssetsMonetary claims bought

The fair value of monetary claims bought that are securitized instruments is based on the appraised values submitted by brokers and other third parties. For monetary claims bought that are not securitized instruments, book value is used as their fair value as they are settled within a short term and their fair value approximates book value.

Among monetary claims bought, securitized instruments are classified into Level 3, and all others are classified into Level 2.

Money held in trust

Among trust asset components that are securities, the fair value of stocks is based on the price quoted by the exchange for shares, and the fair value of mutual funds is based on net asset value. In accordance with Paragraph 26 of the Fair Value Measurement Implementation Guidance, transitional treatment is applied to fair value for mutual funds and no level is assigned. For trust asset components that are not securities, book value is used as fair value as their fair value approximates book value.

The fair value of money held in trust is primarily classified into Level 1 based on the level of its components.

In addition, money held in trust is described in Note 4 “SECURITIES” in accordance with the purpose of the holdings.

Securities

The fair value of stocks is based on the price quoted by the exchange and classified into Level 1, based on the activeness of the market.

Among bonds and other securities, primarily, the fair value of Japanese government bonds is based on the published quoted price and classified into Level 1 based on the activeness of the market. Even if there is a published quoted price, in cases such as when the market is not active or if it is based on appraised values obtained from information vendors and other third parties (excluding cases where material, unobservable inputs are used), fair value is classified into Level 2. This includes Japanese local government bonds, Japanese corporate bonds and foreign bonds.

If it is calculated with appraised values obtained from brokers and other third parties, and material, unobservable inputs are used, fair value is classified into Level 3.

The fair value of mutual funds is based on net asset value. In accordance with Paragraph 26 of the Fair Value Measurement Implementation Guidance, transitional treatment is applied to fair value for mutual funds and no level is assigned.

Securities are described in Note 4 “SECURITIES” in accordance with the purpose of the holdings.

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 corresponding cash surrender value and their fair value approximates book value considering their short maturities and interest conditions.

For industrial and commercial loans with floating interest rates, whose future cash flows follow market interest rates, book value is used as fair value as 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 at an interest rate that is the market interest rate as of the valuation date to which certain adjustments have been made.

The fair value of loans is classified into Level 3.

LiabilitiesBonds payable

The published quoted prices are used as fair value for bonds issued by the Company, which is classified into Level 2.

## Derivative transactions

Derivative transactions are over-the-counter currency-related transactions (forward foreign exchange) for which there are no published quoted prices, but their fair value is classified into Level 2 because it is calculated using observable inputs, primarily exchange rates, etc.

(Note 2) Information regarding the fair value of financial instruments carried at fair value in the consolidated balance sheet that is classified into Level 3 is as follows:

- A) Quantitative information regarding material, unobservable inputs  
Not provided, as the Company itself does not estimate unobservable inputs.
- B) Changes in net valuation gain/loss recognized in gain/loss for the year ended March 31, 2022

(Millions of Yen)

| 2022                                 |  |  |  |   |   |                                |   |
|--------------------------------------|--|--|--|---|---|--------------------------------|---|
| Balance at the beginning of the year | Gain/loss for period under review or Other comprehensive income (loss) |  | Changes due to purchase, sale, issuance and settlement | Transfer to Level 3 fair value <sup>3</sup> | Transfer from Level 3 fair value <sup>4</sup> | Balance at the end of the year | Of gain/loss in fiscal year ended March 31, 2022, net valuation gain/loss of financial instruments held on consolidated balance sheet date <sup>1</sup> |
|                                      | Recorded in gain/loss <sup>1</sup>                                     | Recorded in Other comprehensive income (loss) <sup>2</sup> |  |   |   |                                |   |
| Monetary claims bought               | ¥ 21,779   | ¥ -  | ¥ (444)  | ¥ (1,790)                                   | ¥ -   | ¥ -                            | ¥ 19,544  |
| Securities                           |  |  |  |   |   |                                |   |
| Available-for-sale securities        |  |  |  |   |   |                                |   |
| Japanese local government bonds      | 29,238   | 1,105  | (958)  | (759)                                       | 6,016   | -                              | 34,642  |
| Foreign securities                   | 27,126   | 2,286  | (2,824)  | 10,816                                      | -   | (5,054)                        | 32,350  |
| Other securities                     | 14,308   | -  | (141)  | (1,616)                                     | -   | -                              | 12,551  |
| Total assets                         | ¥ 92,453   | ¥ 3,392  | ¥ (4,368)  | ¥ 6,649                                     | ¥ 6,016                                       | ¥ (5,054)                      | ¥ 99,089  |

(Millions of U.S. Dollars)

| 2022                                 |  |  |  |   |   |                                |   |
|--------------------------------------|--|--|--|---|---|--------------------------------|---|
| Balance at the beginning of the year | Gain/loss for period under review or Other comprehensive income (loss) |  | Changes due to purchase, sale, issuance and settlement | Transfer to Level 3 fair value <sup>3</sup> | Transfer from Level 3 fair value <sup>4</sup> | Balance at the end of the year | Of gain/loss in fiscal year ended March 31, 2022, net valuation gain/loss of financial instruments held on consolidated balance sheet date <sup>1</sup> |
|                                      | Recorded in gain/loss <sup>1</sup>                                     | Recorded in Other comprehensive income (loss) <sup>2</sup> |  |   |   |                                |   |
| Monetary claims bought               | \$ 178   | \$ -   | \$ (4)   | \$ (15)                                     | \$ -  | \$ -                           | \$ 160  |
| Securities                           |  |  |  |   |   |                                |   |
| Available-for-sale securities        |  |  |  |   |   |                                |   |
| Japanese local government bonds      | 239  | 9  | (8)  | (6)   | 49  | -                              | 283   |
| Foreign securities                   | 222  | 19   | (23)   | 88  | -   | (41)                           | 264   |
| Other securities                     | 117  | -  | (1)  | (13)  | -   | -                              | 103   |
| Total assets                         | \$ 755   | \$ 28  | \$ (36)  | \$ 54                                       | \$ 49   | \$ (41)                        | \$ 810  |

Notes:

- Included in "Investment income" and "Investment expenses" in the consolidated statements of income.
- Included in "Net unrealized gains (losses) on available-for-sale securities" of "Other comprehensive income (loss)" in the consolidated statements of comprehensive income.
- This is the transfer from Level 2 fair value to Level 3 fair value, due to observable data becoming unavailable for the Japanese local government bonds in question. The transfer was conducted at the beginning of the period.
- This is the transfer from Level 3 fair value to Level 2 fair value, due to observable data becoming available for the foreign securities in question. The transfer was conducted at the beginning of the period.

## C) Explanation of the fair value valuation process

The Company's fair value valuation department establishes policies and procedures for the measurement of fair value, conducts the calculations and determines the classification of the fair value level. Because the risk management department establishes procedures for the verification of fair value of financial instruments and, in cases where quoted prices obtained from third parties are used, verifies the validity of those prices via appropriate means, such as confirming the valuation methods and inputs used and comparing them to the fair value of similar financial instruments, the appropriateness of fair value valuation, etc. of financial instruments is ensured.

- D) Explanation of impact on fair value of changes to material, unobservable inputs  
Not provided, as the Company itself does not estimate unobservable inputs.

## 26. DERIVATIVE TRANSACTIONS

### (1) Derivative Transactions to Which the Hedge Accounting Is Not Applied Currency-related derivatives

(Millions of Yen)

| March 31                      |                          | 2022            |                                  |            |                              |
|-------------------------------|--------------------------|-----------------|----------------------------------|------------|------------------------------|
| 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                     | ¥ 4,064         | ¥ –                              | ¥ (226)    | ¥ (226)                      |
|                               | U.S. dollars             | 4,064           | –                                | (226)      | (226)                        |
|                               | Bought                   | 25,737          | –                                | (30)       | (30)                         |
|                               | U.S. dollars             | 5,676           | –                                | (49)       | (49)                         |
|                               | Euros                    | 20,061          | –                                | 19         | 19                           |
|                               | Total                    |                 |                                  |            | ¥ (256)                      |

(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 U.S. dollars)

| March 31                      |                          | 2022            |                                  |            |                              |
|-------------------------------|--------------------------|-----------------|----------------------------------|------------|------------------------------|
| 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                     | \$ 33           | \$ –                             | \$ (2)     | \$ (2)                       |
|                               | U.S. dollars             | 33              | –                                | (2)        | (2)                          |
|                               | Bought                   | 210             | –                                | (0)        | (0)                          |
|                               | U.S. dollars             | 46              | –                                | (0)        | (0)                          |
|                               | Euros                    | 164             | –                                | 0          | 0                            |
|                               | Total                    |                 |                                  |            | \$ (2)                       |

### (2) Derivative Transactions to Which the Hedge Accounting Is Applied Currency-related derivatives

(Millions of Yen)

| March 31                    |                          |                                    | 2022            |                                  |             |
|-----------------------------|--------------------------|------------------------------------|-----------------|----------------------------------|-------------|
| 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 | ¥ 3,294,104     | ¥ –                              | ¥ (239,193) |
|                             | U.S. dollars             |                                    | 1,807,472       | –                                | (127,621)   |
|                             | Euros                    |                                    | 598,999         | –                                | (23,378)    |
|                             | Australian dollars       |                                    | 428,242         | –                                | (51,987)    |
|                             | Other                    |                                    | 459,390         | –                                | (36,205)    |
|                             | Total                    |                                    |                 |                                  | ¥ (239,193) |

(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 U.S. Dollars)

| March 31                    |                          |                                    | 2022            |                                  |            |
|-----------------------------|--------------------------|------------------------------------|-----------------|----------------------------------|------------|
| 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 | \$ 26,915       | \$ –                             | \$ (1,954) |
|                             | U.S. dollars             |                                    | 14,768          | –                                | (1,043)    |
|                             | Euros                    |                                    | 4,894           | –                                | (191)      |
|                             | Australian dollars       |                                    | 3,499           | –                                | (425)      |
|                             | Other                    |                                    | 3,753           | –                                | (296)      |
|                             |                          | Total                              |                 |                                  | \$ (1,954) |

## 27. LEASE TRANSACTIONS

### Operating Leases

#### As lessee

Future lease payments under non-cancelable operating leases as of March 31, 2022 and 2021, were as follows:

| March 31          | Millions of Yen |          | Millions of U.S. Dollars |
|-------------------|-----------------|----------|--------------------------|
|                   | 2022            | 2021     | 2022                     |
| Due within 1 year | ¥ 6,576         | ¥ 6,292  | \$ 54                    |
| Due after 1 year  | 28,388          | 34,198   | 232                      |
| Total             | ¥ 34,964        | ¥ 40,491 | \$ 286                   |

## 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, 2022 and 2021.

### (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, 2022 and 2021.

#### 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, 2022 and 2021.

#### 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, 2022 and 2021.

## 29. RELATED PARTY TRANSACTIONS

### (1) Related Party Transactions

Transactions of the Company with related parties for the years ended March 31, 2022 and 2021, were as follows:

| 2022                         |                               |                   |                                       |   |                             |   |   |                                    |                         |                               |
|------------------------------|-------------------------------|-------------------|---------------------------------------|---|-----------------------------|---|---|------------------------------------|-------------------------|-------------------------------|
| 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 (\$28,597 million) | Formulation of group management strategy              | Directly owned 49.90%       | Group management<br>Interlocking officers | Payments of brand royalty fees <sup>1</sup>             | ¥2,504 million (\$20 million)      | Accounts payable—other  | ¥229 million (\$2 million)    |
| Subsidiary of parent company | JAPAN POST Co., Ltd.          | Chiyoda-ku, Tokyo | ¥400,000 million (\$3,268 million)    | Postal and logistics business<br>Post office business | —                           | Insurance agency<br>Interlocking officers | Payments for commission of agency services <sup>2</sup> | ¥178,630 million (\$1,460 million) | Agency accounts payable | ¥4,295 million (\$35 million) |
| 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                    | Formulation of group management strategy              | Directly owned 64.48%       | Group management<br>Interlocking officers | Payments of brand royalty fees <sup>1</sup>             | ¥2,739 million                     | Accounts payable—other  | ¥251 million                  |
| Subsidiary of parent company | JAPAN POST Co., Ltd.          | Chiyoda-ku, Tokyo | ¥400,000 million                      | Postal and logistics business<br>Post office business | —                           | Insurance agency<br>Interlocking officers | Payments for commission of agency services <sup>2</sup> | ¥198,126 million                   | Agency accounts payable | ¥8,369 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.
- 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, 2022 and 2021, the contributions paid by the Company to the Management Network amounted to ¥54,005 million (\$441 million) and ¥56,063 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 |
|------------|------------|--------------|
| 2022       | 2021       | 2022         |
| ¥ 6,059.59 | ¥ 5,052.12 | \$ 49.51     |

### Years ended March 31

Net income per share

| Yen      |          | U.S. Dollars |
|----------|----------|--------------|
| 2022     | 2021     | 2022         |
| ¥ 375.14 | ¥ 295.33 | \$ 3.07      |

Notes:

- Diluted net income per share is not presented for the years ended March 31, 2022 and 2021, 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 |
|-----------------|-----------|--------------------------|
| 2022            | 2021      | 2022                     |
| ¥ 158,062       | ¥ 166,103 | \$ 1,291                 |
| —               | —         | —                        |
| ¥ 158,062       | ¥ 166,103 | \$ 1,291                 |

## Years ended March 31

|   |
|---|
| Average number of common stock during the fiscal year |
|---|

| Thousands of shares |         |
|---------------------|---------|
| 2022                | 2021    |
| 421,348             | 562,429 |

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 |
|-----------------|-------------|--------------------------|
| 2022            | 2021        | 2022                     |
| ¥ 2,421,063     | ¥ 2,841,475 | \$ 19,782                |
| —               | —           | —                        |
| ¥ 2,421,063     | ¥ 2,841,475 | \$ 19,782                |

## March 31

|  |
|--|
| Number of common stock at the fiscal year-end used for the calculation of net assets per share |
|--|

| Thousands of shares |         |
|---------------------|---------|
| 2022                | 2021    |
| 399,542             | 562,432 |

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, 2022 and 2021, was 143,901 shares and 159,503 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, 2022 and 2021, was 140,300 shares and 156,200 shares, respectively.

## 31. SUBSEQUENT EVENTS

### (Acquisition of Treasury Stock)

The Company resolved matters related to the acquisition of its treasury stock based on Article 39, Paragraph 1 of the Company's Articles of Incorporation complying with Article 459, Paragraph 1, Item 1 of the Companies Act at a meeting of the Board of Directors held on August 10, 2022.

#### (1) Resolution of the Board of Directors Regarding the Acquisition of Treasury Stock

##### 1) Reason for the acquisition of treasury stock

The Company's shareholder return policies during the period of the Medium-term Management Plan aim for a medium-term average total payout ratio of 40 to 50%, through acquisition of treasury stock and other timely measures. Accordingly, the Company will consider acquiring treasury stock assuming that the total payout ratio for the fiscal year ended March 31, 2022 will be approximately 45% of the Company's profit for such fiscal year.

The acquisition of treasury stock will be conducted with the aim of improving capital efficiency and enhancing shareholder returns in accordance with the intent of the Postal Service Privatization Act and the Company's shareholder return policies.

##### 2) Details of the acquisition

|  |   |
|--|---|
| A) Class of shares to be acquired        | Common stock of the Company   |
| B) Total number of shares to be acquired | 30,000,000 shares (maximum)<br>(The ratio of the total number of shares to be acquired to the total number of shares issued (excluding treasury stock): 7.5%) |
| C) Total amount of shares to be acquired | ¥35,000,000,000 (\$285,971,076) (maximum)   |
| D) Acquisition period                    | From August 12, 2022 to March 31, 2023  |
| E) Method of acquisition                 | Purchases through the Off-auction Own Share Repurchase Trading system (ToSTNeT-3) and trading on the auction market of the Tokyo Stock Exchange, Inc.         |

F) 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) Total number and amount of shares acquired pursuant to the resolution approved at the Board of Directors' meeting held on August 10, 2022 (as of August 31, 2022)

|                                    |                                 |
|------------------------------------|---------------------------------|
| 1) Total number of shares acquired | 9,440,300 shares                |
| 2) Total amount of shares acquired | ¥19,585,119,700 (\$160,022,222) |

## 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, 2022 and 2021, 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, 2022 and 2021, 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.

#### 1. Accuracy of the calculation and sufficiency of policy reserves

| The key audit matter   | How the matter was addressed in our audit  |
|--|--|
| In the consolidated balance sheet of Japan Post Insurance Co., Ltd. (the "Company") and its consolidated subsidiary, Policy reserves of ¥56,533,454 million were recognized as of March 31, 2022, accounting for a significant portion (87.3%) of total liabilities therein. | 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:<br>(1) Internal control testing<br>We tested the design and operating effectiveness of |

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”).

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 procedures 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.

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 procedures 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 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.

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:

- 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.

(2) Assessment of the accuracy of the calculation of policy reserves

- We confirmed that the policy reserves for insurance products which were revised during the current fiscal year were accurately calculated in accordance with the statements of calculation procedures 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.

(3) Assessment of the sufficiency of the amount of policy reserves

- 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.

## 2. 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 ¥1,005,346 million were recognized as of March 31, 2022. 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 ¥1,424,459 million. Of this amount, the deferred tax assets related to policy reserves and reserve for price fluctuations were ¥1,026,908 million and ¥248,305 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 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 for the current fiscal year. 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.</p> <p>We, therefore, determined that our</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 were expected in the near future.</p> <p>(3) Assessment of the appropriateness and feasibility of estimated future taxable income</p> <ul style="list-style-type: none"> <li>We inquired of management of the Company and the personnel in the relevant department and obtained an understanding of assumptions underlying the business plan, which formed the basis for the estimate of future taxable income;</li> <li>We obtained an understanding of main causes of any differences between the future taxable income estimated in the previous fiscal years and the actual results by inquiring of the personnel in the relevant department and assessed their impacts to the estimated future taxable income; and</li> <li>We confirmed the consistency between the estimated future taxable income and the business plan.</li> </ul> |

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.

## Other Information

The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. 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 reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## 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, 2022 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/ KANNO Masako

Designated Engagement Partner

Certified Public Accountant

/S/ SATO Eihiro

Designated Engagement Partner

Certified Public Accountant

/S/ SUDA Shunsuke

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

September 8, 2022

### **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, 2022 AND 2021

|   | Millions of Yen     |                     | Millions of U.S.<br>Dollars (Note 1) |
|---|---------------------|---------------------|--------------------------------------|
|   | 2022                | 2021                | 2022                                 |
| <b>ASSETS:</b>  |                     |                     |                                      |
| Cash and deposits:                                      |                     |                     |                                      |
| Cash  | ¥ 766               | ¥ 662               | \$ 6                                 |
| Deposits  | 1,264,304           | 1,329,087           | 10,330                               |
| Total cash and deposits                                 | 1,265,070           | 1,329,749           | 10,336                               |
| Call loans  | 40,000              | 130,000             | 327                                  |
| Receivables under resale agreements                     | 2,120,137           | —                   | 17,323                               |
| Receivables under securities borrowing transactions     | —                   | 2,585,087           | —                                    |
| Monetary claims bought                                  | 39,543              | 276,772             | 323                                  |
| Money held in trust                                     | 4,521,912           | 4,189,294           | 36,947                               |
| Securities (Notes 3 and 4):                             |                     |                     |                                      |
| Japanese government bonds                               | 37,408,974          | 37,345,671          | 305,654                              |
| Japanese local government bonds                         | 4,472,466           | 5,593,508           | 36,543                               |
| Japanese corporate bonds                                | 4,866,504           | 5,325,276           | 39,762                               |
| Stocks  | 425,553             | 404,577             | 3,477                                |
| Foreign securities                                      | 4,332,519           | 4,632,376           | 35,399                               |
| Other securities  | 1,912,544           | 1,973,184           | 15,627                               |
| Total securities  | 53,418,564          | 55,274,594          | 436,462                              |
| Loans (Note 5):   |                     |                     |                                      |
| Policy loans  | 140,980             | 161,419             | 1,152                                |
| Industrial and commercial loans                         | 965,872             | 996,127             | 7,892                                |
| Loans to the Management Network                         | 3,145,103           | 3,806,540           | 25,697                               |
| Total loans   | 4,251,956           | 4,964,087           | 34,741                               |
| Tangible fixed assets (Note 25):                        |                     |                     |                                      |
| Land  | 43,112              | 47,828              | 352                                  |
| Buildings   | 37,027              | 40,299              | 303                                  |
| Leased assets   | 2,518               | 1,839               | 21                                   |
| Construction in progress                                | 432                 | 579                 | 4                                    |
| Other tangible fixed assets                             | 11,074              | 14,429              | 90                                   |
| Total tangible fixed assets                             | 94,165              | 104,977             | 769                                  |
| Intangible fixed assets (Note 25):                      |                     |                     |                                      |
| Software  | 98,276              | 118,734             | 803                                  |
| Other intangible fixed assets                           | 14                  | 14                  | 0                                    |
| Total intangible fixed assets                           | 98,291              | 118,748             | 803                                  |
| Agency accounts receivable                              | 47,287              | 53,250              | 386                                  |
| Reinsurance receivables                                 | 3,914               | 3,938               | 32                                   |
| Other assets:   |                     |                     |                                      |
| Accounts receivable                                     | 70,950              | 67,545              | 580                                  |
| Prepaid expenses (Note 25)                              | 3,011               | 2,473               | 25                                   |
| Accrued income  | 141,542             | 144,746             | 1,156                                |
| Money on deposit  | 7,901               | 7,863               | 65                                   |
| Margin deposits for futures transactions (Note 4)       | 3,674               | 1,105               | 30                                   |
| Derivative financial instruments                        | 68                  | 752                 | 1                                    |
| Cash collateral paid for financial instruments (Note 4) | 36,850              | 11,286              | 301                                  |
| Suspense payments                                       | 2,473               | 1,771               | 20                                   |
| Other assets  | 2,552               | 1,863               | 21                                   |
| Total other assets                                      | 269,025             | 239,407             | 2,198                                |
| Deferred tax assets (Note 12)                           | 1,005,357           | 904,333             | 8,214                                |
| Reserve for possible loan losses (Note 25)              | (379)               | (384)               | (3)                                  |
| <b>Total assets</b>                                     | <b>¥ 67,174,848</b> | <b>¥ 70,173,857</b> | <b>\$ 548,859</b>                    |

See accompanying notes to non-consolidated financial statements.

|  | Millions of Yen     |                     | Millions of U.S.<br>Dollars (Note 1) |
|--|---------------------|---------------------|--------------------------------------|
|  | 2022                | 2021                | 2022                                 |
| <b>LIABILITIES:</b>  |                     |                     |                                      |
| Policy reserves and others:                                    |                     |                     |                                      |
| Reserve for outstanding claims (Note 6)                        | ¥ 402,608           | ¥ 419,021           | \$ 3,290                             |
| Policy reserves (Notes 6 and 9)                                | 56,533,454          | 59,397,720          | 461,912                              |
| Reserve for policyholder dividends (Note 8)                    | 1,260,009           | 1,342,855           | 10,295                               |
| Total policy reserves and others                               | 58,196,072          | 61,159,597          | 475,497                              |
| Reinsurance payables   | 6,256               | 6,394               | 51                                   |
| Bonds payable (Note 10)  | 300,000             | 300,000             | 2,451                                |
| Other liabilities:   |                     |                     |                                      |
| Payables under repurchase agreements (Note 4)                  | 2,570,899           | —                   | 21,006                               |
| Payables under securities lending transactions (Note 4)        | 2,236,696           | 4,587,469           | 18,275                               |
| Income taxes payable   | 39,068              | 42,915              | 319                                  |
| Accounts payable   | 38,447              | 20,468              | 314                                  |
| Accrued expenses   | 32,026              | 28,488              | 262                                  |
| Deposits received  | 2,295               | 2,520               | 19                                   |
| Deposits from the Management Network (Note 11)                 | 39,991              | 41,143              | 327                                  |
| Guarantee deposits received                                    | 73                  | 73                  | 1                                    |
| Derivative financial instruments                               | 239,517             | 157,418             | 1,957                                |
| Lease obligations  | 2,734               | 1,950               | 22                                   |
| Asset retirement obligation                                    | —                   | 5                   | —                                    |
| Suspense receipt   | 2,732               | 2,491               | 22                                   |
| Other liabilities  | 5,987               | 6,842               | 49                                   |
| Total other liabilities  | 5,210,469           | 4,891,788           | 42,573                               |
| Reserve for insurance claims and others (Note 25)              | —                   | 2,851               | —                                    |
| Reserve for employees' retirement benefits                     | 70,470              | 69,659              | 576                                  |
| Reserve for management board benefit trust (Note 25)           | 230                 | 110                 | 2                                    |
| Reserve for price fluctuations (Notes 9 and 25)                | 972,606             | 904,816             | 7,947                                |
| <b>Total liabilities</b>                                       | <b>¥ 64,756,105</b> | <b>¥ 67,335,219</b> | <b>\$ 529,096</b>                    |
| <b>NET ASSETS:</b>   |                     |                     |                                      |
| Capital stock  | ¥ 500,000           | ¥ 500,000           | \$ 4,085                             |
| Capital surplus:   |                     |                     |                                      |
| Legal capital surplus  | 405,044             | 405,044             | 3,309                                |
| Total capital surplus  | 405,044             | 405,044             | 3,309                                |
| Retained earnings:   |                     |                     |                                      |
| Legal retained earnings  | 76,909              | 64,761              | 628                                  |
| Other retained earnings:                                       |                     |                     |                                      |
| Reserve for reduction entry of real estate                     | 5,026               | 5,286               | 41                                   |
| Retained earnings brought forward                              | 558,353             | 831,986             | 4,562                                |
| Total other retained earnings                                  | 563,379             | 837,272             | 4,603                                |
| Total retained earnings  | 640,289             | 902,034             | 5,232                                |
| Treasury stock   | (355)               | (397)               | (3)                                  |
| Total shareholders' equity                                     | 1,544,978           | 1,806,680           | 12,623                               |
| Net unrealized gains (losses) on available-for-sale securities | 873,764             | 1,031,384           | 7,139                                |
| Net deferred gains (losses) on hedges                          | —                   | 573                 | —                                    |
| Total valuation and translation adjustments                    | 873,764             | 1,031,957           | 7,139                                |
| <b>Total net assets</b>  | <b>2,418,743</b>    | <b>2,838,638</b>    | <b>19,763</b>                        |
| <b>Total liabilities and net assets</b>                        | <b>¥ 67,174,848</b> | <b>¥ 70,173,857</b> | <b>\$ 548,859</b>                    |

See accompanying notes to non-consolidated financial statements.

# JAPAN POST INSURANCE CO., LTD.

## NON-CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED MARCH 31, 2022 AND 2021

|   | Millions of Yen |             | Millions of U.S.<br>Dollars (Note 1) |
|---|-----------------|-------------|--------------------------------------|
|   | 2022            | 2021        | 2022                                 |
| <b>ORDINARY INCOME:</b>   |                 |             |                                      |
| <b>Insurance premiums and others:</b>                             |                 |             |                                      |
| Insurance premiums (Note 14)                                      | ¥ 2,403,387     | ¥ 2,682,067 | \$ 19,637                            |
| Reinsurance income  | 15,591          | 15,868      | 127                                  |
| Total insurance premiums and others                               | 2,418,979       | 2,697,936   | 19,765                               |
| <b>Investment income:</b>   |                 |             |                                      |
| Interest and dividend income:                                     |                 |             |                                      |
| Interest on deposits  | 30              | 29          | 0                                    |
| Interest and dividends on securities                              | 894,502         | 898,429     | 7,309                                |
| Interest on loans   | 14,312          | 13,314      | 117                                  |
| Interest on loans to the Management Network                       | 72,874          | 86,934      | 595                                  |
| Other interest and dividend income                                | 4,160           | 5,926       | 34                                   |
| Total interest and dividend income                                | 985,879         | 1,004,635   | 8,055                                |
| Gains on money held in trust (Note 16)                            | 114,553         | 87,593      | 936                                  |
| Gains on sales of securities (Note 17)                            | 26,942          | 20,422      | 220                                  |
| Gains on redemption of securities                                 | 779             | 1,170       | 6                                    |
| Gains on foreign exchanges  | 20,879          | 7,759       | 171                                  |
| Reversal of reserve for possible loan losses                      | 3               | 0           | 0                                    |
| Other investment income   | 107             | 86          | 1                                    |
| Total investment income   | 1,149,145       | 1,121,668   | 9,389                                |
| <b>Other ordinary income:</b>                                     |                 |             |                                      |
| Reversal of reserve for outstanding claims (Note 13)              | 16,412          | 42,203      | 134                                  |
| Reversal of policy reserves (Note 13)                             | 2,864,265       | 2,895,445   | 23,403                               |
| Reversal of reserve for insurance claims and others               | 2,851           | 26,870      | 23                                   |
| Other ordinary income   | 2,538           | 2,084       | 21                                   |
| Total other ordinary income                                       | 2,886,068       | 2,966,604   | 23,581                               |
| Total ordinary income   | 6,454,192       | 6,786,210   | 52,735                               |
| <b>ORDINARY EXPENSES:</b>   |                 |             |                                      |
| <b>Insurance claims and others:</b>                               |                 |             |                                      |
| Insurance claims (Note 15)  | 4,477,034       | 4,681,106   | 36,580                               |
| Annuity payments  | 317,508         | 359,821     | 2,594                                |
| Benefits  | 137,982         | 120,324     | 1,127                                |
| Surrender benefits  | 483,773         | 480,477     | 3,953                                |
| Other refunds   | 110,798         | 201,420     | 905                                  |
| Reinsurance premiums  | 22,217          | 22,940      | 182                                  |
| Total insurance claims and others                                 | 5,549,315       | 5,866,091   | 45,341                               |
| <b>Provision for interest on policyholder dividends</b>           | 9               | 8           | 0                                    |
| <b>Investment expenses:</b>                                       |                 |             |                                      |
| Interest expenses   | 2,351           | 2,311       | 19                                   |
| Losses on sales of securities (Note 18)                           | 51,108          | 32,789      | 418                                  |
| Losses on redemption of securities                                | 6,046           | 10,950      | 49                                   |
| Losses on derivative financial instruments (Note 19)              | 7,398           | 21,604      | 60                                   |
| Other investment expenses   | 2,863           | 3,207       | 23                                   |
| Total investment expenses   | 69,768          | 70,863      | 570                                  |
| <b>Operating expenses (Note 25)</b>                               | 384,598         | 402,065     | 3,142                                |
| <b>Other ordinary expenses:</b>                                   |                 |             |                                      |
| Taxes   | 36,603          | 38,402      | 299                                  |
| Depreciation and amortization                                     | 56,421          | 61,214      | 461                                  |
| Provision for reserve for employees' retirement benefits          | 690             | 716         | 6                                    |
| Other ordinary expenses   | 1,023           | 1,825       | 8                                    |
| Total other ordinary expenses                                     | 94,738          | 102,158     | 774                                  |
| Total ordinary expenses   | 6,098,430       | 6,441,187   | 49,828                               |
| <b>Ordinary profit</b>  | 355,762         | 345,022     | 2,907                                |
| <b>EXTRAORDINARY GAINS</b> (Note 20)                              | 5,696           | —           | 47                                   |
| <b>EXTRAORDINARY LOSSES</b> (Note 21)                             | 68,108          | 46,732      | 556                                  |
| <b>Provision for reserve for policyholder dividends</b> (Note 22) | 73,113          | 65,465      | 597                                  |
| <b>Income before income taxes</b>                                 | 220,236         | 232,824     | 1,799                                |
| <b>Income taxes</b> (Note 12):                                    |                 |             |                                      |
| Current   | 101,617         | 91,510      | 830                                  |
| Deferred  | (39,266)        | (24,272)    | (321)                                |
| <b>Total income taxes</b>   | 62,351          | 67,238      | 509                                  |
| <b>Net income</b>   | ¥ 157,885       | ¥ 165,586   | \$ 1,290                             |

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, 2022 AND 2021

|   | Millions of Yen      |                       |                       |                       |                         |  |                                   |                         |                |                            |
|---|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|--|-----------------------------------|-------------------------|----------------|----------------------------|
|   | Shareholders' equity |                       |                       |                       |                         |  |                                   |                         |                |                            |
|   | Capital surplus      |                       |                       |                       | 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, 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 |                      |                       |                       |                       | 4,275                   | (259)                                      | 140,191                           | 144,207                 | 25             | 144,233                    |
| 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                  |
| Changes in the fiscal year:   |                      |                       |                       |                       |                         |  |                                   |                         |                |                            |
| Cash dividends  |                      |                       |                       |                       | 12,148                  |  | (72,890)                          | (60,742)                |                | (60,742)                   |
| Net income  |                      |                       |                       |                       |                         |  | 157,885                           | 157,885                 |                | 157,885                    |
| Purchases of treasury stock   |                      |                       |                       |                       |                         |  |                                   |                         | (358,882)      | (358,882)                  |
| Disposals of treasury stock   |                      |                       |                       |                       |                         |  |                                   |                         | 37             | 37                         |
| Cancellation of treasury stock  |                      |                       | (358,887)             | (358,887)             |                         |  |                                   |                         | 358,887        | -                          |
| Reversal of reserve for reduction entry of real estate                  |                      |                       |                       |                       |                         | (259)                                      | 259                               | -                       |                | -                          |
| Transfer from retained earnings to capital surplus                      |                      |                       | 358,887               | 358,887               |                         |  | (358,887)                         | (358,887)               |                | -                          |
| Net changes in items other than shareholders' equity in the fiscal year |                      |                       |                       |                       | 12,148                  | (259)                                      | (273,633)                         | (261,744)               | 42             | (261,701)                  |
| Net changes in the fiscal year  | -                    | -                     | -                     | -                     | 12,148                  | (259)                                      | (273,633)                         | (261,744)               | 42             | (261,701)                  |
| BALANCE, MARCH 31, 2022   | ¥ 500,000            | ¥ 405,044             | ¥ -                   | ¥ 405,044             | ¥ 76,909                | ¥ 5,026                                    | ¥ 558,353                         | ¥ 640,289               | ¥ (355)        | ¥1,544,978                 |

|   | Millions of Yen  |           |   |                  |             |
|---|--|-----------|---|------------------|-------------|
|   | Valuation and translation adjustments                          |           |   |                  |             |
|   | Net unrealized gains (losses) on available-for-sale securities |           | Total valuation and translation adjustments |                  |             |
|   | Net deferred gains (losses) on hedges                          |           |   | Total net assets |             |
|   |  |           |   |                  |             |
| BALANCE, APRIL 1, 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   |
| Changes in the fiscal year:   |  |           |   |                  |             |
| Cash dividends  |  |           |   |                  | (60,742)    |
| Net income  |  |           |   |                  | 157,885     |
| Purchases of treasury stock   |  |           |   |                  | (358,882)   |
| Disposals of treasury stock   |  |           |   |                  | 37          |
| 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 |  | (157,619) | (573)                                       | (158,193)        | (158,193)   |
| Net changes in the fiscal year  |  | (157,619) | (573)                                       | (158,193)        | (419,894)   |
| BALANCE, MARCH 31, 2022   | ¥  | 873,764   | ¥ -   | ¥ 873,764        | ¥ 2,418,743 |

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 |                         |                |                            |
| <b>BALANCE, MARCH 31, 2021</b>  | <b>\$ 4,085</b>      | <b>\$ 3,309</b>       | <b>\$ –</b>           | <b>\$ 3,309</b>       | <b>\$ 529</b>           | <b>\$ 43</b>                               | <b>\$ 6,798</b>                   | <b>\$ 7,370</b>         | <b>\$ (3)</b>  | <b>\$ 14,762</b>           |
| <b>Changes in the fiscal year:</b>                                      |                      |                       |                       |                       |                         |  |                                   |                         |                |                            |
| Cash dividends  |                      |                       |                       |                       | 99                      |  | (596)                             | (496)                   |                | (496)                      |
| Net income  |                      |                       |                       |                       |                         |  | 1,290                             | 1,290                   |                | 1,290                      |
| Purchases of treasury stock   |                      |                       |                       |                       |                         |  |                                   |                         | (2,932)        | (2,932)                    |
| Disposals of treasury stock   |                      |                       |                       |                       |                         |  |                                   |                         | 0              | 0                          |
| Cancellation of treasury stock  |                      |                       | (2,932)               | (2,932)               |                         |  |                                   |                         | 2,932          | –                          |
| Reversal of reserve for reduction entry of real estate                  |                      |                       |                       |                       |                         | (2)  | 2                                 | –                       |                | –                          |
| Transfer from retained earnings to capital surplus                      |                      |                       | 2,932                 | 2,932                 |                         |  | (2,932)                           | (2,932)                 |                | –                          |
| Net changes in items other than shareholders' equity in the fiscal year |                      |                       |                       |                       |                         |  |                                   |                         |                |                            |
| Net changes in the fiscal year  | –                    | –                     | –                     | –                     | 99                      | (2)  | (2,236)                           | (2,139)                 | 0              | (2,138)                    |
| <b>BALANCE, MARCH 31, 2022</b>  | <b>\$ 4,085</b>      | <b>\$ 3,309</b>       | <b>\$ –</b>           | <b>\$ 3,309</b>       | <b>\$ 628</b>           | <b>\$ 41</b>                               | <b>\$ 4,562</b>                   | <b>\$ 5,232</b>         | <b>\$ (3)</b>  | <b>\$ 12,623</b>           |

## Millions of U.S. Dollars (Note 1)

|   | 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 |
| <b>BALANCE, MARCH 31, 2021</b>  | <b>\$ 8,427</b>  | <b>\$ 5</b>                           | <b>\$ 8,432</b>                             | <b>\$ 23,193</b> |
| <b>Changes in the fiscal year:</b>                                      |  |                                       |   |                  |
| Cash dividends  |  |                                       |   | (496)            |
| Net income  |  |                                       |   | 1,290            |
| Purchases of treasury stock   |  |                                       |   | (2,932)          |
| Disposals of treasury stock   |  |                                       |   | 0                |
| 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 | (1,288)  | (5)                                   | (1,293)                                     | (1,293)          |
| Net changes in the fiscal year  | (1,288)  | (5)                                   | (1,293)                                     | (3,431)          |
| <b>BALANCE, MARCH 31, 2022</b>  | <b>\$ 7,139</b>  | <b>\$ –</b>                           | <b>\$ 7,139</b>                             | <b>\$ 19,763</b> |

See accompanying notes to non-consolidated financial statements.

## JAPAN POST INSURANCE CO., LTD.

## NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

## 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 ¥122.39 to US\$1, the approximate rate of exchange as of March 31, 2022. 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

Valuation of available-for-sale securities as of March 31, 2022, is as follows:

## A) Available-for-sale securities other than stocks, etc. with no market price

Available-for-sale securities other than stocks, etc. with no market price are carried at their market price at the end of the fiscal year. Cost of securities sold is calculated using the moving-average method.

## B) Stocks, etc. with no market price

Stocks, etc. with no market price 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.

Valuation of available-for-sale securities as of March 31, 2021, is as follows:

## 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, July 4, 2019; hereinafter referred to as the "Financial Instruments Accounting Standard"). 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, 2022 and 2021, were ¥37 million (\$0 million) and ¥96 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 procedures 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.

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. 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.

Portions 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 such 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 been paid, pursuant to Article 117 of the Insurance Business Act and Article 72 of the Ordinance for Enforcement of the Insurance Business Act.

**(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 termination measures, etc., 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.

Actuarial differences are 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 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) Changes in Accounting Policies**

The Company has adopted the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the "Fair Value Measurement Accounting Standard"), etc. from the beginning of the year ended March 31, 2022. In accordance with the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Accounting Standard and

Paragraph 44-2 of the Financial Instruments Accounting Standard, the Company decided to apply the new accounting policy prescribed in the Fair Value Measurement Accounting Standard, etc. prospectively. Accordingly, while the fair value method based on the average market price over the month preceding the balance sheet date was previously adopted for stocks with the market price included in available-for-sale securities, from the year ended March 31, 2022, the fair value method based on the market price as of the balance sheet date is adopted.

**(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 "SIGNIFICANT ACCOUNTING POLICIES" of the consolidated financial statements.

**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.

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 from reserve for insurance claims and others at the end of the previous fiscal year, and a reversal of ¥5,280 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 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 they are instruments with no market price as of March 31, 2022 (instruments with no market price for which their fair values are deemed extremely difficult to determine as of March 31, 2021). Such securities as of March 31, 2022 and 2021, consisted of the following:

|                                      | Millions of Yen |        | Millions of U.S. Dollars |
|--------------------------------------|-----------------|--------|--------------------------|
|                                      | 2022            | 2021   | 2022                     |
| <b>March 31</b>                      |                 |        |                          |
| Equities of subsidiaries             | ¥ 984           | ¥ 984  | \$ 8                     |
| Equities of affiliates               | 495             | 495    | 4                        |
| Investments in capital of affiliates | 22,608          | 17,366 | 185                      |

Securities lent under lending agreements in the amount of ¥3,172,477 million (\$25,921 million) and ¥5,249,528 million were included in "Securities" in the balance sheets as of March 31, 2022 and 2021, respectively.

The Company has the right to sell or pledge securities received as collateral for transactions such as resale agreements, borrowing agreements and derivative transactions. The fair value of such securities held in hand was ¥601,181 million (\$4,912 million) and ¥2,909,293 million as of March 31, 2022 and 2021, respectively.

## (2) Policy-Reserve-Matching Bonds

The balance sheet amount and fair value of policy-reserve-matching bonds as of March 31, 2022 and 2021, were as follows:

|                      | Millions of Yen |             | Millions of U.S. Dollars |
|----------------------|-----------------|-------------|--------------------------|
| March 31             | 2022            | 2021        | 2022                     |
| Balance sheet amount | ¥ 8,604,735     | ¥ 9,382,446 | \$ 70,306                |
| Fair value           | 9,106,029       | 10,158,590  | 74,402                   |

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 in order 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 (all insurance policies)
- 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)

Previously, the sub-group of Postal Life Insurance Contracts consisted of insurance contracts with a remaining period within 30 years, but from the beginning of the year ended March 31, 2022, the limitation of the remaining period was eliminated and then the sub-group consists of all insurance contracts, as the stable expansion of the issuance of 30- and 40-year Japanese government bonds has made it easier to secure super long-term bonds and made it possible to adjust duration gap of longer-term insurance contracts. This change has no impact on profit or loss.

## 4. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral as of March 31, 2022 and 2021, consisted of the following:

|  | Millions of Yen |             | Millions of U.S. Dollars |
|--|-----------------|-------------|--------------------------|
| March 31   | 2022            | 2021        | 2022                     |
| Assets pledged as collateral:                              |                 |             |                          |
| Securities   | ¥ 4,253,107     | ¥ 3,965,725 | \$ 34,750                |
| Liabilities corresponding to assets pledged as collateral: |                 |             |                          |
| Payables under repurchase agreements                       | 2,570,899       | —           | 21,006                   |
| Payables under securities lending transactions             | 2,236,696       | 4,587,469   | 18,275                   |

The above securities are those sold under repurchase agreements and those pledged as collateral for securities lending transactions with cash collateral.

In addition to the above, the following has been pledged as collateral for the transactions such as transactions under securities lending secured by securities and derivative transactions.

|  | Millions of Yen |           | Millions of U.S. Dollars |
|--|-----------------|-----------|--------------------------|
| March 31                                       | 2022            | 2021      | 2022                     |
| Securities                                     | ¥ 498,437       | ¥ 438,177 | \$ 4,073                 |
| Margin deposits for futures transactions       | 3,674           | 1,105     | 30                       |
| Cash collateral paid for financial instruments | 36,850          | 11,286    | 301                      |

## 5. LOANS

There were no bankrupt loans or quasi-bankrupt loans, doubtful loans, past due loans for three months or more, or restructured loans as of March 31, 2022 and 2021.

Definitions for each of the respective loans are as follows:

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.

Doubtful loans are loans to borrowers who are yet to have fallen into bankruptcy, but from whom the collection of principal and receipt of interest as committed under an agreement is unlikely to be achieved, due to the borrower's deteriorating financial conditions and business performance. This category excludes loans classified as bankrupt loans or quasi-bankrupt loans and doubtful 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 those classified as bankrupt loans or quasi-bankrupt loans.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, postponement of principal or interest payments, debt waiver or other arrangements, have been made for the purpose of assisting

and supporting the borrowers in the restructuring of their business. This category excludes loans classified as bankrupt loans or quasi-bankrupt loans, doubtful loans and past due loans for three months or more.

The amounts of unused commitments as of March 31, 2022 and 2021, were as follows:

|                              | Millions of Yen |          | Millions of U.S. Dollars |
|------------------------------|-----------------|----------|--------------------------|
| <b>March 31</b>              | <b>2022</b>     | 2021     | <b>2022</b>              |
| Amount of unused commitments | ¥ 25,367        | ¥ 24,863 | \$ 207                   |

## 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, 2022 and 2021, was as follows:

|                                      | Millions of Yen |       | Millions of U.S. Dollars |
|--------------------------------------|-----------------|-------|--------------------------|
| <b>March 31</b>                      | <b>2022</b>     | 2021  | <b>2022</b>              |
| Reserve for outstanding claims—ceded | ¥ 525           | ¥ 418 | \$ 4                     |

Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance (hereinafter “policy reserves—ceded”) as of March 31, 2022 and 2021, were as follows:

|                       | Millions of Yen |       | Millions of U.S. Dollars |
|-----------------------|-----------------|-------|--------------------------|
| <b>March 31</b>       | <b>2022</b>     | 2021  | <b>2022</b>              |
| Policy reserves—ceded | ¥ 907           | ¥ 935 | \$ 7                     |

## 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 ¥33,449 million (\$273 million) and ¥33,629 million, as of March 31, 2022 and 2021, 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, 2022 and 2021, were as follows:

|  | Millions of Yen |             | Millions of U.S. Dollars |
|--|-----------------|-------------|--------------------------|
| <b>Years ended March 31</b>                            | <b>2022</b>     | 2021        | <b>2022</b>              |
| Balance at the beginning of the year                   | ¥ 1,342,855     | ¥ 1,437,535 | \$ 10,972                |
| Policyholder dividends paid                            | (155,691)       | (159,817)   | (1,272)                  |
| Interest accrual                                       | 9               | 8           | 0                        |
| Reduction due to the acquisition of additional annuity | (278)           | (336)       | (2)                      |
| Provision for reserve for policyholder dividends       | 73,113          | 65,465      | 597                      |
| Balance at the end of the year                         | ¥ 1,260,009     | ¥ 1,342,855 | \$ 10,295                |

## 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, 2022 and 2021, were as follows:

|   | Millions of Yen |              | Millions of U.S. Dollars |
|---|-----------------|--------------|--------------------------|
| <b>March 31</b>                                 | <b>2022</b>     | 2021         | <b>2022</b>              |
| Policy reserves (excluding contingency reserve) | ¥ 29,331,229    | ¥ 31,408,726 | \$ 239,654               |
| Contingency reserve                             | 1,203,243       | 1,129,662    | 9,831                    |
| Reserve for price fluctuations                  | 695,157         | 655,111      | 5,680                    |

## 10. BONDS PAYABLE

Bonds payable, which are subordinated bonds stipulating that their priorities are ranked behind other obligations, as of March 31, 2022 and 2021, were as follows:

|                    | Millions of Yen |           | Millions of U.S. Dollars |
|--------------------|-----------------|-----------|--------------------------|
|                    | 2022            | 2021      | 2022                     |
| <b>March 31</b>    |                 |           |                          |
| Subordinated bonds | ¥ 300,000       | ¥ 300,000 | \$ 2,451                 |

## 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, 2022 and 2021.

## 12. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities as of March 31, 2022 and 2021, were as follows:

|  | Millions of Yen |             | Millions of U.S. Dollars |
|--|-----------------|-------------|--------------------------|
|  | 2022            | 2021        | 2022                     |
| <b>March 31</b>                                    |                 |             |                          |
| Deferred tax assets:                               |                 |             |                          |
| Policy reserves                                    | ¥ 1,026,908     | ¥ 1,011,450 | \$ 8,390                 |
| Reserve for price fluctuations                     | 248,305         | 223,044     | 2,029                    |
| Reserve for outstanding claims                     | 38,057          | 38,126      | 311                      |
| Reserve for employees' retirement benefits         | 19,733          | 19,506      | 161                      |
| Unrealized losses on available-for-sale securities | 74,964          | 27,983      | 613                      |
| Other  | 30,616          | 29,532      | 250                      |
| Subtotal   | 1,438,585       | 1,349,644   | 11,754                   |
| Valuation allowance                                | (14,120)        | (13,361)    | (115)                    |
| Total deferred tax assets                          | 1,424,464       | 1,336,282   | 11,639                   |
| Deferred tax liabilities:                          |                 |             |                          |
| Unrealized gains on available-for-sale securities  | (408,207)       | (422,761)   | (3,335)                  |
| Other  | (10,899)        | (9,188)     | (89)                     |
| Total deferred tax liabilities                     | (419,106)       | (431,949)   | (3,424)                  |
| Net deferred tax assets (liabilities)              | ¥ 1,005,357     | ¥ 904,333   | \$ 8,214                 |

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, 2022 and 2021.

Reconciliation of the statutory tax rate and the effective income tax rate for the years ended March 31, 2022 and 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 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, 2022, was ¥106 million (\$1 million). 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.

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, 2022 and 2021, was ¥27 million (\$0 million) and ¥32 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, 2022 and 2021, were as follows:

|                             | Millions of Yen |           | Millions of U.S. Dollars |
|-----------------------------|-----------------|-----------|--------------------------|
|                             | 2022            | 2021      | 2022                     |
| <b>Years ended March 31</b> |                 |           |                          |
| Insurance premiums          | ¥ 286,840       | ¥ 364,196 | \$ 2,344                 |

## 15. INSURANCE CLAIMS

Insurance claims based on reinsurance contracts with the Management Network included in insurance claims for the years ended March 31, 2022 and 2021, were as follows:

| Years ended March 31 | Millions of Yen |             | Millions of U.S. Dollars |
|----------------------|-----------------|-------------|--------------------------|
|                      | 2022            | 2021        | 2022                     |
| Insurance claims     | ¥ 2,717,586     | ¥ 2,940,643 | \$ 22,204                |

## 16. GAINS ON MONEY HELD IN TRUST

Gains on money held in trust included losses on valuation of ¥8,168 million (\$67 million) and ¥13,285 million for the years ended March 31, 2022 and 2021, respectively.

## 17. GAINS ON SALES OF SECURITIES

Gains on sales of securities were recognized on the following securities:

| Years ended March 31            | Millions of Yen |         | Millions of U.S. Dollars |
|---------------------------------|-----------------|---------|--------------------------|
|                                 | 2022            | 2021    | 2022                     |
| Japanese government bonds, etc. | ¥ 7,857         | ¥ 4,876 | \$ 64                    |
| Stocks                          | 8,005           | 14,692  | 65                       |
| Foreign securities              | 11,079          | 853     | 91                       |

## 18. LOSSES ON SALES OF SECURITIES

Losses on sales of securities were recognized on the following securities:

| Years ended March 31            | Millions of Yen |         | Millions of U.S. Dollars |
|---------------------------------|-----------------|---------|--------------------------|
|                                 | 2022            | 2021    | 2022                     |
| Japanese government bonds, etc. | ¥ 13,317        | ¥ 1,063 | \$ 109                   |
| Stocks                          | 3,071           | 13,895  | 25                       |
| Foreign securities              | 24,243          | 4,326   | 198                      |
| Other securities                | 10,475          | 13,504  | 86                       |

## 19. LOSSES ON DERIVATIVE FINANCIAL INSTRUMENTS

Losses on derivative financial instruments included losses on valuation of ¥239,449 million (\$1,956 million) and ¥156,665 million for the years ended March 31, 2022 and 2021, respectively.

## 20. EXTRAORDINARY GAINS

Extraordinary gains for the years ended March 31, 2022 and 2021, consisted of the following:

| Years ended March 31           | Millions of Yen |      | Millions of U.S. Dollars |
|--------------------------------|-----------------|------|--------------------------|
|                                | 2022            | 2021 | 2022                     |
| Gains on sales of fixed assets | ¥ 5,696         | ¥ –  | \$ 47                    |
| Total                          | ¥ 5,696         | ¥ –  | \$ 47                    |

## 21. EXTRAORDINARY LOSSES

Extraordinary losses for the years ended March 31, 2022 and 2021, consisted of the following:

| Years ended March 31                         | Millions of Yen |          | Millions of U.S. Dollars |
|--|-----------------|----------|--------------------------|
|  | 2022            | 2021     | 2022                     |
| Losses on sales and disposal of fixed assets | ¥ 318           | ¥ 255    | \$ 3                     |
| Provision for reserve for price fluctuations | 67,789          | 46,477   | 554                      |
| Total  | ¥ 68,108        | ¥ 46,732 | \$ 556                   |

## 22. 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, 2022 and 2021, was as follows:

| Years ended March 31                             | Millions of Yen |          | Millions of U.S. Dollars |
|--|-----------------|----------|--------------------------|
|  | 2022            | 2021     | 2022                     |
| Provision for reserve for policyholder dividends | ¥ 54,849        | ¥ 46,710 | \$ 448                   |

## 23. TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES

Transactions with the subsidiaries and affiliates for the years ended March 31, 2022 and 2021, and outstanding balances arising from such transactions as of March 31, 2022 and 2021, were as follows:

| Years ended March 31 | Millions of Yen |        | Millions of U.S. Dollars |
|----------------------|-----------------|--------|--------------------------|
|                      | 2022            | 2021   | 2022                     |
| Income               | ¥ 0             | ¥ 0    | \$ 0                     |
| Expenses             | 17,480          | 15,061 | 143                      |

| March 31             | Millions of Yen |        | Millions of U.S. Dollars |
|----------------------|-----------------|--------|--------------------------|
|                      | 2022            | 2021   | 2022                     |
| Monetary claims      | ¥ 263           | ¥ 245  | \$ 2                     |
| Monetary obligations | 14,882          | 13,948 | 122                      |

## 24. SUBSEQUENT EVENTS

### (Acquisition of Treasury Stock)

The Company resolved matters related to the acquisition of its treasury stock based on Article 39, Paragraph 1 of the Company's Articles of Incorporation complying with Article 459, Paragraph 1, Item 1 of the Companies Act at a meeting of the Board of Directors held on August 10, 2022.

### (1) Resolution of the Board of Directors Regarding the Acquisition of Treasury Stock

#### 1) Reason for the acquisition of treasury stock

The Company's shareholder return policies during the period of the Medium-term Management Plan aim for a medium-term average total payout ratio of 40 to 50%, through acquisition of treasury stock and other timely measures. Accordingly, the Company will consider acquiring treasury stock assuming that the total payout ratio for the fiscal year ended March 31, 2022 will be approximately 45% of the Company's profit for such fiscal year.

The acquisition of treasury stock will be conducted with the aim of improving capital efficiency and enhancing shareholder returns in accordance with the intent of the Postal Service Privatization Act and the Company's shareholder return policies.

#### 2) Details of the acquisition

|  |   |
|--|---|
| A) Class of shares to be acquired        | Common stock of the Company   |
| B) Total number of shares to be acquired | 30,000,000 shares (maximum)<br>(The ratio of the total number of shares to be acquired to the total number of shares issued (excluding treasury stock): 7.5%) |
| C) Total amount of shares to be acquired | ¥35,000,000,000 (\$285,971,076) (maximum)   |
| D) Acquisition period                    | From August 12, 2022 to March 31, 2023  |
| E) Method of acquisition                 | Purchases through the Off-auction Own Share Repurchase Trading system (ToSTNeT-3) and trading on the auction market of the Tokyo Stock Exchange, Inc.         |

F) 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) Total number and amount of shares acquired pursuant to the resolution approved at the Board of Directors' meeting held on August 10, 2022 (as of August 31, 2022)

|                                    |                                 |
|------------------------------------|---------------------------------|
| 1) Total number of shares acquired | 9,440,300 shares                |
| 2) Total amount of shares acquired | ¥19,585,119,700 (\$160,022,222) |

## 25. SUPPLEMENTARY SCHEDULES

## Schedule of Operating Expenses

|   | Millions of Yen  |                  | Millions of U.S. Dollars |
|---|------------------|------------------|--------------------------|
|   | 2022             | 2021             | 2022                     |
| <b>Years ended March 31</b>                   |                  |                  |                          |
| Sales activity expenses:                      | ¥ 39,131         | ¥ 51,416         | \$ 320                   |
| Field sales staff-related expenses            | 8,365            | 9,138            | 68                       |
| Sales agencies-related expenses               | 30,765           | 42,276           | 251                      |
| Selection expenses of policyholders           | 0                | 0                | 0                        |
| Sales administration expenses:                | 13,137           | 10,917           | 107                      |
| Management of sales agencies                  | 8,912            | 9,473            | 73                       |
| Training and education of sales staff         | 45               | 38               | 0                        |
| Advertising                                   | 4,179            | 1,405            | 34                       |
| General administration expenses:              | 332,329          | 339,731          | 2,715                    |
| Personnel expenses                            | 46,902           | 47,227           | 383                      |
| Property expenses                             | 283,229          | 290,093          | 2,314                    |
| Donation, contribution and miscellaneous dues | 394              | 558              | 3                        |
| Obligations                                   | 2,197            | 2,410            | 18                       |
| <b>Total</b>                                  | <b>¥ 384,598</b> | <b>¥ 402,065</b> | <b>\$ 3,142</b>          |

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

|                                      | Millions of Yen           |          |          |                |  |  |                    |
|--------------------------------------|---------------------------|----------|----------|----------------|--|--|--------------------|
|                                      | Year ended March 31, 2022 |          |          |                |  |  |                    |
| 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 |
| <b>Tangible fixed assets:</b>        |                           |          |          |                |  |  |                    |
| Land                                 | ¥ —                       | ¥ —      | ¥ —      | ¥ 43,112       | ¥ —  | ¥ —  | ¥ 43,112           |
| Buildings                            | —                         | —        | —        | 62,974         | 25,946   | 3,108                                      | 37,027             |
| Leased assets                        | —                         | —        | —        | 4,637          | 2,118  | 606  | 2,518              |
| Construction in progress             | —                         | —        | —        | 432            | —  | —  | 432                |
| Other                                | —                         | —        | —        | 38,542         | 27,468   | 4,384                                      | 11,074             |
| <b>Total tangible fixed assets</b>   | <b>—</b>                  | <b>—</b> | <b>—</b> | <b>149,698</b> | <b>55,533</b>  | <b>8,099</b>                               | <b>94,165</b>      |
| <b>Intangible fixed assets:</b>      |                           |          |          |                |  |  |                    |
| Software                             | —                         | —        | —        | 546,913        | 448,637  | 48,287                                     | 98,276             |
| Other                                | —                         | —        | —        | 33             | 19   | 2  | 14                 |
| <b>Total intangible fixed assets</b> | <b>—</b>                  | <b>—</b> | <b>—</b> | <b>546,947</b> | <b>448,656</b>   | <b>48,290</b>                              | <b>98,291</b>      |
| Long-term prepaid expenses           | 709                       | —        | —        | 709            | 466  | 31   | 243                |
| Deferred assets                      | —                         | —        | —        | —              | —  | —  | —                  |

|                                      | Millions of Yen           |          |          |                |  |  |                    |
|--------------------------------------|---------------------------|----------|----------|----------------|--|--|--------------------|
|                                      | 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 |
| <b>Tangible fixed assets:</b>        |                           |          |          |                |  |  |                    |
| 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             |
| <b>Total tangible fixed assets</b>   | <b>—</b>                  | <b>—</b> | <b>—</b> | <b>158,300</b> | <b>53,323</b>  | <b>8,788</b>                               | <b>104,977</b>     |
| <b>Intangible fixed assets:</b>      |                           |          |          |                |  |  |                    |
| Software                             | —                         | —        | —        | 520,566        | 401,831  | 52,368                                     | 118,734            |
| Other                                | —                         | —        | —        | 30             | 16   | 2  | 14                 |
| <b>Total intangible fixed assets</b> | <b>—</b>                  | <b>—</b> | <b>—</b> | <b>520,596</b> | <b>401,847</b>   | <b>52,371</b>                              | <b>118,748</b>     |
| Long-term prepaid expenses           | 709                       | —        | —        | 709            | 434  | 54   | 275                |
| Deferred assets                      | —                         | —        | —        | —              | —  | —  | —                  |

| Millions of U.S. Dollars             |                   |          |          |                |  |  |                    |
|--------------------------------------|-------------------|----------|----------|----------------|--|--|--------------------|
| Year ended March 31, 2022            |                   |          |          |                |  |  |                    |
| 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 |
| <b>Tangible fixed assets:</b>        |                   |          |          |                |  |  |                    |
| Land                                 | \$ —              | \$ —     | \$ —     | \$ 352         | \$ —   | \$ —                                       | \$ 352             |
| Buildings                            | —                 | —        | —        | 515            | 212  | 25   | 303                |
| Leased assets                        | —                 | —        | —        | 38             | 17   | 5  | 21                 |
| Construction in progress             | —                 | —        | —        | 4              | —  | —  | 4                  |
| Other                                | —                 | —        | —        | 315            | 224  | 36   | 90                 |
| <b>Total tangible fixed assets</b>   | <b>—</b>          | <b>—</b> | <b>—</b> | <b>1,223</b>   | <b>454</b>   | <b>66</b>                                  | <b>769</b>         |
| <b>Intangible fixed assets:</b>      |                   |          |          |                |  |  |                    |
| Software                             | —                 | —        | —        | 4,469          | 3,666  | 395  | 803                |
| Other                                | —                 | —        | —        | 0              | 0  | 0  | 0                  |
| <b>Total intangible fixed assets</b> | <b>—</b>          | <b>—</b> | <b>—</b> | <b>4,469</b>   | <b>3,666</b>   | <b>395</b>                                 | <b>803</b>         |
| <b>Long-term prepaid expenses</b>    | <b>6</b>          | <b>—</b> | <b>—</b> | <b>6</b>       | <b>4</b>   | <b>0</b>                                   | <b>2</b>           |
| <b>Deferred assets</b>               | <b>—</b>          | <b>—</b> | <b>—</b> | <b>—</b>       | <b>—</b>   | <b>—</b>                                   | <b>—</b>           |

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, 2022                  |                   |          |                                       |                              |                |  |
|  | Beginning balance | Increase | Decrease (used for original purposes) | Decrease (for other reasons) | Ending balance |  |
| Reserve for possible loan losses           | ¥ 384             | ¥ 379    | ¥ 22                                  | ¥ 361                        | ¥ 379          |  |
| General reserve                            | 36                | 32       | —                                     | 36                           | 32             |  |
| Specific reserve                           | 347               | 347      | 22                                    | 324                          | 347            |  |
| Reserve for insurance claims and others    | 2,851             | 1,803    | 4,443                                 | 211                          | —              |  |
| Reserve for management board benefit trust | 110               | 154      | 34                                    | —                            | 230            |  |
| Reserve for price fluctuations             | 904,816           | 67,789   | —                                     | —                            | 972,606        |  |

| 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 U.S. Dollars                   |                   |          |                                       |                              |                |  |
|--|-------------------|----------|---------------------------------------|------------------------------|----------------|--|
| Year ended March 31, 2022                  |                   |          |                                       |                              |                |  |
|  | Beginning balance | Increase | Decrease (used for original purposes) | Decrease (for other reasons) | Ending balance |  |
| Reserve for possible loan losses           | \$ 3              | \$ 3     | \$ 0                                  | \$ 3                         | \$ 3           |  |
| General reserve                            | 0                 | 0        | —                                     | 0                            | 0              |  |
| Specific reserve                           | 3                 | 3        | 0                                     | 3                            | 3              |  |
| Reserve for insurance claims and others    | 23                | 15       | 36                                    | 2                            | —              |  |
| Reserve for management board benefit trust | 1                 | 1        | 0                                     | —                            | 2              |  |
| Reserve for price fluctuations             | 7,393             | 554      | —                                     | —                            | 7,947          |  |

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, 2022 and 2021, 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, 2022 and 2021, 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.

#### 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.

#### Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. 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 reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### 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, 2022 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/ KANNO Masako

Designated Engagement Partner

Certified Public Accountant

/S/ SATO Eihiro

Designated Engagement Partner

Certified Public Accountant

/S/ SUDA Shunsuke

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

September 8, 2022

**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 Loans under the Insurance Business Act (Consolidated)**

(Millions of yen, %)

| As of March 31 |   | 2021      | 2022      |
|----------------|---|-----------|-----------|
|                | Bankrupt or quasi-bankrupt loans        | ¥ —       | ¥ —       |
|                | Doubtful loans                          | —         | —         |
|                | Past due loans for three months or more | —         | —         |
|                | Restructured loans                      | —         | —         |
|                | Subtotal                                | —         | —         |
|                | (Percentage in total)                   | ( — )     | ( — )     |
|                | Normal loans                            | 7,630,495 | 7,330,258 |
|                | Total                                   | 7,630,495 | 7,330,258 |

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 (excluding the loans noted in 1).
3. 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).
4. 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 to 3).
5. Normal loans are loans which do not fall under the loans noted in 1 to 4 above as there are no particular problems found with the borrower's financial conditions and results.

## 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   | 2021        | 2022        |
|--|-------------|-------------|
| Total amount of solvency margin (A)  | ¥ 6,216,257 | ¥ 5,858,523 |
| Capital stock, etc.  | 1,763,280   | 1,526,526   |
| Reserve for price fluctuations   | 904,816     | 972,606     |
| Contingency reserve  | 1,611,343   | 1,690,994   |
| Catastrophe loss reserve   | —           | —           |
| General reserve for possible loan losses   | 36          | 32          |
| (Net unrealized gains (losses) on available-for-sale securities (before taxes)-Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%) | 1,283,545   | 1,086,306   |
| Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)   | 2,203       | 1,809       |
| Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)   | 4,835       | 3,873       |
| Excess of continued Zillmerized reserve  | 364,059     | 299,478     |
| Capital raised through debt financing  | 300,000     | 300,000     |
| Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin                              | —           | —           |
| Deductions   | (17,862)    | (23,104)    |
| Other  | —           | —           |
| Total amount of risk (B)   | 1,108,789   | 1,120,660   |
| $\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2 + R_4 + R_6}$  |             |             |
| Insurance risk R <sub>1</sub>  | 130,961     | 125,154     |
| General insurance risk R <sub>5</sub>  | —           | —           |
| Catastrophe risk R <sub>6</sub>  | —           | —           |
| Underwriting risk of third-sector insurance R <sub>8</sub>   | 49,371      | 44,708      |
| Small amount and short-term insurance risk R <sub>9</sub>  | —           | —           |
| Anticipated yield risk R <sub>2</sub>  | 131,404     | 125,089     |
| Minimum guarantee risk R <sub>7</sub>  | —           | —           |
| Investment risk R <sub>3</sub>   | 937,296     | 957,278     |
| Business management risk R <sub>4</sub>  | 24,980      | 25,044      |
| Solvency margin ratio<br>(A)<br>—<br>(1/2) × (B) × 100   | 1,121.2%    | 1,045.5%    |

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 Status of Loans under the Insurance Business Act

(Millions of yen, %)

| As of March 31 |   | 2021      | 2022      |
|----------------|---|-----------|-----------|
|                | Bankrupt or quasi-bankrupt loans        | ¥ —       | ¥ —       |
|                | Doubtful loans                          | —         | —         |
|                | Past due loans for three months or more | —         | —         |
|                | Restructured loans                      | —         | —         |
|                | Subtotal                                | —         | —         |
|                | (Percentage in total)                   | ( — )     | ( — )     |
|                | Normal loans                            | 7,630,495 | 7,330,258 |
|                | Total                                   | 7,630,495 | 7,330,258 |

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 (excluding the loans noted in 1).
3. 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).
4. 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 to 3).
5. Normal loans are loans which do not fall under the loans noted in 1 to 4 above as there are no particular problems found with the borrower's financial conditions and results.

### 5-2 Loans Concerning the Trusts with Contracts Indemnifying the Principal Amounts

There were no such outstanding balances as of March 31, 2021 and 2022.

## 5-3 Status of Insurance Claims Paying Ability (Solvency Margin Ratio)

(Millions of yen)

| As of March 31   | 2021        | 2022        |
|--|-------------|-------------|
| Total amount of solvency margin (A)  | ¥ 6,229,928 | ¥ 5,878,221 |
| Capital stock, etc.  | 1,763,923   | 1,526,993   |
| Reserve for price fluctuations   | 904,816     | 972,606     |
| Contingency reserve  | 1,611,343   | 1,690,994   |
| General reserve for possible loan losses   | 36          | 32          |
| (Net unrealized gains (losses) on available-for-sale securities (before taxes)-Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%) | 1,283,545   | 1,086,306   |
| Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)   | 2,203       | 1,809       |
| Excess of continued Zillmerized reserve  | 364,059     | 299,478     |
| Capital raised through debt financing  | 300,000     | 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)   | 1,114,326   | 1,127,788   |
| $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$   |             |             |
| Insurance risk R <sub>1</sub>  | 130,961     | 125,154     |
| Underwriting risk of third-sector insurance R <sub>8</sub>   | 49,371      | 44,708      |
| Anticipated yield risk R <sub>2</sub>  | 131,404     | 125,089     |
| Minimum guarantee risk R <sub>7</sub>  | —           | —           |
| Investment risk R <sub>3</sub>   | 942,799     | 964,350     |
| Business management risk R <sub>4</sub>  | 25,090      | 25,186      |
| Solvency margin ratio<br>(A)<br>— × 100<br>(1/2) × (B)   | 1,118.1%    | 1,042.4%    |

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.

## 5-4 Real Net Assets

(Millions of yen, %)

| As of March 31                    | 2021         | 2022         |
|-----------------------------------|--------------|--------------|
| Real net assets                   | ¥ 12,077,534 | ¥ 10,235,434 |
| [Ratio to general account assets] | [17.2]       | [15.2]       |

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."

## 5-5 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, 2021 and 2022.

#### 2) Fair Value Information of Securities (Other than Trading Securities)

(Millions of yen)

| As of March 31                          | 2021              |                   |                               |                  |                | 2022              |                   |                               |                  |                |
|---|-------------------|-------------------|-------------------------------|------------------|----------------|-------------------|-------------------|-------------------------------|------------------|----------------|
|   | Book value        | Fair value        | Net unrealized gains (losses) |                  |                | Book value        | Fair value        | Net unrealized gains (losses) |                  |                |
|   |                   |                   |                               | Gains            | Losses         |                   |                   |                               | Gains            | Losses         |
| Held-to-maturity bonds                  | ¥35,327,980       | ¥40,512,921       | ¥5,184,940                    | ¥5,225,937       | ¥ 40,996       | ¥34,126,248       | ¥38,143,194       | ¥4,016,945                    | ¥4,218,557       | ¥201,611       |
| Policy-reserve-matching bonds           | 9,382,446         | 10,158,590        | 776,143                       | 798,498          | 22,355         | 8,604,735         | 9,106,029         | 501,294                       | 593,102          | 91,808         |
| Equities of subsidiaries and affiliates | —                 | —                 | —                             | —                | —              | —                 | —                 | —                             | —                | —              |
| Available-for-sale securities           | 13,445,144        | 14,865,016        | 1,419,871                     | 1,521,504        | 101,632        | 13,658,423        | 14,812,678        | 1,154,254                     | 1,424,231        | 269,976        |
| Corporate and government bonds          | 3,519,145         | 3,554,029         | 34,883                        | 42,363           | 7,480          | 4,043,706         | 4,016,962         | (26,743)                      | 19,433           | 46,177         |
| Domestic stocks                         | 1,754,330         | 2,514,296         | 759,966                       | 790,263          | 30,297         | 1,853,533         | 2,614,566         | 761,032                       | 819,898          | 58,866         |
| Foreign securities                      | 4,835,932         | 5,398,112         | 562,180                       | 578,698          | 16,518         | 4,809,476         | 5,208,678         | 399,202                       | 487,194          | 87,991         |
| Foreign corporate and government bonds  | 4,147,536         | 4,479,823         | 332,287                       | 348,645          | 16,358         | 4,096,267         | 4,181,527         | 85,259                        | 170,702          | 85,442         |
| Foreign stocks and other securities     | 688,396           | 918,289           | 229,893                       | 230,052          | 159            | 713,208           | 1,027,151         | 313,942                       | 316,492          | 2,549          |
| Other securities                        | 2,580,552         | 2,641,805         | 61,253                        | 108,589          | 47,336         | 2,508,306         | 2,527,926         | 19,619                        | 96,560           | 76,940         |
| Monetary claims bought                  | 275,183           | 276,772           | 1,588                         | 1,588            | —              | 38,399            | 39,543            | 1,144                         | 1,144            | —              |
| Negotiable certificates of deposit      | 480,000           | 480,000           | —                             | —                | —              | 405,000           | 405,000           | —                             | —                | —              |
| Other                                   | —                 | —                 | —                             | —                | —              | —                 | —                 | —                             | —                | —              |
| <b>Total</b>                            | <b>58,155,572</b> | <b>65,536,528</b> | <b>7,380,955</b>              | <b>7,545,940</b> | <b>164,984</b> | <b>56,389,406</b> | <b>62,061,901</b> | <b>5,672,495</b>              | <b>6,235,891</b> | <b>563,395</b> |
| Corporate and government bonds          | 48,229,573        | 54,225,541        | 5,995,967                     | 6,066,800        | 70,832         | 46,774,690        | 51,266,186        | 4,491,496                     | 4,831,093        | 339,597        |
| Domestic stocks                         | 1,754,330         | 2,514,296         | 759,966                       | 790,263          | 30,297         | 1,853,533         | 2,614,566         | 761,032                       | 819,898          | 58,866         |
| Foreign securities                      | 4,835,932         | 5,398,112         | 562,180                       | 578,698          | 16,518         | 4,809,476         | 5,208,678         | 399,202                       | 487,194          | 87,991         |
| Foreign corporate and government bonds  | 4,147,536         | 4,479,823         | 332,287                       | 348,645          | 16,358         | 4,096,267         | 4,181,527         | 85,259                        | 170,702          | 85,442         |
| Foreign stocks and other securities     | 688,396           | 918,289           | 229,893                       | 230,052          | 159            | 713,208           | 1,027,151         | 313,942                       | 316,492          | 2,549          |
| Other securities                        | 2,580,552         | 2,641,805         | 61,253                        | 108,589          | 47,336         | 2,508,306         | 2,527,926         | 19,619                        | 96,560           | 76,940         |
| Monetary claims bought                  | 275,183           | 276,772           | 1,588                         | 1,588            | —              | 38,399            | 39,543            | 1,144                         | 1,144            | —              |
| Negotiable certificates of deposit      | 480,000           | 480,000           | —                             | —                | —              | 405,000           | 405,000           | —                             | —                | —              |
| 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 ¥2,682,208 million with net unrealized gains of ¥1,026,692 million as of March 31, 2022 and ¥2,647,007 million with net unrealized gains of ¥920,156 million as of March 31, 2021.
- This table excludes stocks, etc. with no market price and investments in partnerships, etc.

## ○ Held-to-maturity bonds

(Millions of yen)

| As of March 31  | 2021                 |              |             | 2022                 |              |             |
|---|----------------------|--------------|-------------|----------------------|--------------|-------------|
|   | Balance sheet amount | Fair value   | Difference  | Balance sheet amount | Fair value   | Difference  |
| Those for which fair value exceeds the balance sheet amount         | ¥ 33,566,561         | ¥ 38,792,499 | ¥ 5,225,937 | ¥ 30,524,382         | ¥ 34,742,939 | ¥ 4,218,557 |
| Corporate and government bonds                                      | 33,566,561           | 38,792,499   | 5,225,937   | 30,524,382           | 34,742,939   | 4,218,557   |
| Foreign securities  | —                    | —            | —           | —                    | —            | —           |
| Other   | —                    | —            | —           | —                    | —            | —           |
| Those for which fair value does not exceed the balance sheet amount | 1,761,418            | 1,720,422    | (40,996)    | 3,601,865            | 3,400,254    | (201,611)   |
| Corporate and government bonds                                      | 1,761,418            | 1,720,422    | (40,996)    | 3,601,865            | 3,400,254    | (201,611)   |
| Foreign securities  | —                    | —            | —           | —                    | —            | —           |
| Other   | —                    | —            | —           | —                    | —            | —           |

## ○ Policy-reserve-matching bonds

(Millions of yen)

| As of March 31  | 2021                 |             |            | 2022                 |             |            |
|---|----------------------|-------------|------------|----------------------|-------------|------------|
|   | Balance sheet amount | Fair value  | Difference | Balance sheet amount | Fair value  | Difference |
| Those for which fair value exceeds the balance sheet amount         | ¥ 8,424,838          | ¥ 9,223,337 | ¥ 798,498  | ¥ 6,423,179          | ¥ 7,016,281 | ¥ 593,102  |
| Corporate and government bonds                                      | 8,424,838            | 9,223,337   | 798,498    | 6,423,179            | 7,016,281   | 593,102    |
| Foreign securities  | —                    | —           | —          | —                    | —           | —          |
| Other   | —                    | —           | —          | —                    | —           | —          |
| Those for which fair value does not exceed the balance sheet amount | 957,608              | 935,253     | (22,355)   | 2,181,555            | 2,089,747   | (91,808)   |
| Corporate and government bonds                                      | 957,608              | 935,253     | (22,355)   | 2,181,555            | 2,089,747   | (91,808)   |
| Foreign securities  | —                    | —           | —          | —                    | —           | —          |
| Other   | —                    | —           | —          | —                    | —           | —          |

## ○ Available-for-sale securities

(Millions of yen)

| As of March 31  | 2021        |                      |            | 2022        |                      |            |
|---|-------------|----------------------|------------|-------------|----------------------|------------|
|   | Book value  | Balance sheet amount | Difference | Book value  | Balance sheet amount | Difference |
| Those for which the balance sheet amount exceeds book value         | ¥ 8,243,471 | ¥ 8,794,953          | ¥ 551,482  | ¥ 5,085,299 | ¥ 5,408,613          | ¥ 323,313  |
| Corporate and government bonds                                      | 2,881,106   | 2,923,470            | 42,363     | 1,794,094   | 1,813,528            | 19,433     |
| Domestic stocks   | 298,652     | 375,790              | 77,138     | 206,775     | 281,744              | 74,969     |
| Foreign securities  | 3,669,886   | 4,028,653            | 358,767    | 2,267,780   | 2,441,213            | 173,433    |
| Other securities  | 1,373,635   | 1,445,259            | 71,624     | 798,248     | 852,581              | 54,333     |
| Monetary claims bought  | 20,190      | 21,779               | 1,588      | 18,400      | 19,544               | 1,144      |
| Negotiable certificates of deposit                                  | —           | —                    | —          | —           | —                    | —          |
| Other   | —           | —                    | —          | —           | —                    | —          |
| Those for which the balance sheet amount does not exceed book value | 2,554,666   | 2,502,899            | (51,766)   | 5,890,914   | 5,695,163            | (195,751)  |
| Corporate and government bonds                                      | 638,039     | 630,558              | (7,480)    | 2,249,611   | 2,203,434            | (46,177)   |
| Domestic stocks   | 24,177      | 23,067               | (1,109)    | 151,019     | 138,069              | (12,950)   |
| Foreign securities  | 620,240     | 603,722              | (16,518)   | 1,979,298   | 1,891,306            | (87,991)   |
| Other securities  | 537,216     | 510,558              | (26,658)   | 1,085,986   | 1,037,354            | (48,631)   |
| Monetary claims bought  | 254,992     | 254,992              | —          | 19,999      | 19,999               | —          |
| Negotiable certificates of deposit                                  | 480,000     | 480,000              | —          | 405,000     | 405,000              | —          |
| Other   | —           | —                    | —          | —           | —                    | —          |

- The book values of stocks, etc. with no market price and investments in partnerships, etc. are as follows.

(Millions of yen)

| As of March 31                          | 2021     | 2022     |
|---|----------|----------|
| Equities of subsidiaries and affiliates | ¥ 18,846 | ¥ 24,088 |
| Available-for-sale securities           | 445,184  | 635,211  |
| Domestic stocks                         | 4,239    | 4,259    |
| Foreign stocks                          | —        | —        |
| Other                                   | 440,944  | 630,951  |
| Total                                   | 464,030  | 659,300  |

Notes:

- This table includes money held in trust other than trading securities (¥440,944 million as of March 31, 2021 and ¥630,951 million as of March 31, 2022).
- Net unrealized gains (losses) on foreign exchanges for assets denominated in foreign currencies of the stocks, etc. with no market price and investments in partnerships, etc. are as follows: ¥6,740 million as of March 31, 2021 and ¥51,808 million as of March 31, 2022.

## (2) Data on Fair Value of Money Held in Trust

(Millions of yen)

| As of March 31      | 2021                 |             |                               |        |     | 2022                 |             |                               |        |     |
|---------------------|----------------------|-------------|-------------------------------|--------|-----|----------------------|-------------|-------------------------------|--------|-----|
|                     | 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 | ¥ 3,696,910          | ¥ 3,696,910 | ¥ —                           | ¥ —    | ¥ — | ¥ 3,820,432          | ¥ 3,820,432 | ¥ —                           | ¥ —    | ¥ — |

Note: Excluding money held in trust not subject to fair value disclosure (¥492,384 million as of March 31, 2021 and ¥701,479 million as of March 31, 2022).

### 1) Money Held in Trust for Trading Purposes

The Company did not have money held in trust for trading purposes as of March 31, 2021 and 2022.

### 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                    | 2021       |            |                               |         |        | 2022       |            |                               |           |        |
|-----------------------------------|------------|------------|-------------------------------|---------|--------|------------|------------|-------------------------------|-----------|--------|
|                                   | 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         | 2,776,753  | 3,696,910  | 920,156                       | 970,021 | 49,865 | 2,793,740  | 3,820,432  | 1,026,692                     | 1,100,917 | 74,224 |
| Domestic stocks                   | 1,431,501  | 2,115,438  | 683,937                       | 713,124 | 29,187 | 1,495,738  | 2,194,752  | 699,013                       | 744,929   | 45,915 |
| Foreign stocks                    | 303,379    | 489,519    | 186,140                       | 186,140 | —      | 311,928    | 586,149    | 274,221                       | 274,221   | —      |
| Foreign bonds                     | 742,769    | 779,998    | 37,229                        | 57,823  | 20,593 | 700,016    | 742,058    | 42,041                        | 69,059    | 27,018 |
| Other                             | 299,104    | 311,953    | 12,848                        | 12,933  | 84     | 286,055    | 297,472    | 11,416                        | 12,707    | 1,290  |

Notes:

- Excluding other money held in trust not subject to fair value disclosure (¥492,384 million as of March 31, 2021 and ¥701,479 million as of March 31, 2022).
- "Domestic stocks," "Foreign stocks" and "Foreign bonds" include individual stocks and bonds as well as mutual funds which exclusively invest in these assets.
- "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
- Bond-related: Over-the-counter bond options and bond futures

##### (ii) Policy for using derivative transactions

The Company uses derivative transactions primarily for the purpose of hedging 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.

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, in accordance with the “Accounting Standard for Financial Instruments” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 10).

###### (2) Hedging instruments and hedged items

Hedging instrument: Foreign currency exchange contracts

Hedged item: Foreign-currency-denominated bonds

###### (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.

###### (4) Assessment of hedge effectiveness

Hedge effectiveness is assessed by comparing the aggregate changes in quotations 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.

##### (iv) Description of the risks

Derivative transactions used by the Company are exposed to market risk (risks due to fluctuations in foreign exchange rates, etc.) 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 engage in derivative transactions through exchanges or select transaction partners with superior creditworthiness based on their ratings and other factors, the credit risk of derivative transactions is believed to be limited.

##### (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.

[Over-the-counter bond options]

Fair value is based on prices offered by the financial institutions.

[Bond futures]

Closing price as of the fiscal year-end date.

- 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 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, 2021                      | ¥ –                        | ¥ (156,665)            | ¥ –                | ¥ –              | ¥ –         | ¥ (156,665) |
| Portion with hedge accounting applied     | –                          | (155,809)              | –                  | –                | –           | (155,809)   |
| Portion with hedge accounting not applied | –                          | (855)                  | –                  | –                | –           | (855)       |
| As of March 31, 2022                      | –                          | (239,449)              | –                  | –                | –           | (239,449)   |
| Portion with hedge accounting applied     | –                          | (239,193)              | –                  | –                | –           | (239,193)   |
| Portion with hedge accounting not applied | –                          | (256)                  | –                  | –                | –           | (256)       |

Notes:

1. 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.
2. Net unrealized gains (losses) on the portion subject to the fair value hedge method (currency related ¥(239,193) million) of the portion with hedge accounting applied, and those on the portion with hedge accounting not applied as of March 31, 2022, 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, 2021 and 2022.

#### (iii) Currency-related derivatives

(Millions of yen)

| Category         | Type                                | As of March 31, 2021  |                  |            |                               | As of March 31, 2022  |                  |            |                               |
|------------------|-------------------------------------|-----------------------|------------------|------------|-------------------------------|-----------------------|------------------|------------|-------------------------------|
|                  |                                     | 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                                | ¥ 16,771              | ¥ –              | ¥ (889)    | ¥ (889)                       | ¥ 4,064               | ¥ –              | ¥ (226)    | ¥ (226)                       |
|                  | U.S. dollars                        | 16,771                | –                | (889)      | (889)                         | 4,064                 | –                | (226)      | (226)                         |
|                  | Purchased                           | 8,552                 | –                | 33         | 33                            | 25,737                | –                | (30)       | (30)                          |
|                  | U.S. dollars                        | 8,552                 | –                | 33         | 33                            | 5,676                 | –                | (49)       | (49)                          |
|                  | Euros                               | –                     | –                | –          | –                             | 20,061                | –                | 19         | 19                            |
| Total            |                                     |                       |                  |            | (855)                         |                       |                  |            | (256)                         |

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, 2021 and 2022.

#### (v) Bond-related derivatives

There were no such outstanding balances as of March 31, 2021 and 2022.

#### (vi) Others

There were no such outstanding balances as of March 31, 2021 and 2022.

### **Derivative transactions to which hedge accounting is applied**

#### **(ii) Interest rate-related derivatives**

There were no such outstanding balances as of March 31, 2021 and 2022.

### (iii) Currency-related derivatives

(Millions of yen)

| Hedge accounting method     | Type                       | Major hedged item             | As of March 31, 2021  |                  |            | As of March 31, 2022  |                  |            |
|-----------------------------|----------------------------|-------------------------------|-----------------------|------------------|------------|-----------------------|------------------|------------|
|                             |                            |                               | 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                       |                               | ¥ 3,467,449           | ¥ –              | ¥(155,809) | ¥ 3,294,104           | ¥ –              | ¥(239,193) |
|                             | U.S. dollars               | Available-for-sale securities | 1,973,848             | –                | (75,029)   | 1,807,472             | –                | (127,621)  |
|                             | Euros                      |                               | 537,353               | –                | (19,578)   | 598,999               | –                | (23,378)   |
|                             | Australian dollars         |                               | 413,962               | –                | (35,464)   | 428,242               | –                | (51,987)   |
|                             | Other                      |                               | 542,285               | –                | (25,737)   | 459,390               | –                | (36,205)   |
|                             | Purchased                  |                               | –                     | –                | –          | –                     | –                | –          |
| Total                       |                            |                               |                       |                  | (155,809)  |                       |                  | (239,193)  |

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, 2021 and 2022.

### (v) Bond-related derivatives

There were no such outstanding balances as of March 31, 2021 and 2022.

### (vi) Others

There were no such outstanding balances as of March 31, 2021 and 2022.

## 5-6 Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

| For the years ended March 31                            | 2021        | 2022        |
|---|-------------|-------------|
| Core income   | ¥ 6,808,737 | ¥ 6,477,047 |
| Insurance premiums and others                           | 2,697,936   | 2,418,979   |
| Investment income                                       | 1,084,377   | 1,092,349   |
| Other ordinary income                                   | 3,026,422   | 2,965,719   |
| Reversal of policy reserves                             | 2,955,263   | 2,943,916   |
| Core expenses   | 6,386,793   | 6,039,923   |
| Insurance claims and others                             | 5,866,091   | 5,549,315   |
| Provision for policy reserves and others                | 8           | 9           |
| Investment expenses                                     | 16,469      | 11,261      |
| Operating expenses                                      | 402,065     | 384,598     |
| Other ordinary expenses                                 | 102,158     | 94,738      |
| Core profit A   | 421,943     | 437,123     |
| Capital gains   | 115,775     | 162,375     |
| Gains on money held in trust                            | 87,593      | 114,553     |
| Gains on trading securities                             | —           | —           |
| Gains on sales of securities                            | 20,422      | 26,942      |
| Gains on derivative financial instruments               | —           | —           |
| Gains on foreign exchanges                              | 7,759       | 20,879      |
| Other capital gains                                     | —           | —           |
| Capital losses  | 132,878     | 164,085     |
| Losses on money held in trust                           | —           | —           |
| Losses on trading securities                            | —           | —           |
| Losses on sales of securities                           | 32,789      | 51,108      |
| Losses on valuation of securities                       | —           | —           |
| Losses on derivative financial instruments              | 21,604      | 7,398       |
| Losses on foreign exchanges                             | —           | —           |
| Other capital losses                                    | 78,484      | 105,578     |
| Net capital gains (losses) B                            | (17,102)    | (1,710)     |
| Core profit including net capital gains (losses) A+B    | 404,840     | 435,413     |
| Other one-time gains                                    | 186,023     | —           |
| Reinsurance income                                      | —           | —           |
| Reversal of contingency reserve                         | 186,023     | —           |
| Reversal of specific reserve for possible loan losses   | —           | —           |
| Other   | —           | —           |
| Other one-time losses                                   | 245,841     | 79,651      |
| Reinsurance premiums                                    | —           | —           |
| Provision for contingency reserve                       | —           | 79,651      |
| Provision for specific reserve for possible loan losses | —           | —           |
| Provision for reserve for specific foreign loans        | —           | —           |
| Write-off of loans                                      | —           | —           |
| Other   | 245,841     | —           |
| Other one-time profits (losses) C                       | (59,818)    | (79,651)    |
| Ordinary profit A+B+C                                   | 345,022     | 355,762     |

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 (¥78,484 million for 2021 and ¥105,578 million for 2022) 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 (¥245,841 million for 2021).

## (Reference) Breakdown of Core Profit

(Millions of yen)

| For the years ended March 31                          | 2021      | 2022      |
|---|-----------|-----------|
| Core profit   | ¥ 421,943 | ¥ 437,123 |
| Spread (positive/negative spread)                     | 76,330    | 140,712   |
| Core profit attributable to life insurance activities | 345,612   | 296,411   |

### 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, 2022, there was a positive spread of ¥140.7 billion.

The spread (positive/negative spread) is calculated according to the following formula:

$$\begin{array}{lcl} \text{Positive spread} & = & [\text{investment return on core profit} - \text{average assumed rate of return}] \times \text{general account policy reserves} \\ [\text{¥140.7 billion}] & & [1.94\%] \quad [1.68\%] \quad [\text{¥55,844.2 billion}] \end{array}$$

- 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             | 2018      | 2019      | 2020      | 2021      | 2022      |
|--|-----------|-----------|-----------|-----------|-----------|
| Ordinary income                                | ¥ 7,952.9 | ¥ 7,916.6 | ¥ 7,211.4 | ¥ 6,786.2 | ¥ 6,454.1 |
| Ordinary profit                                | 308.8     | 265.1     | 286.8     | 345.0     | 355.7     |
| Core profit                                    | 386.1     | 377.1     | 400.6     | 421.9     | 437.1     |
| Net income                                     | 104.3     | 120.9     | 151.1     | 165.5     | 157.8     |
| Capital stock                                  | 500.0     | 500.0     | 500.0     | 500.0     | 500.0     |
| (Number of shares issued: thousands of shares) | (600,000) | (600,000) | (562,600) | (562,600) | (399,693) |
| Total assets                                   | 76,832.5  | 73,904.5  | 71,667.3  | 70,173.8  | 67,174.8  |
| Separate account                               | —         | —         | —         | —         | —         |
| Policy reserves                                | 67,777.2  | 65,060.5  | 62,293.1  | 59,397.7  | 56,533.4  |
| Loans  | 7,627.1   | 6,786.0   | 5,662.7   | 4,964.0   | 4,251.9   |
| Securities                                     | 60,131.8  | 58,452.5  | 55,871.5  | 55,274.5  | 53,418.5  |
| Solvency margin ratio (%)                      | 1,130.5%  | 1,188.0%  | 1,068.9%  | 1,118.1%  | 1,042.4%  |
| Number of employees (persons)                  | 7,490     | 7,617     | 7,638     | 7,645     | 7,545     |
| Policy amount in force                         | 55,102.2  | 55,331.3  | 51,846.2  | 47,476.0  | 43,526.5  |
| Individual insurance                           | 52,359.7  | 53,001.8  | 49,915.5  | 45,912.2  | 42,283.8  |
| Individual annuities                           | 2,742.5   | 2,329.4   | 1,930.6   | 1,563.8   | 1,242.7   |
| 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.

The Company canceled its treasury stock on August 20, 2021, reducing the total number of shares issued by 162,906 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       | 2021               |                         |               |                         | 2022               |                         |               |                         |
|----------------------|--------------------|-------------------------|---------------|-------------------------|--------------------|-------------------------|---------------|-------------------------|
|                      | 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 | 15,893,392         | 92.6%                   | ¥ 45,912,230  | 92.0%                   | 14,740,345         | 92.7%                   | ¥ 42,283,881  | 92.1%                   |
| Individual annuities | 1,009,956          | 86.8                    | 1,563,865     | 81.0                    | 850,297            | 84.2                    | 1,242,707     | 79.5                    |
| 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 | 2021               |                         |               |                         |              |                            | 2022               |                         |               |                         |              |                            |
|------------------------------|--------------------|-------------------------|---------------|-------------------------|--------------|----------------------------|--------------------|-------------------------|---------------|-------------------------|--------------|----------------------------|
|                              | 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         | 124,933            | 19.4%                   | ¥ 390,355     | 20.6%                   | ¥ 390,355    | –                          | 173,370            | 138.8%                  | ¥ 577,452     | 147.9%                  | ¥ 577,413    | 39                         |
| Individual annuities         | 30                 | 5.5                     | 176           | 5.0                     | 176          | –                          | 42                 | 140.0                   | 202           | 114.8                   | 202          | –                          |
| Group insurance              | –                  | –                       | –             | –                       | –            | –                          | –                  | –                       | –             | –                       | –            | –                          |
| Group annuities              | –                  | –                       | –             | –                       | –            | –                          | –                  | –                       | –             | –                       | –            | –                          |

Notes:

- Number of policies includes policies after conversion.
- 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                              | 2021        |                         | 2022        |                         |
|---|-------------|-------------------------|-------------|-------------------------|
|   |             | Year-on-year comparison |             | Year-on-year comparison |
| Individual insurance                        | ¥ 2,840,092 | 90.3%                   | ¥ 2,584,325 | 91.0%                   |
| Individual annuities                        | 357,160     | 86.7                    | 301,878     | 84.5                    |
| Total                                       | ¥ 3,197,252 | 89.9                    | ¥ 2,886,204 | 90.3                    |
| Medical coverage, living benefits and other | 364,682     | 92.6                    | 339,817     | 93.2                    |

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                | 2021     |                         | 2022     |                         |
|---|----------|-------------------------|----------|-------------------------|
|   |          | Year-on-year comparison |          | Year-on-year comparison |
| Individual insurance                        | ¥ 30,643 | 20.9%                   | ¥ 46,175 | 150.7%                  |
| Individual annuities                        | 16       | 5.1                     | 16       | 105.8                   |
| Total                                       | ¥ 30,659 | 20.8                    | ¥ 46,192 | 150.7                   |
| Medical coverage, living benefits and other | 1,459    | 6.6                     | 2,173    | 149.0                   |

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 include net increase by conversion.

## (3) New Policies by Product

(Number of policies, millions of yen)

| For the years ended March 31  | 2021                 |                        | 2022                 |                        |
|---|----------------------|------------------------|----------------------|------------------------|
|   | Number of policies   | Policy amount          | Number of policies   | Policy amount          |
| Individual insurance  | 124,933<br>[124,933] | ¥ 390,355<br>[390,355] | 173,280<br>[173,370] | ¥ 577,413<br>[577,452] |
| Ordinary whole life insurance   | 9,526                | 29,414                 | 13,552               | 41,657                 |
| Fixed amount type   | 2,764                | 5,276                  | 4,105                | 8,417                  |
| Increased amount type   | 6,762                | 24,138                 | 9,447                | 33,240                 |
| (Inclusive) Ordinary whole life insurance (low cash value)                                    | 2,452                | 7,444                  | 3,544                | 10,287                 |
| Fixed amount type   | 864                  | 1,785                  | 1,407                | 3,041                  |
| Increased amount type   | 1,588                | 5,658                  | 2,137                | 7,246                  |
| Ordinary whole life insurance with relaxed underwriting criteria                              | 575                  | 415                    | 1,160                | 906                    |
| (Inclusive) Ordinary whole life insurance with relaxed underwriting criteria (low cash value) | 195                  | 157                    | 347                  | 293                    |
| Special whole life insurance  | 2,090                | 5,330                  | 3,443                | 10,133                 |
| (Inclusive) Special whole life insurance (low cash value)                                     | 604                  | 1,706                  | 979                  | 2,905                  |
| Ordinary term insurance   | 185                  | 420                    | 1,446                | 3,549                  |
| Ordinary endowment insurance  | 66,644               | 216,274                | 96,944               | 343,689                |
| Ordinary endowment insurance with relaxed underwriting criteria                               | 1,515                | 2,212                  | 2,840                | 3,650                  |
| Special endowment insurance   | 23,192               | 90,831                 | 33,604               | 130,330                |
| Designated endowment insurance  | —                    | (1)                    | —                    | —                      |
| Educational endowment insurance (H24)   | 21,206               | 45,457                 | 20,291               | 43,496                 |
| Individual annuities  | 30                   | ¥ 176                  | 42                   | ¥ 202                  |
| Deferred term annuity   | —                    | (0)                    | —                    | (1)                    |
| Longevity support insurance (low cash value)  | 30                   | 177                    | 42                   | 204                    |
| Asset-formation insurance   | 4                    | ¥ 0                    | 1                    | ¥ 0                    |
| Asset-formation savings insurance   | 4                    | 0                      | 1                    | 0                      |
| Asset-formation housing funding insurance   | —                    | —                      | —                    | —                      |
| Asset-formation annuities   | —                    | ¥ —                    | —                    | ¥ —                    |
| Asset-formation whole life annuity  | —                    | —                      | —                    | —                      |

Notes:

1. Figures within brackets "[ ]" in the sub-total row of individual insurance are the number of new policies plus the number of converted policies, and the policy amount of new policies plus net increase by conversion.
2. Figures for number of policies for "asset-formation insurance" and "asset-formation annuities" are the number of insured persons.
3. 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.
4. Policy amount for "asset-formation insurance" is the amount of the first premium payment.
5. 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  | 2021               |               | 2022               |               |
|---|--------------------|---------------|--------------------|---------------|
|   | Number of policies | Policy amount | Number of policies | Policy amount |
| Individual insurance  | 15,893,392         | ¥ 45,912,230  | 14,740,345         | ¥ 42,283,881  |
| Ordinary whole life insurance   | 3,310,923          | 9,955,503     | 3,176,910          | 9,403,276     |
| Fixed amount type   | 1,200,370          | 2,683,476     | 1,151,867          | 2,571,050     |
| Increased amount type   | 2,110,553          | 7,272,027     | 2,025,043          | 6,832,225     |
| (Inclusive) Ordinary whole life insurance (low cash value)                                    | 207,832            | 554,932       | 200,727            | 534,482       |
| Fixed amount type   | 94,540             | 181,969       | 91,089             | 175,410       |
| Increased amount type   | 113,292            | 372,962       | 109,638            | 359,072       |
| Ordinary whole life insurance with relaxed underwriting criteria                              | 53,522             | 95,341        | 51,292             | 89,088        |
| (Inclusive) Ordinary whole life insurance with relaxed underwriting criteria (low cash value) | 11,133             | 17,769        | 10,810             | 17,000        |
| Special whole life insurance  | 1,839,866          | 6,071,265     | 1,795,919          | 5,864,523     |
| (Inclusive) Special whole life insurance (low cash value)                                     | 39,759             | 134,068       | 38,941             | 130,106       |
| Whole life insurance with nursing care benefit  | 106                | 220           | 105                | 206           |
| Ordinary term insurance   | 4,952              | 21,252        | 5,716              | 21,963        |
| Ordinary endowment insurance  | 5,236,485          | 13,515,432    | 4,631,165          | 12,002,243    |
| Ordinary endowment insurance with relaxed underwriting criteria                               | 30,631             | 60,611        | 31,825             | 61,900        |
| Special endowment insurance   | 2,684,900          | 10,762,665    | 2,379,996          | 9,545,615     |
| Designated endowment insurance  | 21,763             | 42,249        | 11,266             | 22,607        |
| Educational endowment insurance   | 989,302            | 1,772,980     | 952,673            | 1,701,196     |
| Educational endowment insurance with scholarship annuity                                      | 79,800             | 152,613       | 77,396             | 146,433       |
| Educational endowment insurance (H24)   | 1,640,775          | 3,460,699     | 1,625,723          | 3,423,536     |
| Husband-and-wife insurance  | 33                 | 99            | 33                 | 99            |
| Whole life insurance with whole life annuity  | 333                | 1,291         | 325                | 1,189         |
| Husband-and-wife insurance with husband-and-wife annuity                                      | 1                  | 3             | 1                  | 3             |
| Individual annuities  | 1,009,956          | ¥ 1,563,865   | 850,297            | ¥ 1,242,707   |
| Longevity support insurance (low cash value)  | 1,267              | 6,629         | 1,240              | 6,444         |
| Immediate whole life annuity  | 821                | 2,979         | 788                | 2,737         |
| Deferred whole life annuity   | 9,506              | 73,641        | 9,367              | 72,212        |
| Whole life annuity with additional nursing annuity  | 5                  | 50            | 5                  | 50            |
| Immediate term annuity  | 185,111            | 128,487       | 127,054            | 72,977        |
| Deferred term annuity   | 813,236            | 1,352,020     | 711,833            | 1,088,229     |
| Immediate husband-and-wife annuity  | 1                  | 2             | 1                  | 2             |
| Deferred husband-and-wife annuity   | 9                  | 53            | 9                  | 53            |
| Asset-formation insurance   | 50                 | ¥ 56          | 35                 | ¥ 34          |
| Asset-formation savings insurance   | 46                 | 50            | 31                 | 27            |
| Asset-formation housing funding insurance   | 4                  | 6             | 4                  | 6             |
| Asset-formation annuities   | 11                 | ¥ 47          | 11                 | ¥ 46          |
| Asset-formation whole life annuity  | 11                 | 47            | 11                 | 46            |

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 |               |
|-------------------------|-----------------------------------|-----------------------|------------------------|---------------|
|                         |                                   |                       | 2021                   | 2022          |
| Death benefit           | General death                     | Individual insurance  | ¥ 42,451,530           | ¥ 38,860,345  |
|                         |                                   | Individual annuities  | —                      | —             |
|                         |                                   | Group insurance       | —                      | —             |
|                         |                                   | Group annuities       | —                      | —             |
|                         |                                   | Net, including others | 60,679,819             | 54,620,686    |
|                         | Accidental death                  | Individual insurance  | [ 55,427,766]          | [ 50,679,603] |
|                         |                                   | Individual annuities  | [ 10,682]              | [ 9,049]      |
|                         |                                   | Group insurance       | [ —]                   | [ —]          |
|                         |                                   | Group annuities       | [ —]                   | [ —]          |
|                         |                                   | Net, including others | [ 92,044,662]          | [ 83,322,134] |
|                         | Other conditional death           | Individual insurance  | [ —]                   | [ —]          |
|                         |                                   | Individual annuities  | [ —]                   | [ —]          |
|                         |                                   | Group insurance       | [ —]                   | [ —]          |
|                         |                                   | Group annuities       | [ —]                   | [ —]          |
|                         |                                   | Net, including others | [ —]                   | [ —]          |
| Survival benefit        | Maturity/living benefits          | Individual insurance  | 3,460,699              | 3,423,536     |
|                         |                                   | Individual annuities  | 322,889                | 228,829       |
|                         |                                   | Group insurance       | —                      | —             |
|                         |                                   | Group annuities       | —                      | —             |
|                         |                                   | Net, including others | 5,164,660              | 4,843,264     |
|                         | Annuities                         | Individual insurance  | [ 18,997]              | [ 18,441]     |
|                         |                                   | Individual annuities  | [ 366,990]             | [ 311,783]    |
|                         |                                   | Group insurance       | [ —]                   | [ —]          |
|                         |                                   | Group annuities       | [ —]                   | [ —]          |
|                         |                                   | Net, including others | [ 892,556]             | [ 788,709]    |
|                         | Others                            | Individual insurance  | —                      | —             |
|                         |                                   | Individual annuities  | 1,240,975              | 1,013,878     |
|                         |                                   | Group insurance       | —                      | —             |
|                         |                                   | Group annuities       | —                      | —             |
|                         |                                   | Net, including others | 10,117,786             | 9,764,775     |
| Hospitalization benefit | Hospitalization due to accident   | Individual insurance  | [ 45,839]              | [ 42,077]     |
|                         |                                   | Individual annuities  | [ 25]                  | [ 21]         |
|                         |                                   | Group insurance       | [ —]                   | [ —]          |
|                         |                                   | Group annuities       | [ —]                   | [ —]          |
|                         |                                   | Net, including others | [ 76,696]              | [ 69,708]     |
|                         | Hospitalization due to illness    | Individual insurance  | [ 45,438]              | [ 41,741]     |
|                         |                                   | Individual annuities  | [ 6]                   | [ 6]          |
|                         |                                   | Group insurance       | [ —]                   | [ —]          |
|                         |                                   | Group annuities       | [ —]                   | [ —]          |
|                         |                                   | Net, including others | [ 76,210]              | [ 69,302]     |
|                         | Other conditional hospitalization | Individual insurance  | [ 5,828]               | [ 5,237]      |
|                         |                                   | Individual annuities  | [ 4]                   | [ 3]          |
|                         |                                   | Group insurance       | [ —]                   | [ —]          |
|                         |                                   | Group annuities       | [ —]                   | [ —]          |
|                         |                                   | Net, including others | [ 9,308]               | [ 8,421]      |

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 |               |
|--------------------|-----------------------|-----------------------------|---------------|
|                    |                       | 2021                        | 2022          |
| Disability benefit | Individual insurance  | [ 9,494,895]                | [ 8,710,277]  |
|                    | Individual annuities  | [ 2,942]                    | [ 2,499]      |
|                    | Group insurance       | [ -]                        | [ -]          |
|                    | Group annuities       | [ -]                        | [ -]          |
|                    | Net, including others | [ 17,440,080]               | [ 15,851,511] |
| Surgery benefit    | Individual insurance  | [ 11,938,977]               | [ 11,031,242] |
|                    | Individual annuities  | [ 4,822]                    | [ 3,978]      |
|                    | Group insurance       | [ -]                        | [ -]          |
|                    | Group annuities       | [ -]                        | [ -]          |
|                    | Net, including others | [ 21,072,383]               | [ 19,356,771] |

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          |                                 |
|----------------------------|---|---------------------------------|---------------------------------|
|                            |   | 2021                            | 2022                            |
| Death protection insurance | Whole life insurance  | ¥ 16,122,331                    | ¥ 15,357,094                    |
|                            | Whole life insurance with term rider  | -                               | -                               |
|                            | Term insurance  | 21,252                          | 21,963                          |
|                            | Net, including others   | 16,144,878                      | 15,380,249                      |
| Mixed insurance            | Endowment insurance   | 24,380,959                      | 21,632,367                      |
|                            | Endowment insurance with term rider   | -                               | -                               |
|                            | Term insurance with living benefits   | -                               | -                               |
|                            | Net, including others   | 26,306,652                      | 23,480,095                      |
| Pure endowment insurance   |   | 3,460,699                       | 3,423,536                       |
| Annuities                  | Individual annuities  | 1,563,865                       | 1,242,707                       |
| Accident/illness riders    | Accident rider  | 21,596,468                      | 19,409,210                      |
|                            | Nursing care rider  | 183                             | 179                             |
|                            | Accident hospitalization rider  | 2                               | 1                               |
|                            | Illness hospitalization rider   | 0                               | 0                               |
|                            | Illness and accident hospitalization rider                                      | 522                             | 491                             |
|                            | Non-participating accident hospitalization rider                                | 322                             | 243                             |
|                            | Non-participating illness and accident hospitalization rider                    | 34,327                          | 30,872                          |
|                            | Non-participating accidental rider  | 4,625,239                       | 4,609,938                       |
|                            | Non-participating injury medical care rider                                     | 96                              | 105                             |
|                            | Non-participating general medical care rider                                    | 10,355                          | 10,152                          |
|                            | Non-participating general medical care rider with relaxed underwriting criteria | 240                             | 232                             |
|                            | Non-participating advanced medical care rider                                   | (Number of policies)<br>156,619 | (Number of policies)<br>175,771 |

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 |           |
|----------------------------|--------------------------------------|--|-----------|
|                            |                                      | 2021                                       | 2022      |
| Death protection insurance | Whole life insurance                 | ¥ 744,876                                  | ¥ 712,755 |
|                            | Whole life insurance with term rider | —  | —         |
|                            | Term insurance                       | 178  | 219       |
|                            | Net, including others                | 745,156                                    | 713,073   |
| Mixed insurance            | Endowment insurance                  | 1,735,809                                  | 1,520,295 |
|                            | Endowment insurance with term rider  | —  | —         |
|                            | Term insurance with living benefits  | —  | —         |
|                            | Net, including others                | 1,862,258                                  | 1,641,578 |
| Pure endowment insurance   |                                      | 232,676                                    | 229,673   |
| Annuities                  | Individual annuities                 | 357,160                                    | 301,878   |

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”)

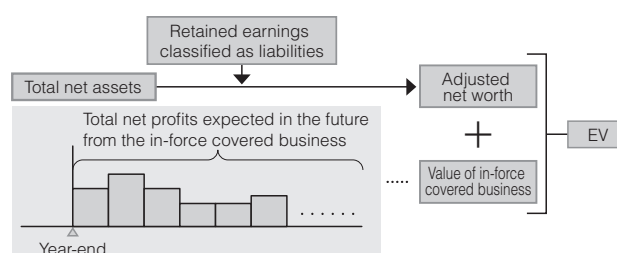
Embedded value (“EV”) is one of the corporate value indicators for life insurance companies.

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



Note:

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                                       | 2021      | 2022      |                     |
|--|-----------|-----------|---------------------|
|  |           |           | Increase (Decrease) |
| <b>EV</b>  | ¥ 4,026.2 | ¥ 3,618.9 | ¥ (407.2)           |
| Adjusted net worth                                   | 2,376.8   | 2,092.7   | (284.0)             |
| Total net assets on the balance sheet (Note 1)       | 1,806.4   | 1,544.8   | (261.5)             |
| Reserve for price fluctuations (Note 2)              | 249.7     | 277.4     | 27.7                |
| Contingency reserve (Note 2)                         | 481.6     | 487.7     | 6.0                 |
| Others (Note 3)                                      | 60.9      | (4.1)     | (65.1)              |
| Tax effect on the above                              | (221.8)   | (213.1)   | 8.7                 |
| Value of in-force covered business                   | 1,649.3   | 1,526.1   | (123.1)             |
| Certainty equivalent present value of future profits | 2,054.1   | 1,910.9   | (143.1)             |
| Time value of financial options and guarantees       | (232.3)   | (217.4)   | 14.9                |
| Cost of holding required capital                     | (0.0)     | (0.0)     | 0.0                 |
| Allowance for non-hedgeable risk                     | (172.4)   | (167.4)   | 5.0                 |

| For the years ended March 31                         | 2021     | 2022     |                     |
|--|----------|----------|---------------------|
|  |          |          | Increase (Decrease) |
| <b>Value of new business (Note 4)</b>                | ¥ (12.7) | ¥ (11.5) | ¥ 1.1               |
| Certainty equivalent present value of future profits | (11.0)   | (7.3)    | 3.6                 |
| Time value of financial options and guarantees       | (1.1)    | (3.3)    | (2.1)               |
| Cost of holding required capital                     | (0.0)    | (0.0)    | 0.0                 |
| Allowance for non-hedgeable risk                     | (0.5)    | (0.7)    | (0.2)               |

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 net increase in value from policies issued using the conditional cancellation system which was introduced in April 2020 and policies converted using the policy conversion system which was introduced in April 2021.

## 2) Movement Analysis

(Billions of yen)

|   | Adjusted net worth | Value of in-force covered business | EV        |
|---|--------------------|------------------------------------|-----------|
| Values as of March 31, 2021   | ¥ 2,376.8          | ¥ 1,649.3                          | ¥ 4,026.2 |
| (1) Opening adjustments   | (419.6)            | —                                  | (419.6)   |
| Values as of March 31, 2021 after adjustment  | ¥ 1,957.2          | ¥ 1,649.3                          | ¥ 3,606.5 |
| (2) Value of new business   | —                  | (11.5)                             | (11.5)    |
| (3) Expected existing business contribution (risk-free rate)                        | (2.0)              | 30.8                               | 28.8      |
| (4) Expected existing business contribution (in excess of risk-free rate)           | 3.0                | 77.4                               | 80.4      |
| (5) Expected transfer from value of in-force covered business to adjusted net worth | 139.6              | (139.6)                            | —         |
| On in-force at the beginning of the fiscal year                                     | 146.0              | (146.0)                            | —         |
| On new business   | (6.3)              | 6.3                                | —         |
| (6) Non-economic experience variances   | 37.9               | (6.8)                              | 31.0      |
| (7) Non-economic assumption changes   | —                  | 16.5                               | 16.5      |
| (8) Economic variances  | (43.1)             | (89.8)                             | (132.9)   |
| Values as of March 31, 2022   | ¥ 2,092.7          | ¥ 1,526.1                          | ¥ 3,618.9 |

## 3) Sensitivities

(Billions of yen)

| Assumptions    |   | EV           |         |
|----------------|---|--------------|---------|
|                |   | Change in EV |         |
| Base Scenario  | March 31, 2022  | ¥ 3,618.9    | ¥ —     |
| Sensitivity 1  | 50bp increase in risk-free rate (Note 1)                              | 3,571.8      | (47.1)  |
| Sensitivity 2  | 50bp decrease in risk-free rate (Notes 1 and 2)                       | 3,604.4      | (14.4)  |
| Sensitivity 3  | 10% decrease in equity and real estate value                          | 3,474.6      | (144.3) |
| Sensitivity 4  | 10% decrease in maintenance expenses                                  | 3,817.1      | 198.1   |
| Sensitivity 5  | 10% decrease in surrender and lapse rates                             | 3,638.1      | 19.2    |
| Sensitivity 6  | 5% decrease in claim incidence rates for life business                | 3,720.0      | 101.0   |
| Sensitivity 7  | 5% decrease in claim incidence rates for annuity business             | 3,541.5      | (77.4)  |
| Sensitivity 8  | Change the required capital to statutory minimum                      | 3,618.9      | 0.0     |
| Sensitivity 9  | 25% increase in implied volatilities of equity and real estate values | 3,558.0      | (60.9)  |
| Sensitivity 10 | 25% increase in implied volatilities of swaptions                     | 3,542.5      | (76.4)  |

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, 2022, 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<br>(Years) | For calculation of the<br>value of in-force covered<br>business |                   | For calculation of the<br>value of new business                            |  |
|-----------------|---|-------------------|--|--|
|                 | March 31,<br>2021   | March 31,<br>2022 | Fiscal year<br>ended<br>March 31,<br>2021<br>(Rate at<br>June 30,<br>2020) | Fiscal year<br>ended<br>March 31,<br>2022<br>(Rate at<br>December<br>31, 2021) |
| 1               | (0.129)%  | (0.075)%          | (0.180)%   | (0.089)%   |
| 2               | (0.130)%  | (0.030)%          | (0.140)%   | (0.095)%   |
| 3               | (0.136)%  | (0.031)%          | (0.144)%   | (0.095)%   |
| 4               | (0.118)%  | (0.002)%          | (0.128)%   | (0.088)%   |
| 5               | (0.083)%  | 0.036%            | (0.102)%   | (0.075)%   |
| 10              | 0.105%  | 0.219%            | 0.043%   | 0.089%   |
| 15              | 0.314%  | 0.473%            | 0.286%   | 0.312%   |
| 20              | 0.496%  | 0.715%            | 0.427%   | 0.493%   |
| 25              | 0.610%  | 0.853%            | 0.556%   | 0.607%   |
| 30              | 0.697%  | 0.941%            | 0.603%   | 0.724%   |
| 40              | 1.187%  | 1.394%            | 1.083%   | 1.230%   |
| 50              | 1.671%  | 1.839%            | 1.586%   | 1.707%   |
| 60              | 2.019%  | 2.159%            | 1.947%   | 2.049%   |

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/2022/en\\_news\\_id000129.html](https://www.jp-life.japanpost.jp/english/news/2022/en_news_id000129.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             | 2021               |                           |               |                           | 2022               |                           |               |                           |
|----------------------------|--------------------|---------------------------|---------------|---------------------------|--------------------|---------------------------|---------------|---------------------------|
|                            | 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       | 15,893,392         | (7.4)%                    | ¥ 45,912,230  | (8.0)%                    | 14,740,345         | (7.3)%                    | ¥ 42,283,881  | (7.9)%                    |
| Death protection insurance | 5,209,703          | (4.1)                     | 16,144,878    | (5.0)                     | 5,030,268          | (3.4)                     | 15,380,249    | (4.7)                     |
| Mixed insurance            | 9,042,914          | (10.3)                    | 26,306,652    | (10.6)                    | 8,084,354          | (10.6)                    | 23,480,095    | (10.7)                    |
| Pure endowment insurance   | 1,640,775          | (0.7)                     | 3,460,699     | (0.9)                     | 1,625,723          | (0.9)                     | 3,423,536     | (1.1)                     |
| Individual annuities       | 1,009,956          | (13.2)                    | 1,563,865     | (19.0)                    | 850,297            | (15.8)                    | 1,242,707     | (20.5)                    |
| Group insurance            | —                  | —                         | —             | —                         | —                  | —                         | —             | —                         |
| Group annuities            | —                  | —                         | —             | —                         | —                  | —                         | —             | —                         |
| Asset-formation insurance  | 50                 | (18.0)                    | 56            | (12.5)                    | 35                 | (30.0)                    | 34            | (39.6)                    |
| Asset-formation annuities  | 11                 | 0.0                       | 47            | 0.0                       | 11                 | 0.0                       | 46            | (1.0)                     |

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 | 2021               |                           |               |                           | 2022               |                           |               |                           |
|------------------------------|--------------------|---------------------------|---------------|---------------------------|--------------------|---------------------------|---------------|---------------------------|
|                              | 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         | 124,933            | (80.6)%                   | ¥ 390,355     | (79.4)%                   | 173,280            | 38.7%                     | ¥ 577,413     | 47.9%                     |
| Death protection insurance   | 12,376             | (95.1)                    | 35,581        | (94.6)                    | 19,601             | 58.4                      | 56,247        | 58.1                      |
| Mixed insurance              | 91,351             | (73.5)                    | 309,316       | (73.0)                    | 133,388            | 46.0                      | 477,669       | 54.4                      |
| Pure endowment insurance     | 21,206             | (54.0)                    | 45,457        | (51.4)                    | 20,291             | (4.3)                     | 43,496        | (4.3)                     |
| Individual annuities         | 30                 | (94.5)                    | 176           | (95.0)                    | 42                 | 40.0                      | 202           | 14.8                      |
| Group insurance              | —                  | —                         | —             | —                         | —                  | —                         | —             | —                         |
| Group annuities              | —                  | —                         | —             | —                         | —                  | —                         | —             | —                         |
| Asset-formation insurance    | 4                  | 100.0                     | 0             | 500.0                     | 1                  | (75.0)                    | 0             | (66.7)                    |
| Asset-formation annuities    | —                  | —                         | —             | —                         | —                  | —                         | —             | —                         |

Notes:

- Converted policies are not included.
- 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, 2021 | For the year ended March 31, 2022 | As of March 31, 2021 | As of March 31, 2022 |
| Individual insurance       | ¥ 3,124                           | ¥ 3,332                           | ¥ 2,888              | ¥ 2,868              |
| Death protection insurance | 2,875                             | 2,869                             | 3,099                | 3,057                |
| Mixed insurance            | 3,386                             | 3,581                             | 2,909                | 2,904                |
| Pure endowment insurance   | 2,143                             | 2,143                             | 2,109                | 2,105                |

Note: Converted policies are not included in average policy amount of new policies.

## (3) Ratio of New Policies (against the policy in force at the beginning of fiscal year)

(%)

| For the years ended March 31 | 2021 | 2022 |
|------------------------------|------|------|
| Individual insurance         | 0.8% | 1.3% |
| Individual annuities         | 0.0  | 0.0  |
| Group insurance              | —    | —    |

Notes:

- Converted policies are not included.
- 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 | 2021 | 2022 |
|------------------------------|------|------|
| Individual insurance         | 3.1% | 3.3% |
| Individual annuities         | 0.4  | 0.8  |
| 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 | 2021      | 2022      |
|------------------------------|-----------|-----------|
| Individual insurance         | ¥ 253,911 | ¥ 275,740 |

Notes:

- Converted policies are not included.
- 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   | 2021  | 2022  |
|--------------------------------|-------|-------|
| In terms of number of policies | 2.27‰ | 2.50‰ |
| In terms of policy amount      | 1.84  | 2.01  |

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:  

$$(\text{Number of/policy amount for policies in force at the beginning of fiscal year} + \text{number of/policy amount for policies in force at the end of fiscal year} + \text{the number of/policy amount for policies filing death claim}) \div 2$$

**(7) Ratio of Riders Filing Claim (individual insurance)**

(‰)

| For the years ended March 31                     |                                | 2021  | 2022  |
|--|--------------------------------|-------|-------|
| Accident death benefit policy                    | In terms of number of policies | 0.11‰ | 0.11‰ |
|  | In terms of policy amount      | 0.09  | 0.09  |
| Disability benefit policy                        | In terms of number of policies | 0.27  | 0.28  |
|  | In terms of policy amount      | 0.07  | 0.08  |
| Accident hospitalization benefit policy          | In terms of number of policies | 5.69  | 5.90  |
|  | In terms of policy amount      | 0.18  | 0.18  |
| Illness hospitalization benefit policy           | In terms of number of policies | 44.55 | 54.67 |
|  | In terms of policy amount      | 0.99  | 1.16  |
| 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 | 35.37 | 37.97 |
| 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, 2021 | For the year ended March 31, 2022 |
|-----------------------------------|-----------------------------------|
| 14.99%                            | 16.00%                            |

**(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, 2021 | For the year ended March 31, 2022 |
|-----------------------------------|-----------------------------------|
| 4                                 | 5                                 |

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, 2021 | For the year ended March 31, 2022 |
|-----------------------------------|-----------------------------------|
| 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, 2021 | For the year ended March 31, 2022 |
|----------------------------|-----------------------------------|-----------------------------------|
| 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, 2021 | For the year ended March 31, 2022 |
|-----------------------------------|-----------------------------------|
| ¥ 3,443                           | ¥ 3,469                           |

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                 | 2021  | 2022  |
|--|-------|-------|
| Claim-filing ratio in third-sector insurance | 36.6% | 38.0% |
| Medical (Illness)                            | 29.8  | 31.9  |
| Cancer                                       | —     | —     |
| Nursing care                                 | 64.3  | 74.9  |
| Other  | 77.7  | 72.3  |

## 6-4 Accounting Data

### (1) Reserve for Outstanding Claims

(Millions of yen)

| As of March 31                                      |                             | 2021     | 2022     |
|---|-----------------------------|----------|----------|
| Insurance claims                                    | Death benefits              | ¥ 13,004 | ¥ 13,598 |
|   | Accidental benefits         | 2,323    | 2,679    |
|   | Serious disability benefits | 1,301    | 1,193    |
|   | Maturity benefits           | 82,908   | 77,905   |
|   | Other                       | 266,783  | 256,460  |
|   | Subtotal                    | 366,320  | 351,836  |
| Annuity payments                                    |                             | 7,645    | 7,231    |
| Benefits  |                             | 21,110   | 22,146   |
| Surrender benefits                                  |                             | 22,773   | 19,591   |
| Deferred insurance benefits payment                 |                             | —        | —        |
| Net, including other reserve for outstanding claims |                             | 419,021  | 402,608  |

**(2) Policy Reserves**

(Millions of yen)

| As of March 31   |                      | 2021          | 2022          |
|--|----------------------|---------------|---------------|
| Policy reserves<br>[excluding<br>contingency<br>reserve] | Individual insurance | ¥ 24,845,103  | ¥ 24,292,584  |
|  | [General account]    | [ 24,845,103] | [ 24,292,584] |
|  | [Separate account]   | [ -]          | [ -]          |
|  | Individual annuities | 1,532,465     | 1,218,583     |
|  | [General account]    | [ 1,532,465]  | [ 1,218,583]  |
|  | [Separate account]   | [ -]          | [ -]          |
|  | Group insurance      | -             | -             |
|  | [General account]    | [ -]          | [ -]          |
|  | [Separate account]   | [ -]          | [ -]          |
|  | Group annuities      | -             | -             |
|  | [General account]    | [ -]          | [ -]          |
|  | [Separate account]   | [ -]          | [ -]          |
|  | Other                | 31,408,808    | 29,331,291    |
|  | [General account]    | [ 31,408,808] | [ 29,331,291] |
|  | [Separate account]   | [ -]          | [ -]          |
|  | Subtotal             | 57,786,377    | 54,842,460    |
|  | [General account]    | [ 57,786,377] | [ 54,842,460] |
|  | [Separate account]   | [ -]          | [ -]          |
| Contingency reserve                                      |                      | 1,611,343     | 1,690,994     |
| Total  |                      | 59,397,720    | 56,533,454    |
| [General account]  |                      | [ 59,397,720] | [ 56,533,454] |
| [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, 2021 | ¥ 51,328,903               | ¥ 6,457,473       | ¥ -                 | ¥ 1,611,343         | ¥ 59,397,720 |
| As of March 31, 2022 | 49,612,844                 | 5,229,616         | -                   | 1,690,994           | 56,533,454   |

**(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                                |   | 2021   | 2022   |
|---|---|--|--|
| 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 | ¥ 3,891,383                | 1.00%–1.50%             |
| For the year ended March 31, 2012          | 1,528,084                  | 0.80%–1.50%             |
| For the year ended March 31, 2013          | 3,166,986                  | 0.70%–1.50%             |
| For the year ended March 31, 2014          | 3,202,099                  | 0.70%–1.00%             |
| For the year ended March 31, 2015          | 3,552,008                  | 0.55%–1.00%             |
| For the year ended March 31, 2016          | 3,093,574                  | 0.50%–1.00%             |
| For the year ended March 31, 2017          | 3,248,875                  | 0.50%–1.00%             |
| For the year ended March 31, 2018          | 1,810,336                  | 0.25%                   |
| For the year ended March 31, 2019          | 1,389,434                  | 0.25%                   |
| For the year ended March 31, 2020          | 491,787                    | 0.25%                   |
| For the year ended March 31, 2021          | 67,221                     | 0.25%                   |
| For the year ended March 31, 2022          | 69,374                     | 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, 2021 and 2022.

## (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<br>Asset-formation annuities | Other insurance | Total       |
|--|----------------------|----------------------|-----------------|-----------------|--|-----------------|-------------|
| <b>For the year ended March 31, 2021</b>               |                      |                      |                 |                 |  |                 |             |
| 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]   |
| <b>For the year ended March 31, 2022</b>               |                      |                      |                 |                 |  |                 |             |
| Balance at the beginning of the fiscal year            | 108,168              | 1,225                | –               | –               | –  | 1,233,462       | 1,342,855   |
| Interest accrual                                       | 9                    | 0                    | –               | –               | –  | –               | 9           |
| Reduction due to policyholder dividends paid           | 11,484               | 7                    | –               | –               | –  | 144,199         | 155,691     |
| Reduction due to the acquisition of additional annuity | –                    | 3                    | –               | –               | –  | 274             | 278         |
| Provision for reserve for policyholder dividends       | 18,261               | 2                    | –               | –               | –  | 54,849          | 73,113      |
| Balance at the end of the fiscal year                  | 114,954              | 1,216                | –               | –               | –  | 1,143,838       | 1,260,009   |
|  | [ 95,613]            | [ 1,214]             | [ –]            | [ –]            | [ –]   | [ –]            | [ 96,827]   |

Note: Figures within brackets “[ ]” are accumulated dividends. Meanwhile, the reserve for policyholder dividends associated with the reinsurance from the Management Network (¥1,223,462 million for the year ended March 31, 2021 and ¥1,143,838 million for the year ended March 31, 2022) 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               |   | 2021  |                                       |                            | 2022  |                                       |                            |
|--|---|---|---------------------------------------|----------------------------|---|---------------------------------------|----------------------------|
|  |   | 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  | ¥ 37  | ¥ 36                                  | ¥ (0)                      | ¥ 36  | ¥ 32                                  | ¥ (3)                      |
|  | Specific reserve for possible loan losses | 411   | 347                                   | (63)                       | 347   | 347                                   | (0)                        |
|  | Reserve for specific foreign loans        | –   | –                                     | –                          | –   | –                                     | –                          |
| Reserve for insurance claims and others    |   | 29,722                                      | 2,851                                 | (26,870)                   | 2,851                                       | –                                     | (2,851)                    |
| Reserve for employees' retirement benefits |   | 68,831                                      | 69,659                                | 828                        | 69,659                                      | 70,470                                | 810                        |
| Reserve for management board benefit trust |   | 164   | 110                                   | (53)                       | 110   | 230                                   | 119                        |
| Reserve for price fluctuations             |   | 858,339                                     | 904,816                               | 46,477                     | 904,816                                     | 972,606                               | 67,789                     |

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, 2021 and 2022.

## (10) Capital Stock, etc.

(Millions of yen)

|                              |                         | Balance at the beginning<br>of the year ended<br>March 31, 2022 | Increase in<br>the fiscal year | Decrease in<br>the fiscal year | Balance at the end of<br>the year ended<br>March 31, 2022 | Remarks   |
|------------------------------|-------------------------|---|--------------------------------|--------------------------------|---|---|
| Capital stock                |                         | ¥ 500,000   | ¥ –                            | ¥ –                            | ¥ 500,000   |   |
| Of which<br>shares<br>issued | [Common stock]          | [562,600<br>thousand shares]                                    | –                              | [162,906<br>thousand shares]   | [399,693<br>thousand shares]                              | · Decrease due to<br>cancellation of<br>treasury stock  |
|                              | Total                   | 500,000   | –                              | –                              | 500,000   |   |
| Capital surplus              | [Legal capital surplus] | 405,044   | –                              | –                              | 405,044   |   |
|                              | [Other capital surplus] | –   | 358,887                        | 358,887                        | –   | · Increase due to<br>transfer from<br>retained earnings<br>to capital surplus<br>· Decrease due to<br>cancellation of<br>treasury stock |
|                              | Total                   | 405,044   | 358,887                        | 358,887                        | 405,044   |   |

## (11) Premiums

(Millions of yen)

| For the years ended March 31  | 2021        | 2022        |
|-------------------------------|-------------|-------------|
| Individual insurance          | ¥ 2,305,399 | ¥ 2,106,778 |
| (Lump-sum payment)            | –           | –           |
| (Annual payment)              | –           | –           |
| (Semi-annual payment)         | –           | –           |
| (Monthly payment)             | 2,305,399   | 2,106,778   |
| Individual annuities          | 9,687       | 6,948       |
| (Lump-sum payment)            | –           | –           |
| (Annual payment)              | –           | –           |
| (Semi-annual payment)         | –           | –           |
| (Monthly payment)             | 9,687       | 6,948       |
| Group insurance               | –           | –           |
| Group annuities               | –           | –           |
| Net, including other premiums | 2,682,067   | 2,403,387   |

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  | 2021      | 2022      |
|-------------------------------|-----------|-----------|
| Individual insurance          | ¥ 39,544  | ¥ 43,979  |
| Individual annuities          | 2,275,543 | 2,069,746 |
| Subtotal                      | 2,315,087 | 2,113,726 |
| Group insurance               | –         | –         |
| Group annuities               | –         | –         |
| Subtotal                      | –         | –         |
| Net, including other premiums | 39,763    | 44,010    |
|                               | 2,642,304 | 2,359,376 |
| Total                         | 2,682,067 | 2,403,387 |

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<br>benefits | Accidental<br>benefits | Serious disability<br>benefits | Maturity benefits | Other     | Total       |
|---|-------------------|------------------------|--------------------------------|-------------------|-----------|-------------|
| 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<br>insurance, asset-<br>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   |
| For the year ended March 31, 2022                           |                   |                        |                                |                   |           |             |
| Individual insurance  | 86,126            | 6,201                  | 2,071                          | 1,663,584         | –         | 1,757,984   |
| Individual annuities  | –                 | –                      | –                              | –                 | –         | –           |
| Group insurance   | –                 | –                      | –                              | –                 | –         | –           |
| Group annuities   | –                 | –                      | –                              | –                 | –         | –           |
| Asset-formation<br>insurance, asset-<br>formation annuities | –                 | –                      | –                              | 24                | –         | 24          |
| Other insurance   | –                 | –                      | –                              | –                 | 2,719,025 | 2,719,025   |
| Total   | 86,126            | 6,201                  | 2,071                          | 1,663,609         | 2,719,025 | 4,477,034   |

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             |
|--|----------------|---------------------|-----------------------------|-------------------|-------------------|-------------------|
| <b>For the year ended March 31, 2021</b>             |                |                     |                             |                   |                   |                   |
| 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        |
| <b>Total</b>   | <b>35,578</b>  | <b>2,704</b>        | <b>825</b>                  | <b>783,951</b>    | <b>10,405,665</b> | <b>11,228,723</b> |
| <b>For the year ended March 31, 2022</b>             |                |                     |                             |                   |                   |                   |
| Individual insurance                                 | 36,848         | 3,003               | 768                         | 819,833           | —                 | 860,452           |
| Individual annuities                                 | —              | —                   | —                           | —                 | —                 | —                 |
| Group insurance                                      | —              | —                   | —                           | —                 | —                 | —                 |
| Group annuities                                      | —              | —                   | —                           | —                 | —                 | —                 |
| Asset-formation insurance, asset-formation annuities | —              | —                   | —                           | 12                | —                 | 12                |
| Other insurance                                      | —              | —                   | —                           | —                 | 9,825,086         | 9,825,086         |
| <b>Total</b>   | <b>36,848</b>  | <b>3,003</b>        | <b>768</b>                  | <b>819,845</b>    | <b>9,825,086</b>  | <b>10,685,550</b> |

Note: "Other insurance" includes receiving reinsurance.

## (13) Annuities

(Millions of yen)

| 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 |

| For the year ended March 31, 2022 |                      |                 |                 |  |                 |           |
|-----------------------------------|----------------------|-----------------|-----------------|--|-----------------|-----------|
| Individual insurance              | Individual annuities | Group insurance | Group annuities | Asset-formation insurance, asset-formation annuities | Other insurance | Total     |
| ¥ 109                             | ¥ 317,399            | ¥ —             | ¥ —             | ¥ —  | ¥ —             | ¥ 317,508 |

**(14) Benefits****1) Benefits (amounts)**

(Millions of yen)

|  | Death<br>benefits | Hospitalization<br>benefits | Surgery<br>benefits | Disability<br>benefits | Living<br>benefits | Other        | Total          |
|--|-------------------|-----------------------------|---------------------|------------------------|--------------------|--------------|----------------|
| <b>For the year ended March 31, 2021</b>                             |                   |                             |                     |                        |                    |              |                |
| 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<br>insurance, asset-<br>formation annuities          | —                 | —                           | —                   | —                      | —                  | —            | —              |
| Other insurance  | —                 | —                           | —                   | —                      | —                  | —            | —              |
| <b>Total</b>   | <b>56</b>         | <b>36,794</b>               | <b>26,158</b>       | <b>2,049</b>           | <b>54,203</b>      | <b>1,062</b> | <b>120,324</b> |
| <b>For the year ended March 31, 2022</b>                             |                   |                             |                     |                        |                    |              |                |
| <b>Individual insurance</b>  | <b>79</b>         | <b>39,064</b>               | <b>25,959</b>       | <b>1,923</b>           | <b>70,046</b>      | <b>881</b>   | <b>137,954</b> |
| <b>Individual annuities</b>  | <b>—</b>          | <b>17</b>                   | <b>8</b>            | <b>1</b>               | <b>—</b>           | <b>0</b>     | <b>28</b>      |
| <b>Group insurance</b>   | <b>—</b>          | <b>—</b>                    | <b>—</b>            | <b>—</b>               | <b>—</b>           | <b>—</b>     | <b>—</b>       |
| <b>Group annuities</b>   | <b>—</b>          | <b>—</b>                    | <b>—</b>            | <b>—</b>               | <b>—</b>           | <b>—</b>     | <b>—</b>       |
| <b>Asset-formation<br/>insurance, asset-<br/>formation annuities</b> | <b>—</b>          | <b>—</b>                    | <b>—</b>            | <b>—</b>               | <b>—</b>           | <b>—</b>     | <b>—</b>       |
| <b>Other insurance</b>   | <b>—</b>          | <b>—</b>                    | <b>—</b>            | <b>—</b>               | <b>—</b>           | <b>—</b>     | <b>—</b>       |
| <b>Total</b>   | <b>79</b>         | <b>39,082</b>               | <b>25,967</b>       | <b>1,925</b>           | <b>70,046</b>      | <b>881</b>   | <b>137,982</b> |

## 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, 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   | —              | —                        | —                | —                   | —               | —             | —                |
| <b>Total</b>  | <b>79</b>      | <b>689,891</b>           | <b>387,771</b>   | <b>2,564</b>        | <b>224,081</b>  | <b>15,880</b> | <b>1,320,266</b> |
| For the year ended March 31, 2022                           |                |                          |                  |                     |                 |               |                  |
| <b>Individual insurance</b>                                 | <b>80</b>      | <b>778,251</b>           | <b>387,100</b>   | <b>2,435</b>        | <b>242,620</b>  | <b>14,858</b> | <b>1,425,344</b> |
| <b>Individual annuities</b>                                 | <b>—</b>       | <b>144</b>               | <b>87</b>        | <b>1</b>            | <b>—</b>        | <b>5</b>      | <b>237</b>       |
| <b>Group insurance</b>                                      | <b>—</b>       | <b>—</b>                 | <b>—</b>         | <b>—</b>            | <b>—</b>        | <b>—</b>      | <b>—</b>         |
| <b>Group annuities</b>                                      | <b>—</b>       | <b>—</b>                 | <b>—</b>         | <b>—</b>            | <b>—</b>        | <b>—</b>      | <b>—</b>         |
| <b>Asset-formation insurance, asset-formation annuities</b> | <b>—</b>       | <b>—</b>                 | <b>—</b>         | <b>—</b>            | <b>—</b>        | <b>—</b>      | <b>—</b>         |
| <b>Other insurance</b>                                      | <b>—</b>       | <b>—</b>                 | <b>—</b>         | <b>—</b>            | <b>—</b>        | <b>—</b>      | <b>—</b>         |
| <b>Total</b>  | <b>80</b>      | <b>778,395</b>           | <b>387,187</b>   | <b>2,436</b>        | <b>242,620</b>  | <b>14,863</b> | <b>1,425,581</b> |

## (15) Surrender Benefits

(Millions of yen)

| 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 |

| For the year ended March 31, 2022 |                      |                 |                 |  |                 |           |
|-----------------------------------|----------------------|-----------------|-----------------|--|-----------------|-----------|
| Individual insurance              | Individual annuities | Group insurance | Group annuities | Asset-formation insurance, asset-formation annuities | Other insurance | Total     |
| ¥ 480,492                         | ¥ 3,276              | ¥ —             | ¥ —             | ¥ 4  | ¥ —             | ¥ 483,773 |

**(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 |
|--|----------------|--|---|---------------------------------------|-------------------------------------|
| <b>For the year ended March 31, 2021</b> |                |  |   |                                       |                                     |
| 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                                |
| <b>Total</b>                             | <b>631,198</b> | <b>61,214</b>                                    | <b>455,605</b>                            | <b>175,593</b>                        | <b>72.2</b>                         |
| <b>For the year ended March 31, 2022</b> |                |  |   |                                       |                                     |
| Tangible fixed assets                    | 106,154        | 8,099  | 55,533                                    | 50,620                                | 52.3                                |
| Buildings                                | 62,974         | 3,108  | 25,946                                    | 37,027                                | 41.2                                |
| Leased assets                            | 4,637          | 606  | 2,118                                     | 2,518                                 | 45.7                                |
| Other tangible fixed assets              | 38,542         | 4,384  | 27,468                                    | 11,074                                | 71.3                                |
| Intangible fixed assets                  | 546,947        | 48,290   | 448,656                                   | 98,291                                | 82.0                                |
| Others                                   | 709            | 31   | 466                                       | 243                                   | 65.7                                |
| <b>Total</b>                             | <b>653,811</b> | <b>56,421</b>                                    | <b>504,656</b>                            | <b>149,155</b>                        | <b>77.2</b>                         |

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    | 2021           | 2022           |
|---------------------------------|----------------|----------------|
| Sales activity expenses         | ¥ 51,416       | ¥ 39,131       |
| Sales administration expenses   | 10,917         | 13,137         |
| General administration expenses | 339,731        | 332,329        |
| <b>Total</b>                    | <b>402,065</b> | <b>384,598</b> |

Note: "General administration expenses" include the contributions to the Life Insurance Policyholders Protection Corporation of Japan (¥2,410 million for the year ended March 31, 2021 and ¥2,197 million for the year ended March 31, 2022), pursuant to Article 259 of the Insurance Business Act.

## (18) Taxes

(Millions of yen)

| For the years ended March 31     | 2021     | 2022     |
|----------------------------------|----------|----------|
| National taxes                   | ¥ 25,123 | ¥ 23,836 |
| Consumption tax                  | 23,262   | 22,098   |
| Special corporate enterprise tax | 1,664    | 1,525    |
| Stamp duty                       | 197      | 194      |
| Registration license tax         | 0        | 0        |
| Other national taxes             | —        | 17       |
| Local taxes                      | 13,279   | 12,767   |
| Local consumption tax            | 6,563    | 6,232    |
| Enterprise tax                   | 5,549    | 5,419    |
| Fixed property tax               | 910      | 857      |
| Real estate acquisition tax      | 0        | —        |
| Business office tax              | 255      | 257      |
| Other local taxes                | —        | 0        |
| Total                            | 38,402   | 36,603   |

Note: "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, 2021 and 2022.

## (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     |
|--|-----------------------|----------------------------------|-----------------------------------|-----------------------------------|------------------------------------|---|-----------|
| <b>As of March 31, 2021</b>                    |                       |                                  |                                   |                                   |                                    |   |           |
| 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 |
| <b>As of March 31, 2022</b>                    |                       |                                  |                                   |                                   |                                    |   |           |
| Bonds payable                                  | —                     | —                                | —                                 | —                                 | —                                  | 300,000                                       | 300,000   |
| Payables under repurchase agreements           | 2,570,899             | —                                | —                                 | —                                 | —                                  | —   | 2,570,899 |
| Payables under securities lending transactions | 2,236,696             | —                                | —                                 | —                                 | —                                  | —   | 2,236,696 |
| Total  | 4,807,595             | —                                | —                                 | —                                 | —                                  | 300,000                                       | 5,107,595 |

## 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                                      | 2021        |            |                   | 2022        |            |                   |
|---|-------------|------------|-------------------|-------------|------------|-------------------|
|   | Amount      | Percentage | Increase/decrease | Amount      | Percentage | Increase/decrease |
| Cash, deposits, call loans                          | ¥ 1,459,749 | 2.1        | ¥ (326,890)       | ¥ 1,305,070 | 1.9        | ¥ (154,678)       |
| Receivables under resale agreements                 | —           | —          | —                 | 2,120,137   | 3.2        | 2,120,137         |
| Receivables under securities borrowing transactions | 2,585,087   | 3.7        | (606,623)         | —           | —          | (2,585,087)       |
| Monetary claims bought                              | 276,772     | 0.4        | (41,809)          | 39,543      | 0.1        | (237,228)         |
| Trading account securities                          | —           | —          | —                 | —           | —          | —                 |
| Money held in trust                                 | 4,189,294   | 6.0        | 1,133,222         | 4,521,912   | 6.7        | 332,617           |
| Securities  | 55,274,594  | 78.8       | (596,946)         | 53,418,564  | 79.5       | (1,856,029)       |
| Corporate and government bonds                      | 48,264,456  | 68.8       | (690,059)         | 46,747,946  | 69.6       | (1,516,510)       |
| Domestic stocks                                     | 404,577     | 0.6        | 117,601           | 425,553     | 0.6        | 20,976            |
| Foreign securities                                  | 4,632,376   | 6.6        | (54,966)          | 4,332,519   | 6.4        | (299,856)         |
| Foreign corporate and government bonds              | 4,479,823   | 6.4        | (42,351)          | 4,181,527   | 6.2        | (298,296)         |
| Foreign stocks and other securities                 | 152,552     | 0.2        | (12,615)          | 150,992     | 0.2        | (1,560)           |
| Other securities                                    | 1,973,184   | 2.8        | 30,477            | 1,912,544   | 2.8        | (60,639)          |
| Loans   | 4,964,087   | 7.1        | (698,661)         | 4,251,956   | 6.3        | (712,131)         |
| Policy loans  | 161,419     | 0.2        | 8,737             | 140,980     | 0.2        | (20,438)          |
| Industrial and commercial loans                     | 996,127     | 1.4        | 1,681             | 965,872     | 1.4        | (30,255)          |
| Loans to the Management Network                     | 3,806,540   | 5.4        | (709,080)         | 3,145,103   | 4.7        | (661,436)         |
| Real estate   | 88,707      | 0.1        | (853)             | 80,572      | 0.1        | (8,135)           |
| Investment property                                 | —           | —          | —                 | —           | —          | —                 |
| Deferred tax assets                                 | 904,333     | 1.3        | (269,417)         | 1,005,357   | 1.5        | 101,024           |
| Other   | 431,615     | 0.6        | (85,624)          | 432,112     | 0.6        | 497               |
| Reserve for possible loan losses                    | (384)       | (0.0)      | 64                | (379)       | (0.0)      | 4                 |
| General account total                               | 70,173,857  | 100.0      | (1,493,540)       | 67,174,848  | 100.0      | (2,999,008)       |
| Foreign-currency-denominated assets                 | 5,397,078   | 7.7        | 417,062           | 5,466,745   | 8.1        | 69,666            |

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                        | 2021  | 2022  |
|---|-------|-------|
| Cash, deposits and call loans                       | 0.00% | 0.00% |
| Receivables under resale agreements                 | —     | —     |
| Receivables under securities borrowing transactions | —     | —     |
| Monetary claims bought                              | 0.14  | 0.24  |
| Trading account securities                          | —     | —     |
| Money held in trust                                 | 2.86  | 3.49  |
| Securities  | 1.57  | 1.63  |
| Corporate and government bonds                      | 1.51  | 1.49  |
| Domestic stocks                                     | 2.72  | 4.63  |
| Foreign securities                                  | 2.16  | 2.95  |
| Loans   | 1.82  | 1.83  |
| Industrial and commercial loans                     | 1.09  | 1.15  |
| Real estate   | —     | —     |
| General account total                               | 1.51  | 1.61  |
| Overseas loans and investments                      | 2.15  | 2.95  |

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                        | 2021       | 2022       |
|---|------------|------------|
| Cash, deposits and call loans                       | ¥ 971,519  | ¥ 659,135  |
| Receivables under resale agreements                 | —          | —          |
| Receivables under securities borrowing transactions | —          | —          |
| Monetary claims bought                              | 331,785    | 157,643    |
| Trading account securities                          | —          | —          |
| Money held in trust                                 | 3,060,875  | 3,278,068  |
| Securities  | 55,266,241 | 54,112,517 |
| Corporate and government bonds                      | 48,761,968 | 47,665,411 |
| Domestic stocks                                     | 325,661    | 338,771    |
| Foreign securities                                  | 4,239,811  | 4,211,066  |
| Loans   | 5,509,886  | 4,763,225  |
| Industrial and commercial loans                     | 1,014,293  | 988,647    |
| Real estate   | 88,497     | 86,485     |
| General account total                               | 69,581,188 | 67,047,903 |
| Overseas loans and investments                      | 5,207,411  | 5,363,632  |

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                 | 2021        | 2022      |
|--|-------------|-----------|
| Interest and dividend income                 | ¥ 1,004,635 | ¥ 985,879 |
| Gains on trading account securities          | —           | —         |
| Gains on money held in trust                 | 87,593      | 114,553   |
| Gains on trading securities                  | —           | —         |
| Gains on sales of securities                 | 20,422      | 26,942    |
| Gains on redemption of securities            | 1,170       | 779       |
| Gains on derivative financial instruments    | —           | —         |
| Gains on foreign exchanges                   | 7,759       | 20,879    |
| Reversal of reserve for possible loan losses | 0           | 3         |
| Other investment income                      | 86          | 107       |
| Total  | 1,121,668   | 1,149,145 |

**(5) Investment Expenses**

(Millions of yen)

| For the years ended March 31                           | 2021    | 2022    |
|--|---------|---------|
| Interest expenses                                      | ¥ 2,311 | ¥ 2,351 |
| Losses on trading account securities                   | —       | —       |
| Losses on money held in trust                          | —       | —       |
| Losses on trading securities                           | —       | —       |
| Losses on sales of securities                          | 32,789  | 51,108  |
| Losses on valuation of securities                      | —       | —       |
| Losses on redemption of securities                     | 10,950  | 6,046   |
| Losses on derivative financial instruments             | 21,604  | 7,398   |
| Losses on foreign exchanges                            | —       | —       |
| Provision for reserve for possible loan losses         | —       | —       |
| Write-off loans  | —       | —       |
| Depreciation of real estate for lease and other assets | —       | —       |
| Other investment expenses                              | 3,207   | 2,863   |
| Total  | 70,863  | 69,768  |

## (6) Interest, Dividends and Other Income

(Millions of yen)

| For the years ended March 31                 | 2021      | 2022    |
|--|-----------|---------|
| Interest on deposits                         | ¥ 29      | ¥ 30    |
| Interest and dividends on securities         | 898,429   | 894,502 |
| Interest on corporate and government bonds   | 733,226   | 715,767 |
| Domestic stock dividends                     | 8,263     | 10,843  |
| Interest and dividends on foreign securities | 115,851   | 127,267 |
| Interest on loans                            | 13,314    | 14,312  |
| Interest on loans to the Management Network  | 86,934    | 72,874  |
| Rent revenue from real estate                | —         | —       |
| Net, including other income                  | 1,004,635 | 985,879 |

## (7) Gains on Sales of Securities

(Millions of yen)

| For the years ended March 31                      | 2021    | 2022    |
|---|---------|---------|
| Japanese government bonds and other bonds         | ¥ 4,876 | ¥ 7,857 |
| Domestic stocks and other securities              | 14,692  | 8,005   |
| Foreign securities                                | 853     | 11,079  |
| Net, including other gains on sales of securities | 20,422  | 26,942  |

## (8) Losses on Sales of Securities

(Millions of yen)

| For the years ended March 31                       | 2021    | 2022     |
|--|---------|----------|
| Japanese government bonds and other bonds          | ¥ 1,063 | ¥ 13,317 |
| Domestic stocks and other securities               | 13,895  | 3,071    |
| Foreign securities                                 | 4,326   | 24,243   |
| Net, including other losses on sales of securities | 32,789  | 51,108   |

## (9) Losses on Valuation of Securities

Not applicable as of March 31, 2021 and 2022.

**(10) Proprietary Trading Securities**

Not applicable as of March 31, 2021 and 2022.

**(11) Proceeds on Sales of Proprietary Trading Securities**

Not applicable as of March 31, 2021 and 2022.

**(12) Securities Composition**

(Millions of yen, %)

| As of March 31                         | 2021         |            | 2022         |            |
|--|--------------|------------|--------------|------------|
|  | Amount       | Percentage | Amount       | Percentage |
| Corporate and government bonds         | ¥ 48,264,456 | 87.3       | ¥ 46,747,946 | 87.5       |
| Japanese government bonds              | 37,345,671   | 67.6       | 37,408,974   | 70.0       |
| Japanese local government bonds        | 5,593,508    | 10.1       | 4,472,466    | 8.4        |
| Japanese corporate bonds               | 5,325,276    | 9.6        | 4,866,504    | 9.1        |
| Public entity bonds                    | 3,290,216    | 6.0        | 2,884,450    | 5.4        |
| Domestic stocks                        | 404,577      | 0.7        | 425,553      | 0.8        |
| Foreign securities                     | 4,632,376    | 8.4        | 4,332,519    | 8.1        |
| Foreign corporate and government bonds | 4,479,823    | 8.1        | 4,181,527    | 7.8        |
| Foreign stocks and other securities    | 152,552      | 0.3        | 150,992      | 0.3        |
| Other securities                       | 1,973,184    | 3.6        | 1,912,544    | 3.6        |
| Total                                  | 55,274,594   | 100.0      | 53,418,564   | 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              |
|--|-----------------------|----------------------------------|-----------------------------------|-----------------------------------|------------------------------------|---|--------------------|
| <b>As of March 31, 2021</b>            | <b>¥ 3,426,249</b>    | <b>¥ 4,688,622</b>               | <b>¥ 3,720,570</b>                | <b>¥ 5,920,893</b>                | <b>¥ 9,769,118</b>                 | <b>¥28,505,912</b>                            | <b>¥56,031,366</b> |
| 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                                  | —                     | —                                | —                                 | —                                 | —                                  | —   | —                  |
| <b>As of March 31, 2022</b>            | <b>2,294,627</b>      | <b>4,533,674</b>                 | <b>3,861,599</b>                  | <b>7,748,943</b>                  | <b>8,037,366</b>                   | <b>27,386,897</b>                             | <b>53,863,108</b>  |
| Securities                             | 1,869,628             | 4,533,674                        | 3,861,599                         | 7,748,943                         | 8,037,366                          | 27,367,353                                    | 53,418,564         |
| Japanese government bonds              | 468,067               | 1,702,549                        | 2,729,819                         | 5,630,633                         | 6,595,817                          | 20,282,087                                    | 37,408,974         |
| Japanese local government bonds        | 780,912               | 1,351,899                        | 474,513                           | 169,507                           | 367,833                            | 1,327,800                                     | 4,472,466          |
| Japanese corporate bonds               | 572,827               | 497,035                          | 215,212                           | 522,592                           | 514,451                            | 2,544,385                                     | 4,866,504          |
| Domestic stocks                        | —                     | —                                | —                                 | —                                 | —                                  | 425,553                                       | 425,553            |
| Foreign securities                     | 47,821                | 982,189                          | 442,054                           | 1,426,209                         | 559,263                            | 874,981                                       | 4,332,519          |
| Foreign corporate and government bonds | 47,821                | 982,189                          | 442,054                           | 1,426,209                         | 559,263                            | 723,989                                       | 4,181,527          |
| Foreign stocks and other securities    | —                     | —                                | —                                 | —                                 | —                                  | 150,992                                       | 150,992            |
| Other securities                       | —                     | —                                | —                                 | —                                 | —                                  | 1,912,544                                     | 1,912,544          |
| Monetary claims bought                 | 19,999                | —                                | —                                 | —                                 | —                                  | 19,544  | 39,543             |
| Negotiable certificates of deposit     | 405,000               | —                                | —                                 | —                                 | —                                  | —   | 405,000            |
| 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                         | 2021  | 2022  |
|--|-------|-------|
| Corporate and government bonds         | 1.51% | 1.51% |
| Foreign corporate and government bonds | 2.55  | 2.64  |

**(15) Breakdown of Local Government Bonds by Region**

(Millions of yen)

| As of March 31 | 2021      | 2022      |
|----------------|-----------|-----------|
| Hokkaido       | ¥ 127,932 | ¥ 114,017 |
| Tohoku         | 56,429    | 53,001    |
| Kanto          | 1,345,027 | 1,130,483 |
| Chubu          | 636,366   | 581,880   |
| Kinki          | 733,345   | 649,777   |
| Chugoku        | 185,059   | 171,463   |
| Shikoku        | 28,500    | 26,833    |
| Kyushu         | 428,728   | 386,886   |
| Other          | 2,052,118 | 1,358,123 |
| Total          | 5,593,508 | 4,472,466 |

Note: "Other" indicates the balance of joint issuance local government bonds.

## (16) Shareholdings by Industry Sector

(Millions of yen, %)

| As of March 31                                 | 2021           |              | 2022           |              |
|--|----------------|--------------|----------------|--------------|
|  | Amount         | Percentage   | Amount         | Percentage   |
| Fishery, agriculture and forestry              | ¥ –            | –            | ¥ –            | –            |
| Mining   | –              | –            | –              | –            |
| Construction                                   | 17,658         | 4.4          | 16,482         | 3.9          |
| Manufacturing                                  |                |              |                |              |
| Foods  | 11,740         | 2.9          | 9,549          | 2.2          |
| Textiles and apparel                           | 2,980          | 0.7          | 349            | 0.1          |
| Pulp and paper                                 | –              | –            | –              | –            |
| Chemicals                                      | 71,040         | 17.6         | 75,389         | 17.7         |
| Pharmaceuticals                                | 19,331         | 4.8          | 22,194         | 5.2          |
| Oil and coal products                          | 1,915          | 0.5          | 2,397          | 0.6          |
| Rubber products                                | 1,706          | 0.4          | 1,744          | 0.4          |
| Glass and ceramic products                     | 9,425          | 2.3          | 12,241         | 2.9          |
| Iron and steel                                 | –              | –            | –              | –            |
| Nonferrous metals                              | 6,889          | 1.7          | 4,198          | 1.0          |
| Metal products                                 | 5,604          | 1.4          | 3,691          | 0.9          |
| Machinery                                      | 26,669         | 6.6          | 37,300         | 8.8          |
| Electric appliances                            | 57,206         | 14.1         | 55,719         | 13.1         |
| Transportation equipment                       | 10,707         | 2.6          | 12,173         | 2.9          |
| Precision instruments                          | 14,442         | 3.6          | 16,508         | 3.9          |
| Other products                                 | 11,422         | 2.8          | 6,455          | 1.5          |
| Electric power and gas                         | –              | –            | –              | –            |
| Transportation, information and communications |                |              |                |              |
| Land transportation                            | 3,895          | 1.0          | 4,432          | 1.0          |
| Marine transportation                          | –              | –            | –              | –            |
| Air transportation                             | –              | –            | –              | –            |
| Warehousing and port transportation services   | –              | –            | –              | –            |
| Information and communications                 | 30,351         | 7.5          | 33,215         | 7.8          |
| Trade and services                             |                |              |                |              |
| Wholesale trade                                | 26,811         | 6.6          | 31,692         | 7.4          |
| Retail trade                                   | 35,028         | 8.7          | 31,195         | 7.3          |
| Finance and insurance                          |                |              |                |              |
| Banking  | 19,067         | 4.7          | 22,383         | 5.3          |
| Securities and trading                         | 495            | 0.1          | 495            | 0.1          |
| Insurance                                      | 3,478          | 0.9          | 5,492          | 1.3          |
| Other financial services                       | 3,168          | 0.8          | 3,430          | 0.8          |
| Real estate                                    | 3,996          | 1.0          | 5,942          | 1.4          |
| Services                                       | 9,543          | 2.4          | 10,875         | 2.6          |
| <b>Total</b>                                   | <b>404,577</b> | <b>100.0</b> | <b>425,553</b> | <b>100.0</b> |

Note: Industry sector category is based on the sector classification table of the Securities Identification Code Committee.

**(17) Loans**

(Millions of yen)

| As of March 31   | 2021             | 2022             |
|--|------------------|------------------|
| Policy loans   | ¥ 161,419        | ¥ 140,980        |
| Policyholder loans   | 161,418          | 140,979          |
| Policy premium loans   | 0                | 1                |
| Industrial and commercial loans  | 4,802,668        | 4,110,975        |
| (Loans to non-residents)   | ( - )            | ( - )            |
| Loans to companies   | 3,958,194        | 3,292,761        |
| (Loans to domestic corporations)   | ( 3,958,194 )    | ( 3,292,761 )    |
| Loans to state, international organizations and government organizations | -                | -                |
| Loans to public bodies and public businesses                             | 844,474          | 818,214          |
| Housing loans  | -                | -                |
| Consumer loans   | -                | -                |
| Other  | -                | -                |
| <b>Total</b>   | <b>4,964,087</b> | <b>4,251,956</b> |

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            |
|---|-----------------------|----------------------------------|-----------------------------------|-----------------------------------|------------------------------------|---|------------------|
| <b>Total industrial and commercial loans as of March 31, 2021</b> | ¥ 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        |
| <b>Total industrial and commercial loans as of March 31, 2022</b> | <b>660,638</b>        | <b>1,180,049</b>                 | <b>717,401</b>                    | <b>497,171</b>                    | <b>479,275</b>                     | <b>576,439</b>                                | <b>4,110,975</b> |
| Floating rate loans   | <b>2,900</b>          | <b>14,250</b>                    | <b>-</b>                          | <b>-</b>                          | <b>-</b>                           | <b>-</b>                                      | <b>17,150</b>    |
| Fixed rate loans  | <b>657,738</b>        | <b>1,165,799</b>                 | <b>717,401</b>                    | <b>497,171</b>                    | <b>479,275</b>                     | <b>576,439</b>                                | <b>4,093,825</b> |

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                    |                     | 2021        |            | 2022        |            |
|-----------------------------------|---------------------|-------------|------------|-------------|------------|
|                                   |                     |             | Percentage |             | Percentage |
| Large companies                   | Number of borrowers | 21          | 61.8       | 16          | 47.1       |
|                                   | Amount of loans     | ¥ 115,620   | 2.9        | ¥ 88,220    | 2.7        |
| Medium-sized companies            | Number of borrowers | —           | —          | —           | —          |
|                                   | Amount of loans     | ¥ —         | —          | ¥ —         | —          |
| Small companies                   | Number of borrowers | 13          | 38.2       | 18          | 52.9       |
|                                   | Amount of loans     | ¥ 3,842,574 | 97.1       | ¥ 3,204,541 | 97.3       |
| Total loans to domestic companies | Number of borrowers | 34          | 100.0      | 34          | 100.0      |
|                                   | Amount of loans     | ¥ 3,958,194 | 100.0      | ¥ 3,292,761 | 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  | 2021             |              | 2022             |              |
|---|------------------|--------------|------------------|--------------|
|   | Amount           | Percentage   | Amount           | Percentage   |
| <b>Domestic</b>   |                  |              |                  |              |
| Manufacturing   | ¥ 20,550         | 0.4          | ¥ 15,850         | 0.4          |
| Foods   | —                | —            | —                | —            |
| Textiles and apparel                                    | —                | —            | —                | —            |
| Wood, wood products                                     | —                | —            | —                | —            |
| Pulp and paper  | 6,850            | 0.1          | 6,850            | 0.2          |
| Printing  | —                | —            | —                | —            |
| Chemicals   | 6,100            | 0.1          | 2,000            | 0.0          |
| Oil and coal products                                   | 600              | 0.0          | —                | —            |
| Ceramics, soil and stone                                | 7,000            | 0.1          | 7,000            | 0.2          |
| 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  | —                | —            | —                | —            |
| Electric power, gas, heat supply and waterworks         | 28,712           | 0.6          | 52,326           | 1.3          |
| Information and communications                          | 1,400            | 0.0          | 1,400            | 0.0          |
| Transportation and postal                               | 24,528           | 0.5          | 24,443           | 0.6          |
| Wholesale trade   | 39,900           | 0.8          | 20,000           | 0.5          |
| Retail trade  | —                | —            | —                | —            |
| Financing and insurance                                 | 3,821,540        | 79.6         | 3,160,103        | 76.9         |
| Real estate   | 21,562           | 0.4          | 18,637           | 0.5          |
| 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                 | 844,474          | 17.6         | 818,214          | 19.9         |
| Individuals (residential/consumption/local taxes/other) | —                | —            | —                | —            |
| <b>Total</b>  | <b>4,802,668</b> | <b>100.0</b> | <b>4,110,975</b> | <b>100.0</b> |
| <b>Overseas</b>   |                  |              |                  |              |
| Governments and public entities                         | —                | —            | —                | —            |
| Financial institutions                                  | —                | —            | —                | —            |
| Commerce and industry, etc.                             | —                | —            | —                | —            |
| <b>Total</b>  | <b>—</b>         | <b>—</b>     | <b>—</b>         | <b>—</b>     |
| <b>Total industrial and commercial loans</b>            | <b>4,802,668</b> | <b>100.0</b> | <b>4,110,975</b> | <b>100.0</b> |

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      | 2021      |            | 2022      |            |
|---------------------|-----------|------------|-----------|------------|
|                     | Amount    | Percentage | Amount    | Percentage |
| Capital investments | ¥ 728,898 | 15.2       | ¥ 736,697 | 17.9       |
| Operations          | 4,073,769 | 84.8       | 3,374,278 | 82.1       |
| Total               | 4,802,668 | 100.0      | 4,110,975 | 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 | 2021      |            | 2022      |            |
|----------------|-----------|------------|-----------|------------|
|                | Amount    | Percentage | Amount    | Percentage |
| Hokkaido       | ¥ 2,802   | 0.1        | ¥ 12,703  | 0.3        |
| Tohoku         | 42,156    | 0.9        | 39,925    | 1.0        |
| Kanto          | 4,190,024 | 87.2       | 3,518,507 | 85.6       |
| Chubu          | 239,578   | 5.0        | 231,903   | 5.6        |
| Kinki          | 171,105   | 3.6        | 163,543   | 4.0        |
| Chugoku        | 48,654    | 1.0        | 41,822    | 1.0        |
| Shikoku        | 6,654     | 0.1        | 5,940     | 0.1        |
| Kyushu         | 101,692   | 2.1        | 96,630    | 2.4        |
| Total          | 4,802,668 | 100.0      | 4,110,975 | 100.0      |

Notes:

- Loans to individuals, non-residents and for insurance policies are not included.
- Regional classification depends on the location of the borrower's headquarters.
- 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   | 2021      |            | 2022      |            |
|--|-----------|------------|-----------|------------|
|  | Amount    | Percentage | Amount    | Percentage |
| Secured loans  | ¥ 30,633  | 0.6        | ¥ 54,037  | 1.3        |
| Loans secured by securities                                  | —         | —          | —         | —          |
| Loans secured by real estate, movable property or foundation | —         | —          | —         | —          |
| Loans secured by nominative claims                           | 30,633    | 0.6        | 54,037    | 1.3        |
| Guaranteed loans   | 7,040     | 0.1        | 7,040     | 0.2        |
| Credit loans   | 958,454   | 20.0       | 904,794   | 22.0       |
| Other  | 3,806,540 | 79.3       | 3,145,103 | 76.5       |
| Industrial and commercial loans                              | 4,802,668 | 100.0      | 4,110,975 | 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, 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                                |
| <b>Total</b>                             | <b>109,704</b>                                 | <b>6,391</b>                | <b>2,330</b>                | <b>8,788</b>                    | <b>104,977</b>                        | <b>53,323</b>            | <b>–</b>                            |
| (Includes rentals and other real estate) | –  | –                           | –                           | –                               | –                                     | –                        | –                                   |
| For the year ended March 31, 2022        |  |                             |                             |                                 |                                       |                          |                                     |
| Land                                     | 47,828   | –                           | 4,716                       | –                               | 43,112                                | –                        | –                                   |
| Buildings, net                           | 40,299   | 2,552                       | 2,716                       | 3,108                           | 37,027                                | 25,946                   | 41.2                                |
| Leased assets, net                       | 1,839  | 1,291                       | 5                           | 606                             | 2,518                                 | 2,118                    | 45.7                                |
| Construction in progress                 | 579  | 2,842                       | 2,989                       | –                               | 432                                   | –                        | –                                   |
| Others, net                              | 14,429   | 1,307                       | 278                         | 4,384                           | 11,074                                | 27,468                   | 71.3                                |
| <b>Total</b>                             | <b>104,977</b>                                 | <b>7,992</b>                | <b>10,705</b>               | <b>8,099</b>                    | <b>94,165</b>                         | <b>55,533</b>            | <b>–</b>                            |
| (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                       | 2021     | 2022     |
|--------------------------------------|----------|----------|
| Value of real estate holdings        | ¥ 88,707 | ¥ 80,572 |
| For business operations              | 88,707   | 80,572   |
| 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           | 2021     | 2022         |
|--|----------|--------------|
| Tangible fixed assets                  | ¥ –      | ¥ 8,418      |
| Land                                   | –        | 8,418        |
| Buildings                              | –        | –            |
| Leased assets                          | –        | –            |
| Other assets                           | –        | –            |
| Intangible fixed assets                | –        | –            |
| Others                                 | –        | –            |
| <b>Total</b>                           | <b>–</b> | <b>8,418</b> |
| Includes rentals and other real estate | –        | –            |

Note: As a result of the disposal of land and buildings as a whole in the fiscal year ended March 31, 2022, ¥5,696 million is recorded in the statement of income, which is calculated by subtracting losses on disposal of land and buildings of ¥2,722 million from the above total amount of gains on disposal of fixed assets of ¥8,418 million.

## (26) Losses on Disposal of Fixed Assets

(Millions of yen)

| For the years ended March 31           | 2021  | 2022    |
|--|-------|---------|
| Tangible fixed assets                  | ¥ 118 | ¥ 2,978 |
| Land                                   | —     | —       |
| Buildings                              | 48    | 2,715   |
| Leased assets                          | 11    | 5       |
| Other assets                           | 58    | 256     |
| Intangible fixed assets                | 136   | 62      |
| Others                                 | —     | —       |
| Total                                  | 255   | 3,040   |
| Includes rentals and other real estate | —     | —       |

Note: The total amount of ¥3,040 million for the fiscal year ended March 31, 2022 includes losses on disposal of land and buildings of ¥2,722 million.

## (27) Depreciation on Real Estate, Movable and Other Assets Held for Leasing

Not applicable for the years ended March 31, 2021 and 2022.

## (28) Overseas Loans and Investments

### 1) Breakdown by Asset Composition

(Millions of yen, %)

| As of March 31   |   | 2021        |            | 2022        |            |
|--|---|-------------|------------|-------------|------------|
|  |   | Amount      | Percentage | Amount      | Percentage |
| Foreign-currency-denominated assets                      | Corporate and government bonds                          | ¥ 4,359,445 | 73.8       | ¥ 4,100,801 | 69.0       |
|  | Stocks  | 489,519     | 8.3        | 586,149     | 9.9        |
|  | Cash and cash equivalents                               | 548,114     | 9.3        | 779,794     | 13.1       |
|  | Subtotal  | 5,397,078   | 91.4       | 5,466,745   | 92.0       |
| 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 | 507,037     | 8.6        | 476,907     | 8.0        |
|  | Subtotal  | 507,037     | 8.6        | 476,907     | 8.0        |
| Net overseas loans and investments                       |   | 5,904,116   | 100.0      | 5,943,652   | 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, 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       | —                           | —          | —                      | —          |
| As of March 31, 2022       | 5,755,145          | 100.0      | 4,181,527                      | 100.0      | 1,573,617                   | 100.0      | —                      | —          |
| North America              | 3,141,168          | 54.6       | 2,597,971                      | 62.1       | 543,196                     | 34.5       | —                      | —          |
| Europe                     | 1,004,210          | 17.4       | 934,018                        | 22.3       | 70,191                      | 4.5        | —                      | —          |
| Oceania                    | 86,822             | 1.5        | 86,822                         | 2.1        | —                           | —          | —                      | —          |
| Asia                       | 79,849             | 1.4        | 79,849                         | 1.9        | —                           | —          | —                      | —          |
| Central and South America  | 1,004,321          | 17.5       | 44,092                         | 1.1        | 960,228                     | 61.0       | —                      | —          |
| Middle East                | —                  | —          | —                              | —          | —                           | —          | —                      | —          |
| Africa                     | —                  | —          | —                              | —          | —                           | —          | —                      | —          |
| International organization | 438,772            | 7.6        | 438,772                        | 10.5       | —                           | —          | —                      | —          |

## 3) Composition of Foreign-Currency-Denominated Assets by Currency

(Millions of yen, %)

| As of March 31     | 2021        |            | 2022        |            |
|--------------------|-------------|------------|-------------|------------|
|                    | Amount      | Percentage | Amount      | Percentage |
| U.S. dollar        | ¥ 3,709,226 | 68.7       | ¥ 3,767,139 | 68.9       |
| Euro               | 658,493     | 12.2       | 740,695     | 13.5       |
| Australian dollar  | 425,844     | 7.9        | 440,703     | 8.1        |
| Canadian dollar    | 175,088     | 3.2        | 183,625     | 3.4        |
| New Zealand dollar | 103,999     | 1.9        | 101,696     | 1.9        |
| Swedish krona      | 133,581     | 2.5        | 96,961      | 1.8        |
| Polish zloty       | 138,391     | 2.6        | 82,504      | 1.5        |
| Singapore dollar   | 31,929      | 0.6        | 33,590      | 0.6        |
| British pound      | 20,522      | 0.4        | 19,827      | 0.4        |
| Total              | 5,397,078   | 100.0      | 5,466,745   | 100.0      |

## (29) Yield on Overseas Loans and Investments

| (%)                                     |      |      |
|---|------|------|
| For the years ended March 31            | 2021 | 2022 |
| Yield on overseas loans and investments | 2.15 | 2.95 |

## (30) Summary of New Public-Sector Investment Underwriting and Loans

| (Millions of yen)            |                                 |        |
|------------------------------|---------------------------------|--------|
| For the years ended March 31 | 2021                            | 2022   |
| Public bonds                 | Japanese government bonds       | ¥ —    |
|                              | Japanese local government bonds | —      |
|                              | Public entity bonds             | 4      |
|                              | Subtotal                        | 4      |
| Loans                        | Government organizations        | —      |
|                              | Public entities                 | 66,757 |
|                              | Subtotal                        | 66,757 |
| Total                        |                                 | 66,761 |

## (31) Loan Interest Rates

Not applicable for the years ended March 31, 2021 and 2022.

## (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, 2021 |         |   |                             |                             |   |                                       |         |
| Other                             | ¥ 1,863 | ¥ 1,685                                     | ¥ 2,919                     | ¥ 2,742                     | ¥ —                                       | ¥ 1,863                               |         |
| Total                             | 1,863   | 1,685                                       | 2,919                       | 2,742                       | —   | 1,863                                 |         |
| For the year ended March 31, 2022 |         |   |                             |                             |   |                                       |         |
| Other                             | 2,552   | 1,863                                       | 9,712                       | 9,023                       | —   | 2,552                                 |         |
| Total                             | 2,552   | 1,863                                       | 9,712                       | 9,023                       | —   | 2,552                                 |         |

## 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, 2021 and 2022.

#### 2) Fair Value Information of Securities (Other than Trading Securities)

(Millions of yen)

| As of March 31                          | 2021        |             |                               |             |          | 2022        |             |                               |            |          |
|---|-------------|-------------|-------------------------------|-------------|----------|-------------|-------------|-------------------------------|------------|----------|
|   | Book value  | Fair value  | Net unrealized gains (losses) |             |          | Book value  | Fair value  | Net unrealized gains (losses) |            |          |
|   |             |             | Gains                         |             | Losses   |             |             | Gains                         |            | Losses   |
| Held-to-maturity bonds                  | ¥35,327,980 | ¥40,512,921 | ¥ 5,184,940                   | ¥ 5,225,937 | ¥ 40,996 | ¥34,126,248 | ¥38,143,194 | ¥4,016,945                    | ¥4,218,557 | ¥201,611 |
| Policy-reserve-matching bonds           | 9,382,446   | 10,158,590  | 776,143                       | 798,498     | 22,355   | 8,604,735   | 9,106,029   | 501,294                       | 593,102    | 91,808   |
| Equities of subsidiaries and affiliates | —           | —           | —                             | —           | —        | —           | —           | —                             | —          | —        |
| Available-for-sale securities           | 13,445,144  | 14,865,016  | 1,419,871                     | 1,521,504   | 101,632  | 13,658,423  | 14,812,678  | 1,154,254                     | 1,424,231  | 269,976  |
| Corporate and government bonds          | 3,519,145   | 3,554,029   | 34,883                        | 42,363      | 7,480    | 4,043,706   | 4,016,962   | (26,743)                      | 19,433     | 46,177   |
| Domestic stocks                         | 1,754,330   | 2,514,296   | 759,966                       | 790,263     | 30,297   | 1,853,533   | 2,614,566   | 761,032                       | 819,898    | 58,866   |
| Foreign securities                      | 4,835,932   | 5,398,112   | 562,180                       | 578,698     | 16,518   | 4,809,476   | 5,208,678   | 399,202                       | 487,194    | 87,991   |
| Foreign corporate and government bonds  | 4,147,536   | 4,479,823   | 332,287                       | 348,645     | 16,358   | 4,096,267   | 4,181,527   | 85,259                        | 170,702    | 85,442   |
| Foreign stocks and other securities     | 688,396     | 918,289     | 229,893                       | 230,052     | 159      | 713,208     | 1,027,151   | 313,942                       | 316,492    | 2,549    |
| Other securities                        | 2,580,552   | 2,641,805   | 61,253                        | 108,589     | 47,336   | 2,508,306   | 2,527,926   | 19,619                        | 96,560     | 76,940   |
| Monetary claims bought                  | 275,183     | 276,772     | 1,588                         | 1,588       | —        | 38,399      | 39,543      | 1,144                         | 1,144      | —        |
| Negotiable certificates of deposit      | 480,000     | 480,000     | —                             | —           | —        | 405,000     | 405,000     | —                             | —          | —        |
| Other                                   | —           | —           | —                             | —           | —        | —           | —           | —                             | —          | —        |
| Total                                   | 58,155,572  | 65,536,528  | 7,380,955                     | 7,545,940   | 164,984  | 56,389,406  | 62,061,901  | 5,672,495                     | 6,235,891  | 563,395  |
| Corporate and government bonds          | 48,229,573  | 54,225,541  | 5,995,967                     | 6,066,800   | 70,832   | 46,774,690  | 51,266,186  | 4,491,496                     | 4,831,093  | 339,597  |
| Domestic stocks                         | 1,754,330   | 2,514,296   | 759,966                       | 790,263     | 30,297   | 1,853,533   | 2,614,566   | 761,032                       | 819,898    | 58,866   |
| Foreign securities                      | 4,835,932   | 5,398,112   | 562,180                       | 578,698     | 16,518   | 4,809,476   | 5,208,678   | 399,202                       | 487,194    | 87,991   |
| Foreign corporate and government bonds  | 4,147,536   | 4,479,823   | 332,287                       | 348,645     | 16,358   | 4,096,267   | 4,181,527   | 85,259                        | 170,702    | 85,442   |
| Foreign stocks and other securities     | 688,396     | 918,289     | 229,893                       | 230,052     | 159      | 713,208     | 1,027,151   | 313,942                       | 316,492    | 2,549    |
| Other securities                        | 2,580,552   | 2,641,805   | 61,253                        | 108,589     | 47,336   | 2,508,306   | 2,527,926   | 19,619                        | 96,560     | 76,940   |
| Monetary claims bought                  | 275,183     | 276,772     | 1,588                         | 1,588       | —        | 38,399      | 39,543      | 1,144                         | 1,144      | —        |
| Negotiable certificates of deposit      | 480,000     | 480,000     | —                             | —           | —        | 405,000     | 405,000     | —                             | —          | —        |
| 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 ¥2,682,208 million with net unrealized gains of ¥1,026,692 million as of March 31, 2022 and ¥2,647,007 million with net unrealized gains of ¥920,156 million as of March 31, 2021.
3. This table excludes stocks, etc. with no market price and investments in partnerships, etc.

• The book values of stocks, etc. with no market price and investments in partnerships, etc. are as follows.

(Millions of yen)

| As of March 31                          | 2021     | 2022     |
|---|----------|----------|
| Equities of subsidiaries and affiliates | ¥ 18,846 | ¥ 24,088 |
| Available-for-sale securities           | 445,184  | 635,211  |
| Domestic stocks                         | 4,239    | 4,259    |
| Foreign stocks                          | —        | —        |
| Other                                   | 440,944  | 630,951  |
| Total                                   | 464,030  | 659,300  |

Notes:

1. This table includes money held in trust other than trading securities (¥440,944 million as of March 31, 2021 and ¥630,951 million as of March 31, 2022).
2. Net unrealized gains (losses) on foreign exchanges for assets denominated in foreign currencies of the stocks, etc. with no market price and investments in partnerships, etc. are as follows: ¥6,740 million as of March 31, 2021 and ¥51,808 million as of March 31, 2022.

## (2) Fair Value of Money Held in Trust

(Millions of yen)

| As of March 31      | 2021                 |            |                               |       |        | 2022                 |            |                               |       |        |
|---------------------|----------------------|------------|-------------------------------|-------|--------|----------------------|------------|-------------------------------|-------|--------|
|                     | 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 | ¥3,696,910           | ¥3,696,910 | ¥ —                           | ¥ —   | ¥ —    | ¥3,820,432           | ¥3,820,432 | ¥ —                           | ¥ —   | ¥ —    |

Note: Excluding money held in trust not subject to fair value disclosure (¥492,384 million as of March 31, 2021 and ¥701,479 million as of March 31, 2022).

### 1) Money Held in Trust for Trading Purposes

The Company did not hold money held in trust for trading purposes as of March 31, 2021 and 2022.

### 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                    | 2021       |            |                               |         |        | 2022       |            |                               |           |        |
|-----------------------------------|------------|------------|-------------------------------|---------|--------|------------|------------|-------------------------------|-----------|--------|
|                                   | 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         | 2,776,753  | 3,696,910  | 920,156                       | 970,021 | 49,865 | 2,793,740  | 3,820,432  | 1,026,692                     | 1,100,917 | 74,224 |
| Domestic stocks                   | 1,431,501  | 2,115,438  | 683,937                       | 713,124 | 29,187 | 1,495,738  | 2,194,752  | 699,013                       | 744,929   | 45,915 |
| Foreign stocks                    | 303,379    | 489,519    | 186,140                       | 186,140 | —      | 311,928    | 586,149    | 274,221                       | 274,221   | —      |
| Foreign bonds                     | 742,769    | 779,998    | 37,229                        | 57,823  | 20,593 | 700,016    | 742,058    | 42,041                        | 69,059    | 27,018 |
| Other                             | 299,104    | 311,953    | 12,848                        | 12,933  | 84     | 286,055    | 297,472    | 11,416                        | 12,707    | 1,290  |

Notes:

1. Excluding other money held in trust not subject to fair value disclosure (¥492,384 million as of March 31, 2021 and ¥701,479 million as of March 31, 2022).
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     |
|--|-----------------------|----------------------------------|-----------------------------------|-----------------------------------|------------------------------------|---|-----------|
| <b>As of March 31, 2021</b>            |                       |                                  |                                   |                                   |                                    |   |           |
| 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 |
| <b>As of March 31, 2022</b>            |                       |                                  |                                   |                                   |                                    |   |           |
| Domestic stocks                        |                       |                                  |                                   |                                   |                                    | 2,194,752                                     |           |
| Foreign securities                     |                       |                                  |                                   |                                   |                                    | 1,422,625                                     |           |
| Foreign corporate and government bonds |                       |                                  |                                   |                                   |                                    | —   |           |
| Foreign stocks and other securities    |                       |                                  |                                   |                                   |                                    | 1,422,625                                     |           |
| Other securities                       |                       |                                  |                                   |                                   |                                    | 774,283                                       | 4,391,661 |

Note: Including money held in trust not subject to fair value disclosure.

### 4) Currency Composition of Money Held in Trust

(Millions of yen, %)

| As of March 31 | 2021        |            | 2022        |            |
|----------------|-------------|------------|-------------|------------|
|                | Amount      | Percentage | Amount      | Percentage |
| Japanese yen   | ¥ 2,978,688 | 74.2       | ¥ 3,029,831 | 69.0       |
| U.S. dollar    | 944,421     | 23.5       | 1,236,617   | 28.2       |
| Euro           | 85,196      | 2.1        | 116,504     | 2.7        |
| Others         | 6,541       | 0.2        | 8,707       | 0.2        |
| Total          | 4,014,847   | 100.0      | 4,391,661   | 100.0      |

Note: Includes money held in trust not subject to fair value disclosure.  
Excluding cash and deposits.

## 5) Industry Composition of Japanese Stocks of Money Held in Trust

(Millions of yen, %)

| As of March 31                                 | 2021       |            | 2022       |            |
|--|------------|------------|------------|------------|
|  | Fair value | Percentage | Fair value | Percentage |
| Fishery, agriculture and forestry              | ¥ 1,840    | 0.1        | ¥ 1,803    | 0.1        |
| Mining   | 3,158      | 0.1        | 5,860      | 0.3        |
| Construction                                   | 78,546     | 3.7        | 79,764     | 3.6        |
| Manufacturing                                  |            |            |            |            |
| Foods  | 72,309     | 3.4        | 71,589     | 3.3        |
| Textiles and apparel                           | 11,312     | 0.5        | 8,157      | 0.4        |
| Pulp and paper                                 | 4,358      | 0.2        | 3,871      | 0.2        |
| Chemicals                                      | 179,592    | 8.5        | 153,830    | 7.0        |
| Pharmaceuticals                                | 103,203    | 4.9        | 95,514     | 4.4        |
| Oil and coal products                          | 8,437      | 0.4        | 8,288      | 0.4        |
| Rubber products                                | 25,549     | 1.2        | 12,476     | 0.6        |
| Glass and ceramic products                     | 18,629     | 0.9        | 15,753     | 0.7        |
| Iron and steel                                 | 13,273     | 0.6        | 14,474     | 0.7        |
| Nonferrous metals                              | 22,221     | 1.1        | 14,942     | 0.7        |
| Metal products                                 | 11,237     | 0.5        | 10,288     | 0.5        |
| Machinery                                      | 106,560    | 5.0        | 102,421    | 4.7        |
| Electric appliances                            | 341,067    | 16.1       | 354,691    | 16.2       |
| Transportation equipment                       | 143,943    | 6.8        | 186,465    | 8.5        |
| Precision instruments                          | 48,133     | 2.3        | 49,631     | 2.3        |
| Other products                                 | 46,493     | 2.2        | 61,757     | 2.8        |
| Electric power and gas                         | 23,936     | 1.1        | 26,194     | 1.2        |
| Transportation, information and communications |            |            |            |            |
| Land transportation                            | 64,816     | 3.1        | 58,485     | 2.7        |
| Marine transportation                          | 3,642      | 0.2        | 11,723     | 0.5        |
| Air transportation                             | 8,557      | 0.4        | 7,219      | 0.3        |
| Warehousing and port transportation services   | 2,915      | 0.1        | 3,357      | 0.2        |
| Information and communications                 | 216,847    | 10.3       | 213,323    | 9.7        |
| Trade and services                             |            |            |            |            |
| Wholesale trade                                | 105,092    | 5.0        | 151,389    | 6.9        |
| Retail trade                                   | 103,650    | 4.9        | 95,901     | 4.4        |
| Finance and insurance                          |            |            |            |            |
| Banking  | 100,500    | 4.8        | 100,238    | 4.6        |
| Securities and trading                         | 15,888     | 0.8        | 14,481     | 0.7        |
| Insurance                                      | 69,384     | 3.3        | 90,293     | 4.1        |
| Other financial services                       | 22,019     | 1.0        | 23,688     | 1.1        |
| Real estate                                    | 37,064     | 1.8        | 38,674     | 1.8        |
| Services                                       | 101,251    | 4.8        | 108,195    | 4.9        |
| Total  | 2,115,438  | 100.0      | 2,194,752  | 100.0      |

**(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, 2021                      | ¥ —                        | ¥ (156,665)            | ¥ —                | ¥ —              | ¥ —         | ¥ (156,665)      |
| Portion with hedge accounting applied     | —                          | (155,809)              | —                  | —                | —           | (155,809)        |
| Portion with hedge accounting not applied | —                          | (855)                  | —                  | —                | —           | (855)            |
| <b>As of March 31, 2022</b>               | <b>—</b>                   | <b>(239,449)</b>       | <b>—</b>           | <b>—</b>         | <b>—</b>    | <b>(239,449)</b> |
| Portion with hedge accounting applied     | —                          | (239,193)              | —                  | —                | —           | (239,193)        |
| Portion with hedge accounting not applied | —                          | (256)                  | —                  | —                | —           | (256)            |

Notes:

1. 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.
2. Net unrealized gains (losses) on the portion subject to the fair value hedge method (currency related ¥(239,193) million) of the portion with hedge accounting applied, and those on the portion with hedge accounting not applied as of March 31, 2022, are accrued in the statement of income.

**(ii) Interest rate related**

There were no such outstanding balances as of March 31, 2021 and 2022.

### (iii) Currency related

(Millions of yen)

| Category         | As of March 31                     |                       | 2021          |            |                |                       | 2022          |            |                |             |
|------------------|------------------------------------|-----------------------|---------------|------------|----------------|-----------------------|---------------|------------|----------------|-------------|
|                  | 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                               |                       | ¥3,484,221    | ¥ -        | ¥ (156,699)    | ¥ (156,699)           | ¥3,298,169    | ¥ -        | ¥ (239,419)    | ¥ (239,419) |
|                  | U.S. dollars                       |                       | 1,990,619     | -          | (75,918)       | (75,918)              | 1,811,536     | -          | (127,848)      | (127,848)   |
|                  | Euros                              |                       | 537,353       | -          | (19,578)       | (19,578)              | 598,999       | -          | (23,378)       | (23,378)    |
|                  | Australian dollars                 |                       | 413,962       | -          | (35,464)       | (35,464)              | 428,242       | -          | (51,987)       | (51,987)    |
|                  | Other                              |                       | 542,285       | -          | (25,737)       | (25,737)              | 459,390       | -          | (36,205)       | (36,205)    |
|                  | Purchased                          |                       | 8,552         | -          | 33             | 33                    | 25,737        | -          | (30)           | (30)        |
|                  | U.S. dollars                       |                       | 8,552         | -          | 33             | 33                    | 5,676         | -          | (49)           | (49)        |
|                  | Euros                              |                       | -             | -          | -              | -                     | 20,061        | -          | 19             | 19          |
| Total            |                                    |                       |               |            |                | (156,665)             |               |            |                | (239,449)   |

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, 2021 and 2022.

### (v) Bond related

There were no such outstanding balances as of March 31, 2021 and 2022.

### (vi) Others

There were no such outstanding balances as of March 31, 2021 and 2022.

## 7 Indicators for Separate Accounts

Not applicable.