

JAPAN POST INSURANCE Co., Ltd.

Annual Report 2022

Year ended March 31, 2022

Management Philosophy

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

Our Management Philosophy is a determination that all executives and employees will work together to be always close at hand and to protect the well-being of every one of our customers. Keeping this Management Philosophy in mind, we will work to realize sustainable growth and remain a company that is trusted and loved by our customers.

Social Mission (Purpose)

We will remain trusted and selected by customers, thereby protecting their lives by providing life insurance product.

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

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

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

Management Policy

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

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

Code of Conduct

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

Contents

02 Message From CEO

06 Value Creation Story

- 06 Value Creation History
- 08 Contributing to Society through Life Insurance Business
- 10 Value Creation Process
 - Materiality
- 12 Social Challenges (Materiality) to Address with Priority
 - Medium-Term Management Plan
- 14 Medium-Term Management Plan (FY2021–FY2025)
- 16 Relationship between Medium-Term Management Plan (FY2021–FY2025) and Materiality

18 Business Strategy for Value Creation

- Continue Efforts to Regain Trust
- 18 Continued Efforts to Regain Trust
 - Reinforce Business Foundations
- 19 Strengthening the Service Provision System for Individual Customers
- 21 Strengthening the Service Provision System for Corporate Customers
- 22 Enhancing Insurance Services
- 24 Achieving Greater Depth and Sophistication of Asset Management
 - Improve Customer Experience Value
- 26 Improving Customer Experience Value (CX)
- 28 Engagement with Customers
 - Promote ESG Management
- 30 Sustainability Promotion Framework
- 31 ESG Investment
- 34 Environmental Conservation
- 38 Health Promotion and Increase Well-Being

Editorial Policy

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

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

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

- Notes:
1. This report is intended to provide information to the public and is not intended to constitute a solicitation to invest in stock or other marketable securities of Japan Post Insurance Co., Ltd. or its subsidiaries (the "Group"). This report contains forward-looking statements regarding the outlook and targets of the Group, which are based on information available when the report was prepared or on Japan Post Insurance's expectations derived from projections or assumptions made at the time of the report's preparation. Please note that these forward-looking statements are subject to a broad range of risks and uncertainties, and actual results might vary materially from the statements contained in this report as a result of changes in the economic conditions or business trends, revisions to laws or regulations, effects of large-scale disasters, fluctuations in the value of assets owned, harmful rumors or false information.
 2. Unless otherwise noted, the numbers and percentages shown in this report are based on the latest available data as of March 31, 2022.
 3. Unless otherwise noted, financial figures in this report are reported on a consolidated basis. Unless the context indicates otherwise, references in this report to "we," "us," "our," "the Company" or similar terms refer to Japan Post Insurance Co., Ltd.

- Corporate Culture and Work Style Reform
- 40 Corporate Culture Reform
- 43 Employee Roundtable Discussion
- 46 Work Style Reform
- 47 Promoting Diversity and Inclusion
- Reinforcement of Governance, Solvency Policy
- 48 Outline of the Corporate Governance Structure
- 54 Directors and Executive Officers
- 56 Outside Director Roundtable Discussion
- 59 Engagement with Shareholders and Investors
- 60 Compliance
- 63 Education for Sales Personnel and Insurance Solicitation Agents
- 64 ERM and Capital Policy
- 66 Risk Management Systems

68 About Japan Post Insurance

- 68 Our Position within the Japan Post Group
- 70 Financial and Non-Financial Highlights
- 73 External Evaluation and Support for Initiatives
- 74 Major Financial and Non-Financial Data

77 Corporate Information

95 Financial Statements



To achieve the new Japan Post Insurance,
we will do our utmost to be a part of our
customers' lives.

SENDA Tetsuya
Director and President, CEO,
Representative Executive Officer

“Protecting customers’ lives by providing life insurance product”

More than two years have passed since I was appointed President, CEO, Representative Executive Officer on January 6, 2020. During that time, we have worked diligently to address various solicitation quality issues and to regain the trust of our customers.

In my first year in this position, I resolved to dedicate my efforts to restoring trust. I was at the same time determined to put my heart and soul into reforming the corporate culture and have all employees be a part of organizational transformation.

In my second year, when we formulated a new Medium-Term Management Plan (FY2021–FY2025), we set forth a policy of “reconstruction,” aiming to become a company that is truly trusted by customers, based on reforms in corporate culture and work styles. We have also implemented a variety of initiatives as we target “sustainable growth” by improving customer experience value (CX¹) and contributing to the resolution of social issues.

For Japan Post Insurance to be a company that is trusted and selected by many customers, we must act to squarely face the social issues of the

era and region. Our ultimate goal is to enrich our customers’ lives by staying close to them.

To fulfill this objective, Japan Post Insurance’s *raison d’être* must be shared by all our employees and widely recognized by our customers. I believe that contributing to the resolution of social issues is the very purpose of existence that Japan Post Insurance has adhered to since its founding.

When our predecessor, the Postal Life Insurance Service, was formed in 1916, life insurance was difficult to obtain for everyone except the wealthy. Life insurance took root in the national culture from the idea of making it smaller and spreading basic coverage through the familiar network of post offices. In addition, during Japan’s period of rapid economic growth, our educational endowment insurance helped many families support their children’s higher education and learning. In this way, we have been dealing faithfully with all citizens and facing the social challenges of the era.

We hope to contribute to society by ensuring that all employees share and fulfill our social mission (purpose): “We will remain trusted and selected by customers, thereby protecting their lives by providing life insurance product.”

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

Being there for our customers

As part of our efforts for reconstruction as stated in our Medium-Term Management Plan, we have established a new Japan Post Insurance sales system from the fiscal year ending March 31, 2023. Approximately 13,000 new employees, including consultants from Japan Post Co. (employees who mainly visit customers’ homes and other locations), have joined our company.

The new Japan Post Insurance sales system has two main features.

The first is clarifying the division of roles between consultants and post office counters. The consultants are devoted to making proposals for life insurance products and after-sales follow-up as life insurance professionals, using specialist knowledge and mobility. At the same time, post office counters offer a wide range of financial products and respond to diverse customer needs. In this way, the Japan Post Group will work as a team, providing customers with comprehensive consulting services that combine expertise with broadness of range.

The second feature is introducing an account manager system. Insurance is a product that is intended to involve a long-term relationship over the course of a customer’s life. During this period, a variety of life-cycle concerns will arise. These involve not only coverage issues, but also concerns such as childcare, nursing care, and inheritance. Adopting an account manager system has enabled us to provide higher-quality, detailed after-sales follow-up, in which employees with specialized knowledge respond to the consultations of each customer.

Our employees who come into contact with customers are, in a manner of speaking, a presence in the community that provides support in people’s lives and regions and finds new light. In this sense, I believe that talent is the most important factor in increasing our competitiveness.

Our new consultants from Japan Post Co. have been in close contact with customers for some time. They derive great satisfaction from communicating with customers to identify their needs. I expect that the addition of employees to Japan Post Insurance, who can naturally improve our CX, will lead to a change in awareness throughout the company.

Sharing the “Vision of Japan Post Insurance Sales Activities”

Under the new Japan Post Insurance sales system, it is important for all employees to share the Vision of Japan Post Insurance Sales Activities, so that we can meet the diverse needs of customers throughout the Japan Post Group. The Vision of Japan Post Insurance Sales Activities is to achieve company growth through market growth, human resource growth, and the management growth that supports them. In doing so, we aim to guide the entire company in a joint effort towards the reconstruction of Japan Post Insurance.

The starting point of market strategy is to think about how to please customers and how to gain their trust, and then to act accordingly. This increases customer satisfaction and trust, which drives market growth.

It also goes without saying that for human resource growth, accumulating real-world experience is of the utmost importance. The company will be there for each employee. We will promote the steady growth of our employees through dialogue with their supervisors. In addition to financial knowledge as an insurance counselor, our employees also need specialized knowledge to advise customers about various concerns such as nursing care, inheritance, and childcare, which have become social issues. We must develop our employees’ ability to support and be close to our customers’ lives.

And it is the strength of management that can support this growth of each employee. We will also do our best to develop the skills necessary for management growth in areas such as dialog and coaching.

All employees, including the new consultants from Japan Post Co., share our vision for targeting growth in the three areas of market, human resources, and management. We will all approach our customers from the same perspective.

Launched *Motto sono hi kara Plus*, a new medical care rider

In addition to developing the new Japan Post Insurance sales system, an essential part of

reinforcing our business foundations is developing products that meet the needs of our customers.

In the age of the 100-year life, we intend to further enhance our insurance services to meet the needs of customers of all ages.

We launched *Motto sono hi kara Plus*, a new medical care rider, on April 1, 2022. This product was developed in response to customer feedback on their medical coverage needs. It provides generous coverage for both short-term and long-term hospitalization, as well as for outpatient surgery, in light of the current medical environment.

We will continue to offer products that precisely meet the needs of customers who want to have generous coverage at low insurance premiums. We will also expand our range of products that meet the needs for coverage of the middle- to senior-aged and elderly population, while researching and developing products that help extend healthy life expectancy.

Initiatives to improve customer convenience and services

The two main pillars of our Medium-Term Management Plan are reconstruction and sustainable growth. To achieve sustainable growth, we are working to improve customer experience value (CX) and to contribute to resolving social issues.

Improving customer experience value (CX) means increasing, as much as possible, experiences that make all customers feel glad to be with Japan Post Insurance. We must do this at every point of contact, from the contract to after-sales follow-up and claims.

This, we believe, will encourage satisfied customers to share their experience or even commend the quality services of Japan Post Insurance to others, leading to more opportunities for us to connect with potential customers. Such initiatives are key to increasing our competitiveness as a life insurance company.

From the customer's perspective, we can improve satisfaction even more if customers can use our services comfortably and easily through various channels such as direct channels, customer centers, post office counters, and consultants. Moreover, achieving this will lead to

increased efficiency and productivity in our operations.

In particular, customers best realize the importance of insurance when receiving their insurance claim payments. Those are also difficult times for our customers, who need us to be there for them. How far we can go in doing that is, I believe, the most important question for an insurance company.

To this end, we will streamline all procedures, including the process of making an insurance claim so that we can continue to provide services tailored to each customer.

Contributing to the realization of a sustainable society

Another important aspect of sustainable growth is contributing to resolving social issues related to sustainability.

In the Medium-Term Management Plan, we have set forth our commitment to promote ESG management with the goal of contributing to resolving social issues, and are promoting various initiatives.

We aim to fulfill our social mission specifically by providing friendly and warm services to the elderly, extending healthy life expectancy, increasing well-being², moving towards carbon neutrality³, and promoting diversity.

Particularly in terms of health promotion, we have worked to encourage the spread of "Radio-Taiso" exercise as an important resource for many years. We hope to enhance the value of our insurance services while promoting the benefits of "Radio-Taiso" such as by developing products that utilize empirical data on the health benefits of "Radio-Taiso."

We will continue to sincerely address the concerns of each of our national customers and demonstrate Japan Post Insurance's *raison d'être* of resolving social issues.

Notes: 2. Well-being is a state where one is physically, mentally, and socially fulfilled.

3. Carbon neutrality refers to the idea of achieving "net-zero greenhouse gas emissions," by subtracting the amount of greenhouse gasses including carbon dioxide absorbed by trees, etc. from the amount emitted.

Realizing a corporate culture that encourages each employee to think and act independently

Corporate culture reform is the foundation for a company's reconstruction and sustainable growth. The growth of a company can only be achieved when the growth of each employee is combined with the collective efforts of the entire organization. Employee growth through positive work efforts leads to improved customer service and company growth.

I believe that the first step to achieving corporate culture reform is to share the management vision and reform communication. The objective is to create a sense of trust and unity between management and employees. In the fiscal year ended March 31, 2022, we conducted several discussions between management and all employees. Each meeting had a synergistic effect of increasing interest in each other's work and confidence in their own work.

Employees cannot develop autonomy in a workplace where they are expected simply to do as they are told by their supervisors. It is important that each employee has some responsibility and authority. We will change the way we work to emphasize independence by, for example, reviewing work as projects and executing these in small teams.

Dialogue between management and employees is essential to supporting employee growth, as is mutual respect. Unless supervisors and subordinates have a relationship of mutual respect, good dialogue will not occur, and there will be no real teamwork. Of course, we are all human beings, so we have both a good and a bad side. But I believe that by focusing on the good side as much as possible, the other party will be encouraged to try their best.

It is also essential for each employee to feel a sense of growth and for managers to strengthen their management skills in developing human resources. By positively evaluating employees who are proactive and able to raise issues on their own, we will create a company in which each employee thinks and acts independently.

In the fiscal year ending March 31, 2023, we will create a system to actively praise employees and introduce a management system that enables visualization of actions and skills. We must also create a work environment where employees and management respect each other's existence, so that employees can freely express their opinions to management.

To be a company trusted and selected by customers

Japan Post Insurance's management philosophy is "Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being."

Our social mission is to "protect customers' lives by providing life insurance product." We are promoting the development of a company in which each employee acts independently and proactively to serve our customers.

We will continue to listen carefully to the thoughts and opinions of our various stakeholders, including customers, shareholders, employees, and local residents, and aim to enhance our corporate value as a company that is loved by as many people as possible. We sincerely hope that going forward you will continue to follow Japan Post Insurance with interest.



Value Creation History

1885 Ministry of Communications

1885-1949

- 1916**
 - Commenced postal life insurance business
- 1926**
 - Commenced postal annuity business
- 1928**
 - National Health Exercise Program (precursor of "Radio-Taiso") began



1949 Ministry of Posts and Telecommunications

1949-2001

- 1949**
 - Ministry of Posts and Telecommunications was established
 - Implemented double payment of insurance benefits
- 1951**
 - NHK started broadcasting the Radio-Taiso No. 1 Program
- 1953**
 - "Radio-Taiso" Summer Tour commenced
- 1962**
 - Festival of 10 Million People's "Radio-Taiso" launched
- 1999**
 - Established special endowment insurance maturing at a specified age
 - Minna no Taiso ("Exercise for Everyone") Program began



2001 Postal Service Agency 2003 Japan Post

2001-2007

- 2001**
 - Postal Service Agency was established
- 2003**
 - Japan Post was established
- 2006**
 - Kampo Co., Ltd. was established



2007 Japan Post Insurance

2007-2022

- 2007**
 - Japan Post Group was established
 - Obtained approval for new operations (liberalization of investment products)
- 2008**
 - Commenced commissioned sales of life insurance products for corporate clients
 - Launched *Sono hi kara*, a new hospitalization rider
- 2011**
 - JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd. (current consolidated subsidiary) became a subsidiary
- 2014**
 - Launched *Hajime no Kampo*, an educational endowment insurance
- 2015**
 - Launched *Shin Free Plan* (short-term premium payment), an endowment insurance
 - Listed on the First Section of the Tokyo Stock Exchange
 - Commenced commissioned sales of life insurance products for corporate clients (general welfare group term insurance, etc.)



- 2016**
 - 100th anniversary of Postal Life Insurance
 - Obtained approval for new operations (underwriting of reinsurance and related services)
 - Business alliance with The Dai-ichi Life Insurance Company, Limited*
* Currently Dai-ichi Life Holdings, Inc.
- 2017**
 - Launched *Sono hi kara Plus*, a new medical care rider; *Shin Nagaiki Kun Low Cash Value Plan*, a new whole life insurance; and *Choju no Shiawase*, a longevity support insurance
- 2019**
 - Began providing *Sukoyakanpo* health support app
 - Launched *Kampo ni Omakase*, products with relaxed underwriting criteria; and an advanced medical care rider
 - Secondary offering of common stock of the Company
- 2021**
 - Announcement of Medium-Term Management Plan (FY2021–FY2025)
- 2022**
 - Launched *Motto sono hi kara Plus*, a new medical care rider
 - Moved from the First Section of the Tokyo Stock Exchange to the Prime Market



From the Ministry of Communications to Japan Post (before privatization)

The Postal Life Insurance Service, the predecessor of Japan Post Insurance, was founded in 1916. Created with the social mission of "protecting the means of fundamental livelihood of the public through simple procedures," the Postal Life Insurance Service fulfilled its role of ensuring the stability of people's lives by providing an insurance system available at relatively affordable fees with simple enrollment procedures and no medical examination.

▶ Amount of coverage for customers <Postal Life Insurance Policies in force (insurance)>



Japan Post Insurance (after privatization)

In October 2007, the original Japan Post was privatized and started its life insurance business as Japan Post Insurance Co., Ltd. Although our organization has changed its form from a state-run business to a private company, our mission to support people's lives through insurance has not changed. We will continue to deliver insurance services as a means of security to customers nationwide through the network of post offices rooted in the community, thereby protecting the well-being of each and every customer with the power of insurance.

▶ Amount of coverage for customers <Japan Post Insurance Policies in force (individual insurance)>



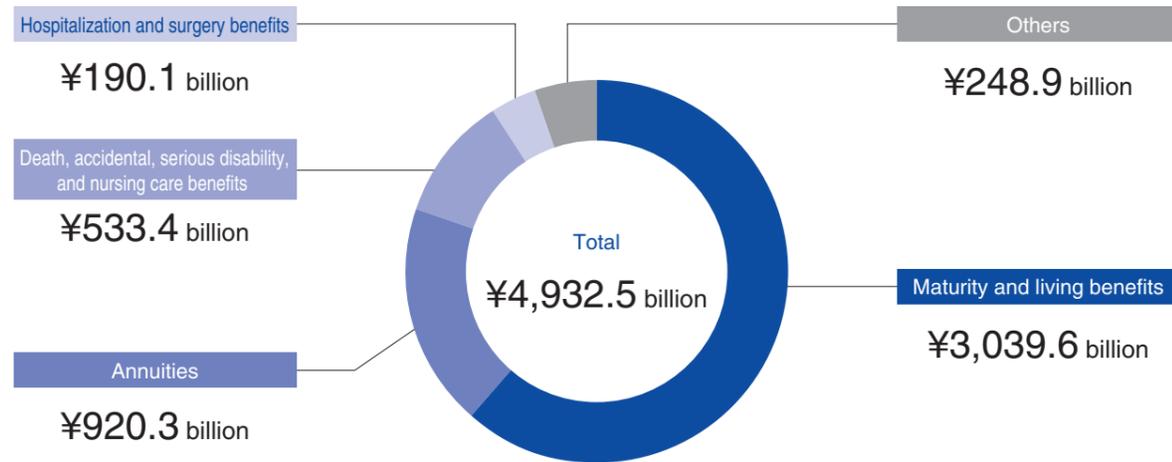
Notes: 1. For Postal Life Insurance Policies enrolled in before September 2007, we are separately commissioned by the Management Network to engage in insurance policy operations. The amount of Postal Life Insurance Policies in force (insurance) as of March 31, 2022 was ¥21 trillion.
2. The basis for recording the amount of policies in force differs between Postal Life Insurance Policies and Japan Post Insurance Policies.

Contributing to Society through Life Insurance Business

Through the life insurance business, we protect customers' lives by paying insurance claims to customers throughout

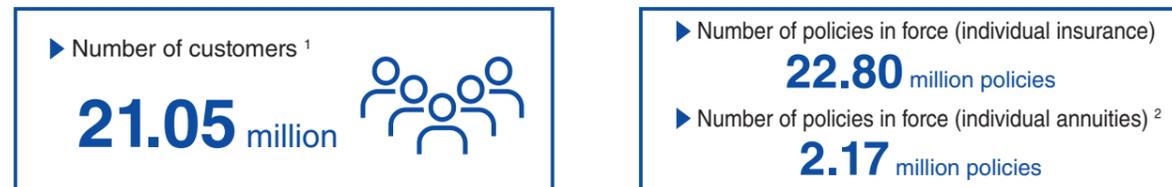
Japan.

▶ Insurance Claims/Annuities/Benefit Payments (FY2022/3)



Notes: 1. Includes payments for Postal Life Insurance Policies reinsured by us from the Management Network.
2. For convenience, payments under Postal Life Insurance Policies are recorded for each event of payment under the contract with the policyholder as opposed to the classification recorded in the financial statements.

▶ Extremely Large Customer Base



Notes: 1. The number of customers is the sum of policyholders and insured persons (including individual insurance and individual annuities as well as Postal Life Insurance reinsured by us).
2. The number of policies in force includes Postal Life Insurance reinsured by us.

▶ The Post Office Network and Japan Post Insurance Offices across Japan



Notes: 1. "Post offices" indicates the number of post offices undertaking life insurance solicitation, and "Contracted post offices" indicates the number of contracted post offices that have concluded life insurance solicitation consignment contracts.
2. The number of sales personnel represents those serving at the Whole Sales Division at branches, or a specific section in the Head Office Whole Sales Department (referring exclusively to life insurance sales personnel), as well as managers and consultants (employees who mainly visit customers' homes, etc.) serving at the Retail Service Division branches, as of April 1, 2022.

▶ Products with Easy Procedures and Smaller Coverage Amounts

The Company provides simple and easy-to-understand products (with easy procedures and smaller coverage amounts) and services, focusing on endowment insurance and whole life insurance, through the nationwide network of post offices.

- No examination by physician is required (no medical examination) when applying for enrollment
- Customers can enroll by reporting health status (with a declaration form)
- No occupational restrictions

▶ Customer Feedback

Twenty years ago, when I was just starting out in the workforce, I consulted with a post office clerk and purchased an insurance policy, which is now approaching maturity. I am looking forward to receiving my maturity benefit.

I had to take time off work after falling ill with COVID-19, and had difficulty living because I had no income. But I was very grateful that Japan Post Insurance enabled me to receive insurance claim payments even though I was recovering from my illness at home.

▶ Initiatives in Response to COVID-19

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

- Payment of hospitalization insurance even in cases of recovering at home or at an accommodation facility due to circumstances at medical institutions, etc. resulting from the impact of COVID-19
- Payment of additional insurance benefits in the event of death due to COVID-19 on top of the death benefit (the "double payment of insurance benefits") ^(Note)
- Omission of some of the necessary documents to enable simple and quick handling

Note: Depending on the type of insurance policy, the double payment of insurance benefits might not apply. The double payment of insurance benefits does not apply if the insured person passes away before one year and six months has elapsed since the enrollment date (contract date).
(*) The up-to-date availability is shown on our website, so please see this before making an application or inquiry.

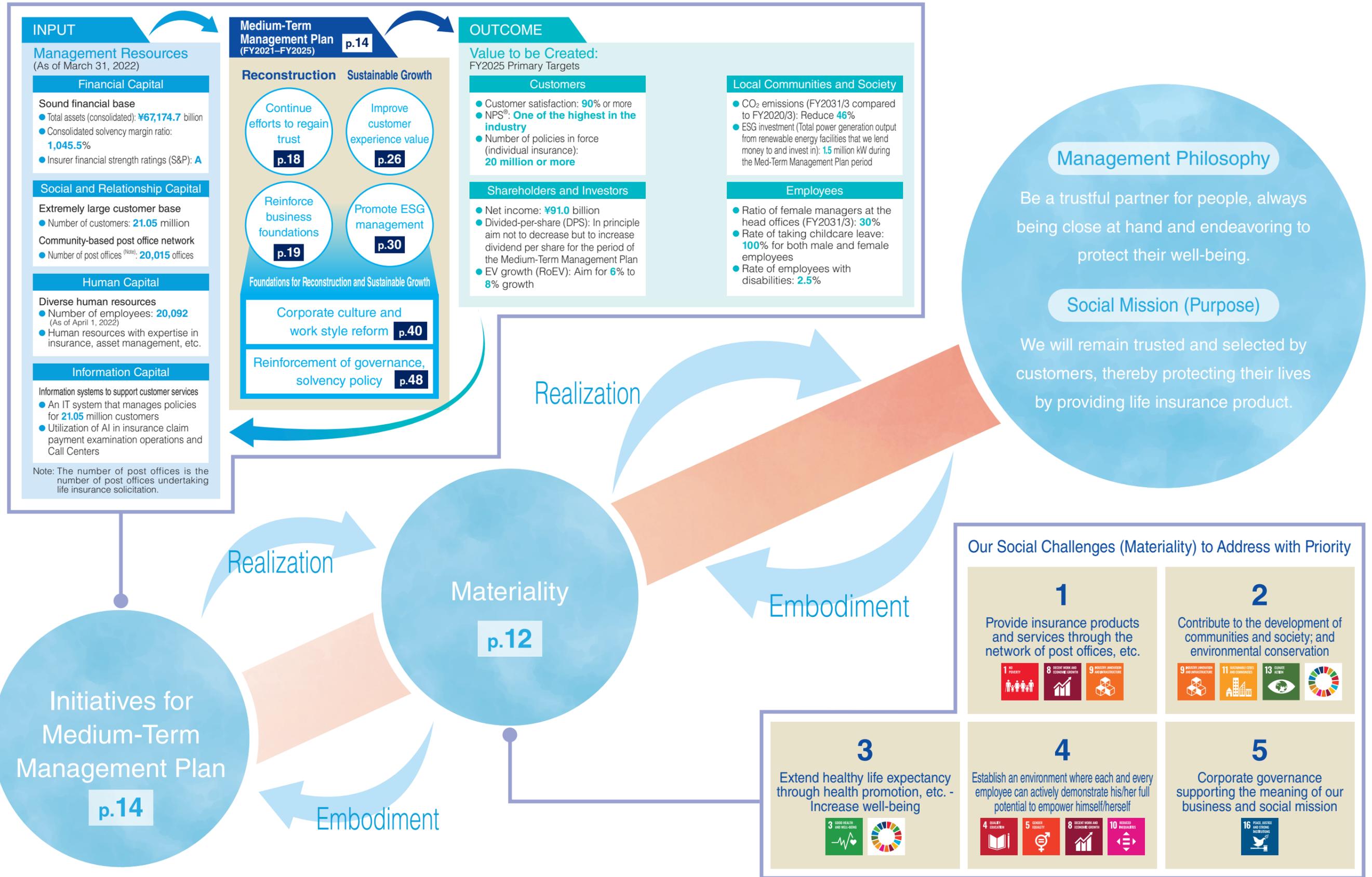
▶ Payment status for COVID-19

	FY2020/3	FY2021/3	FY2022/3	Cumulative
Death benefit (including the double payment of insurance benefits)	—	¥4,989.81 million (1,456 cases)	¥13,314.57 million (3,807 cases)	¥18,304.38 million (5,263 cases)
Hospitalization insurance	¥0.74 million (15 cases)	¥824.57 million (14,023 cases)	¥5,469.51 million (110,562 cases)	¥6,294.82 million (124,600 cases)

Value Creation Process

We aim to create sustainable value for our stakeholders through our life insurance business, based on our social mission,

“We will remain trusted and selected by customers, thereby protecting their lives by providing life insurance product.”

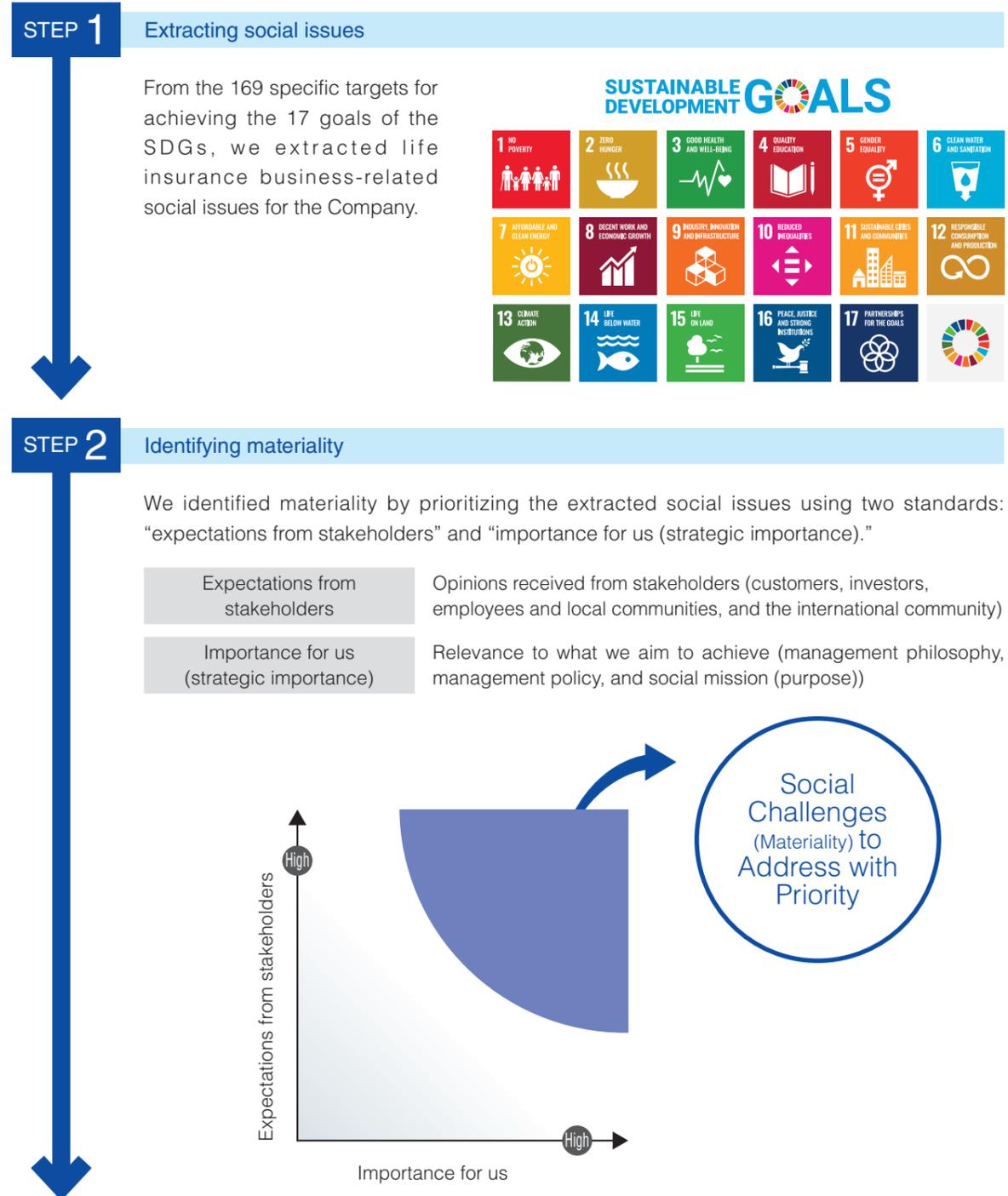


Social Challenges (Materiality) to Address with Priority

To fulfill our social mission through our life insurance business and to contribute to the resolution of sustainability-related social issues, Japan Post Insurance set up five “Social Challenges (Materiality) to Address with Priority.”

In identifying this materiality, we have used SDGs as a basis. In addition, the main initiatives in the Medium-Term Management Plan (FY2021–FY2025) are deeply connected to this materiality, and by proceeding with these initiatives, we aim to achieve SDGs as well as sustainable growth.

[Identification Process]



STEP 3 Verifying and determining important issues

We discussed and determined the details of the identified materiality at the Sustainability Committee and Executive Committee, and reported them to the Board of Directors.

[Social Challenges (Materiality) to Address with Priority]

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

Note: The 17 color wheel means that the promotion of ESG investment is related to all 17 goals of the SDGs.

Medium-Term Management Plan (FY2021–FY2025)

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

- In May 2021, Japan Post Insurance announced its Medium-Term Management Plan (FY2021–FY2025), which positions “We will remain trusted and selected by customers, thereby protecting their lives by providing life insurance product” as our social mission.
- We have the following basic policies: reconstruction aimed at being a company truly trusted by customers; sustainable growth through the provision of insurance services that will impress our customers; and reform into a corporate culture that allows every employee to feel employee satisfaction (ES¹) in achieving these goals while growing together with the company, and governance reinforcement. We are implementing each initiative in accordance with these basic policies.

Notes: 1. ES is an abbreviation for Employee Satisfaction

	Basic policy	Reference pages
Reconstruction	Continue efforts to regain trust	<ul style="list-style-type: none"> • Thoroughly implement customer-first business operations and regain customers' trust <p>p.18</p>
	Reinforce business foundations	<ul style="list-style-type: none"> • Improve profitability by responding to the protection needs of customers in all age groups and through efficient business operations <p>p.19–p.25</p>
Sustainable Growth	Improve customer experience value	<ul style="list-style-type: none"> • Build systems for provision of services that position customer experience value (CX²) as our top priority <p>p.26–p.29</p>
	Promote ESG management (Contribute to solutions to social issues)	<ul style="list-style-type: none"> • Contribute to solutions to social issues around sustainability and achieve SDGs and sustainable growth <p>p.30–p.39</p>
Foundations for Reconstruction and Sustainable Growth		
	Corporate culture and work style reform	<ul style="list-style-type: none"> • Reform into a corporate culture that allows every employee to feel employee satisfaction (ES) while growing together with the company <p>p.40–p.47</p>
	Reinforcement of governance, solvency policy	<ul style="list-style-type: none"> • Through more sophisticated risk sensitivity, ensure soundness in business operations and realize sustainable growth <p>p.48–p.67</p>

Notes: 2. CX is an abbreviation for Customer Experience

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

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

Financial Targets, etc.	FY2025	ESG Targets
Customer satisfaction ¹ NPS ^{®2}	Customer satisfaction Aim for 90% or more NPS [®] Aim for One of the highest in the industry	CO₂ emissions FY2030 (compared to FY2019) Reduce 46% ^{4,5} Aim to achieve carbon neutrality by 2050 ⁵
Number of policies in force (individual insurance)	20 million or more policies	Ratio of female managers FY2030 the ratio of female managers at the head offices of 30% ⁶ [Strive to establish an adequate environment, raise awareness and develop human resources with a view to increasing employees who wish to become managers and executives, in an effort to increase female managers outside the head office as well]
Net income	¥91.0 billion (FY2023 ¥78.0 billion)	
Divided-per-share (DPS)	In principle aim not to decrease but to increase dividend per share for the period of the Medium-Term Management Plan	
EV growth (RoEV)	Aim for 6% to 8% growth ³	

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

► Results for FY2021

The actual results against our key numerical targets in the Medium-Term Management Plan (FY2021–FY2025) are as follows.

	Results for FY2021
Customer satisfaction	78%
Number of policies in force (individual insurance)	22.80 million
Net income	¥158.0 billion
Divided-per-share (DPS)	¥90
EV growth (RoEV)	4.0%

Relationship between Medium-Term Management Plan (FY2021–FY2025) and Materiality

The Medium-Term Management Plan (FY2021–FY2025) is closely aligned to Japan Post Insurance's Social Challenges (Materiality) to Address

with Priority. We aim to achieve our sustainable growth and realize the SDGs by promoting the initiatives of the Medium-Term Management Plan.

Basic Policy of Medium-Term Management Plan (FY2021–FY2025)		Main Initiatives	Social Challenges (Materiality) to Address with Priority				Reference page	
			Provide insurance products and services through the network of post offices, etc.	Contribute to the development of communities and society; and environmental conservation	Extend healthy life expectancy through health promotion, etc. - Increase well-being	Establish an environment where each and every employee can actively demonstrate his/her full potential to empower himself/herself		Corporate governance supporting the meaning of our business and social mission
Reconstruction	Continue efforts to regain trust	Customer-first business operations	●			○	●	p.18–
		Business improvement plan initiatives	●			○	●	p.18–
	Reinforce business foundations	Strengthening the service provision system for customers	●			○	○	p.19–
		Enhancing insurance services	●					p.22–
		Achieving greater depth and sophistication of asset management	●					p.24–
Sustainable Growth	Improve customer experience value	Improving customer experience value	●			○	○	p.26–
		Engagement with customers	●			○	○	p.28–
	Promote ESG management	Promoting sustainability activities	●	●	●	●	●	p.30–
		ESG investment	●	●	●			p.31–
		Environmental conservation		●				p.34–
Health promotion and increase well-being		○	●	○		p.38–		
Foundations for Reconstruction and Sustainable Growth	Corporate culture and work style reform	Corporate culture reform	○			●	○	p.40–
		Human resources development	○			●		p.42–
		Work style reform	○			●		p.46–
		Promoting diversity and inclusion	○			●		p.47–
	Reinforcement of governance, solvency policy	Corporate governance					●	p.48–
		ERM and capital policy	○				●	p.64–

Note: ● indicates directly related items and ○ indicates broadly related items.

Continued Efforts to Regain Trust

▶ Customer-first Business Operations

Based on our Management Philosophy, “Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being,” Japan Post Insurance provides simple and easy-to-understand life insurance products with smaller coverage amounts to 21.05 million ^(Note) customers through the nationwide post office network.

To pursue the best interests of each of our 21.05 million customers, we formed a vision for customer-first business operations, along with the measures needed to ensure its realization in terms of our framework and business operations. We announced this on April 7, 2017 as our Basic Policy for Customer-first Business Operations. On June 29, 2021, we revised the contents of the Basic Policy for Customer-first Business Operations from the standpoint of solicitation quality issues, the Medium-Term Management Plan, and the need to improve customer experience value (CX).

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

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

□ Basic Policy for Customer-first Business Operations (in Japanese)

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

We have established and published a Solicitation Policy that reflects our customer-first philosophy. This is to ensure the practice of the basic behavior based on the principle of providing insurance coverage founded on high ethical standards which take the original roles and mission of life insurance into account.

□ Solicitation Policy of Japan Post Insurance Co., Ltd. (in Japanese)

https://www.jp-life.japanpost.jp/policy/pcy_sol_index.html

▶ Initiatives for and Progress on the Business Improvement Plan

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

In September 2020, we formulated the “Pledge to Regain Customers’ Trust.” We apologized to customers for any inconvenience, committing ourselves to customer-first activities based on the Group’s management philosophy. As a result of the Japan Post Group’s concerted efforts, the JP Reform Execution Committee ^(Note) held on September 22, 2021, evaluated the Japan Post Group’s activities to restore trust achieved a certain degree of success.

In response to the JP Reform Execution Committee’s evaluation, we have decided to discontinue our activities relating to the “Pledge to Regain Customers’ Trust.” However, we will continue our broader efforts to regain and earn the trust of customers going forward.

Note: The JP Reform Execution Committee was established to seek advice from external experts from a fair and neutral standpoint in April 2020, with a view to restoring public confidence in the Japan Post Group, and finished its activities in March 2022.

Strengthening the Service Provision System for Individual Customers

▶ Recognition of the Environment and Basic Strategy

Although Japan Post Insurance has been mainly selling savings-type products, we believe it is important to offer protection-type products so that we can continue to meet the diversifying needs of our customers. To this end, we need to develop human resources who can propose coverage by engaging closely with customers, accurately understanding their needs, and explaining products to gain their understanding. Starting in April 2022, therefore, we have initiated a new Japan Post Insurance sales system in which consultants of Japan Post Co. belong to our Retail Service Division and act as employees of Japan Post Insurance.

Under the new Japan Post Insurance sales system, we will directly manage and provide full support to consultants, aiming to develop human resources capable of proposing coverage based on a high degree of specialization and expertise.

We have also introduced an account manager system. This designates an employee to be responsibly in charge of each customer, enabling us to provide detailed after-sales follow-up to each customer. By introducing an account manager system, we hope to provide a wider range and higher quality of services to all of our customers, strengthening our relationship of trust with them.

With the new Japan Post Insurance sales system, we aim to expand and grow our market by building a true relationship of trust with our customers and by encouraging more customers to use our products.

Under the new Japan Post Insurance sales system, we will work to reconstruct into a company that is truly trusted by our customers and to build a management base for sustainable growth.

▶ Vision of Japan Post Insurance Sales Activities (Retail)

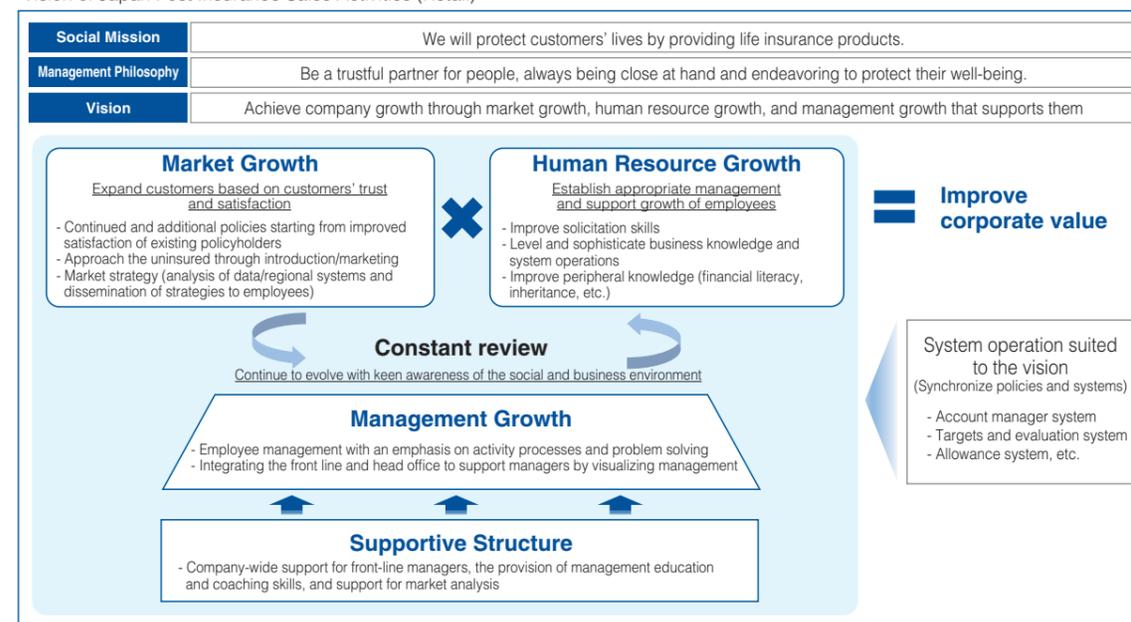
The Vision of Japan Post Insurance Sales Activities is to achieve company growth through market growth, human resource growth, and management growth that supports them. In doing so, we aim to guide the entire company in a joint effort towards the reconstruction of Japan Post Insurance (refer to the figure below).

By providing a wider range and higher quality of services to all of our customers in accordance with their intentions, we will build and expand true relationships of trust with them.

We will share this vision with all of our employees, and will work to shift to a culture of cultivating both the market and human resources, leading to the growth of the company.

In addition, by reviewing all of the systems and operations of the various systems in alignment with the Vision of Japan Post Insurance Sales Activities, we will promote human resources growth and market growth, thereby enhancing our corporate value. We will give top priority to what we can do for our customers in the structure and operation of these systems, and will constantly review them while appropriately responding to the ever-changing social and business environment.

Vision of Japan Post Insurance Sales Activities (Retail)

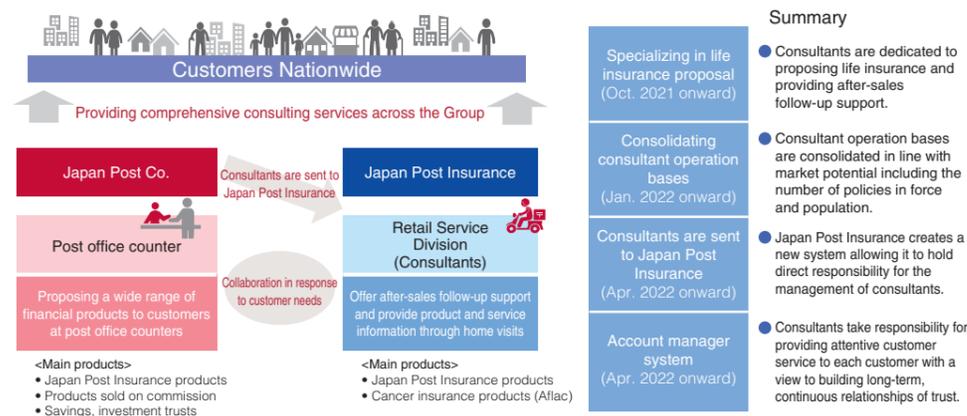


▶ New Japan Post Insurance Sales System

Consultants are dedicated to providing after-sales follow-up support for and proposing coverage of Japan Post Insurance's products and Aflac Life Insurance Japan's cancer insurance products (specializing in life insurance proposal). Increasing their specialization in this way will enable us to ensure more detailed service in response to diversifying customer needs.

In addition, the consultants are concurrently sent to Japan Post Insurance, which takes direct responsibility for their management.

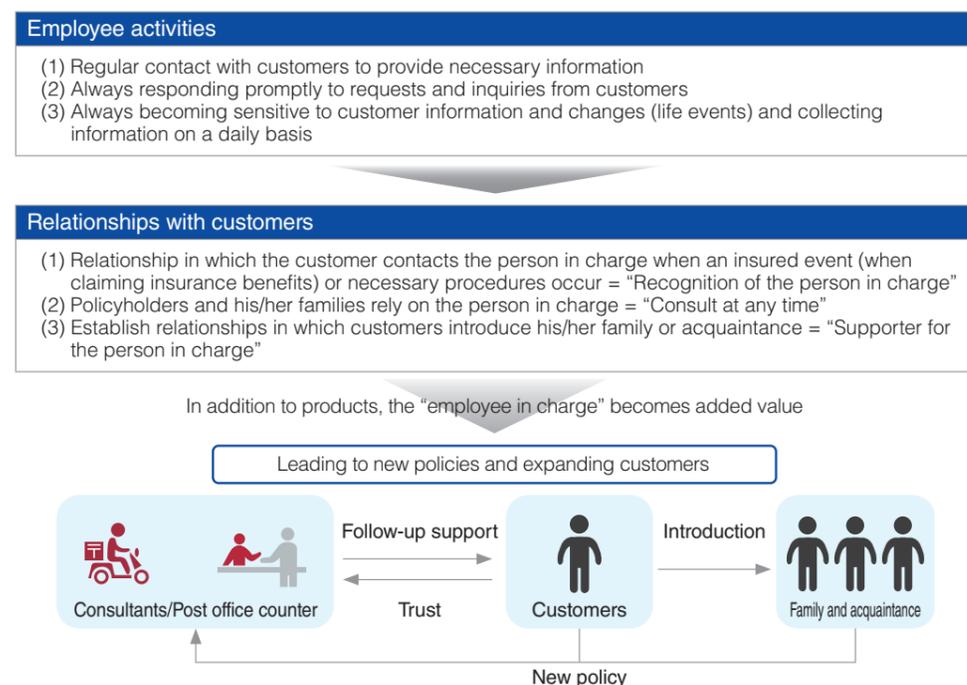
When customer needs are identified for products other than life insurance, such as savings and investment trusts, the case will be passed on to counter sales personnel. This will enable the Japan Post Group's unified approach to providing comprehensive consulting services.



▶ Account Manager System

We will increase the number of contacts with customers assigned to consultants and enhance after-sales service. In this way, we will increase the frequency of courteous responses and contacts with all customers and build relationships of trust with them.

Through these activities, we hope that, alongside our products, the employees in charge will become an added value for our customers, leading to new policies.



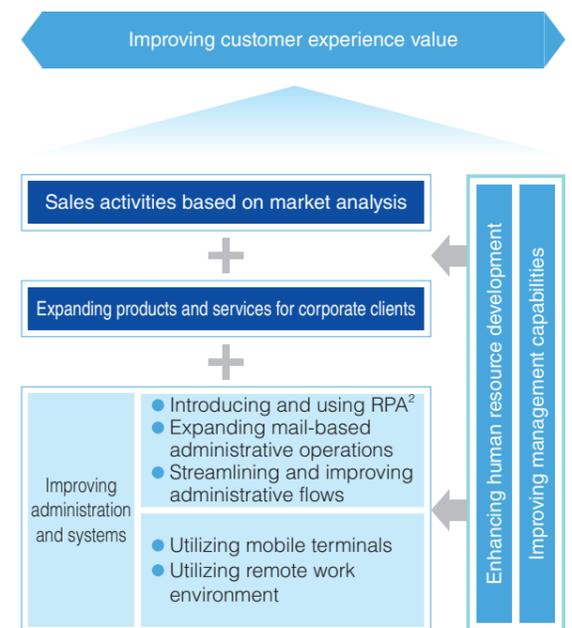
Strengthening the Service Provision System for Corporate Customers

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

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

Main initiatives

- Enhancing human resource development and improving management capabilities**
 - We aim to provide useful help to managers through close communication with corporate clients, by strengthening our framework and offering better services. To this end, we will conduct employee training to further improve the expertise applicable to corporate management as well as manager training designed to enhance management capabilities of the organization.
- Improving administration and systems**
 - We will improve customer services through DX¹ promotion and support the activities of sales personnel, to provide optimal solutions for customers.
 - In October 2021, we began offering web-based interviews for our customers. This improves convenience by allowing them to conduct business negotiations and others in a remote environment without having to visit an office.
- Expanding products and services for corporate customers**
 - We will revise current products to make them more useful, and enhance products and services in order to meet the diverse needs of managers. This will help companies in their efforts to boost benefits for employees and prepare funds for retirement allowances, among other efforts.
- Sales activities based on market analysis**
 - We will provide beneficial information to customers through market analysis using database marketing, and perform sales activities with the aim of constantly providing optimal solutions.



Notes: 1. DX, an abbreviation for Digital Transformation, refers to transforming a company's products, services, and business models based on the needs of customers and society as a whole, using data and digital technology in response to drastic changes in the business environment, while changing its operations, organizations, processes, corporate culture and climate to establish a competitive advantage.
2. RPA, an abbreviation for Robotic Process Automation, refers to the automation of operations by robots.

Vision of the Whole Sales Divisions

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

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



Poster displayed in our offices

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

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

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

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

Enhancing Insurance Services

► Recognition of the Environment and Basic Strategy

Japan Post Insurance is working to develop products mainly from the perspective of improving security and convenience, reflecting the conditions of social and economic environments and changes in customer needs.

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

In light of this situation, in April 2022, we launched *Motto sono hi kara Plus*, a new medical care rider that provides generous medical coverage at low insurance premiums. Going forward, we will provide well-balanced coverage with low insurance premiums to meet the needs of young and working-age customers. We will expand our products that meet the needs of coverage for the middle- to senior-aged and elderly customers in light of the age of the 100-year life. We will also research products to support customers' health promotion.

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

► Launch of *Motto sono hi kara Plus*, a new medical care rider

We launched *Motto sono hi kara Plus*, a new medical care rider, in April 2022.

This product is the first new product that we have launched since June 2021, when Japan Post Holdings Co., Ltd. reduced the ratio of voting rights in the Company's shares to less than half and the additional restrictions on new operations under the Postal Service Privatization Act were relaxed and the system was shifted from a license system to a notification system.

Although recent advances in medical care have resulted in shorter hospital stays, some illnesses can result in lengthy hospital stays of several months. In addition, outpatient surgeries have become more established, accounting for about half of all surgeries. In response to this medical environment, we have enabled the provision of generous coverage for short-term hospitalization, long-term hospitalization, and outpatient surgery.

○ You will receive a generous lump-sum hospitalization benefit even for a one-day hospital stay!

Even for a one-day hospital stay, in addition to the regular hospitalization benefit, you will receive a lump-sum hospitalization benefit, which is 20 days' worth of the daily hospitalization benefit. We provide full coverage even for short-term hospitalizations.

○ We provide generous coverage also for long-term hospitalization, which can be extremely worrying.

You will receive a lump-sum hospitalization benefit, not only on the first day of hospitalization but also on the 30th day, 60th day, 90th day, and 120th day, in addition to the regular hospitalization benefit. We provide generous coverage even if your hospitalization turns out to be long term.

○ Safe coverage for both outpatient surgeries and surgeries during hospitalization!

Similar to surgeries during hospitalization, for outpatient surgeries, also, we provide generous coverage with a surgery benefit, where you will receive 10 times the amount of the daily hospitalization benefit.



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

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

Insurance coverage needs of all generations and various scenes



Want to prepare against risk with low premiums

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

Want to prepare against economic uncertainty

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

Want to live a secure and healthy post-retirement life

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

Want to prepare for inheritance and asset succession

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

Note: State of being satisfied physically, mentally and socially.

Insurance services that meet customers' protection needs

Future direction of product development

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

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

Parents' generation



Children's and grandchildren's generation



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



Services that support the lives of our customers

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

Achieving Greater Depth and Sophistication of Asset Management

► Recognition of the Environment and Basic Strategy

The economies of major countries such as the U.S. remained resilient in the fiscal year ended March 31, 2022, despite an intermittent resurgence of the spread of COVID-19, as movement restrictions were gradually eased. In addition, there were also moves in major countries to change monetary policy as inflation rates rose sharply in many countries against a backdrop of supply constraints, rising resource prices and other factors.

In the fiscal year ending March 31, 2023, we recognize that we are nearing the end of the economic recovery phase that has followed the resumption of economic activity after the pandemic. We expect the economy to slow down in the second half of the fiscal year as inflation rates rise primarily due to supply constraint issues and rising resource prices, and also as support from monetary and fiscal policies around the world is contracted.

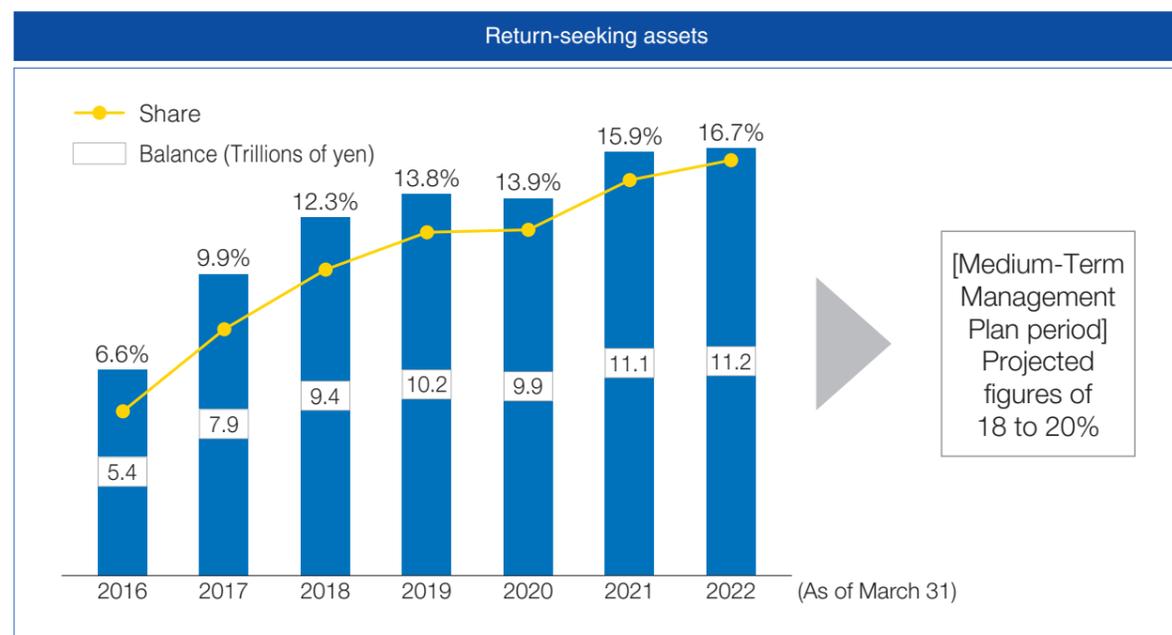
Under the enterprise risk management (ERM) framework, we will continue to invest in return-seeking assets using rigorous risk management to secure stable income in the low-interest-rate environment, while implementing ALM-based asset management through asset-liability matching, to ensure the payment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

► Initiatives in the Fiscal Year Ended March 31, 2022

To ensure the yields promised to customers under the prolonged low-interest-rate environment, we have promoted the diversification of assets. Alongside using externally managed assets, we have been pursuing improvements in stable income in the low-interest-rate environment through the phased introduction of in-house management of U.S. corporate bonds and Japanese equities.

In the current Medium-Term Management Plan (FY2021–FY2025), we have set a goal of achieving greater depth and sophistication of asset management, which has been diversified to date. In the fiscal year ended March 31, 2022, we promoted investment in return-seeking assets such as alternative investment, while improving our organizational structure. We consider various factors of ESG when making investment decisions, in order to realize a sustainable society, improve investment results, and reduce risks in the long term.

As a result of promoting greater depth and sophistication of asset management to increase the profitability of our ALM-based asset management, the ratio of return-seeking assets to total assets as of March 31, 2022 increased to 16.7%.



► Future Initiatives

With regard to asset management in the fiscal year ending March 31, 2023, we recognize the need to watch the investment environment more closely than before and take risks more prudently, as there is growing uncertainty in financial markets, due to factors such as inflation, geopolitical risks, and monetary tightening by central banks in various countries.

Aiming to secure stable income in Japan's low-interest-rate environment, we will continue to strengthen investment in return-seeking assets, including alternative investment, under appropriate risk management. We will remain committed to achieving greater depth and sophistication of asset management, such as by promoting ALM in anticipation of new solvency regulations to be introduced in the fiscal year ending March 31, 2026, enhancing risk control methods, and improving our portfolio management system.

■ Major initiatives

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

Achieving greater depth and sophistication of asset management	<ul style="list-style-type: none"> ● Set up specialized departments, e.g., Alternative and Global Credit Investment Departments, and reinforce management for each investment field ● More sophisticated portfolio building based on the use of highly elaborate risk analysis ● Recruit and cultivate sophisticated management personnel with the introduction of a specialist profession personnel system ● Reinforce risk management readiness through the establishment of various risk scenarios and impact analysis, etc.
Responses to new solvency regulations	<ul style="list-style-type: none"> ● Implement asset allocation processes in anticipation of the introduction of a new economic value-based solvency regulation ● Aim to improve and stabilize ESR while reducing interest rate risk, etc. ● Diversification of portfolio management methods in preparation for the introduction of the new solvency regulation
Promotion of ESG investments	<ul style="list-style-type: none"> ● Promoting theme-based investment and financing focusing on priority areas of well-being ^(Note) improvement, regional and social development, and environmental conservation including climate change based on our ESG investment approach ● More proactive investment and financing that contributes to the achievement of a carbon-neutral society ● Start and improve ESG integration on all investments ● Measure, analyze, and disclose carbon footprint of investment portfolio <p>► See "ESG Investment" on page 31 for details.</p> <p><small>Note: State of being satisfied physically, mentally and socially</small></p>

Strengthening the foundation of our asset management

As the foundation supporting our asset management, we are strengthening our human resources, organizational structure, and administrative and computer system structure.

As of April 1, 2022, the number of employees in our asset management departments totaled 165, an increase of approximately 20 employees over the past five years. We will continue our efforts to secure human resources and strengthen our professional human resources from a long-term perspective through personnel exchanges within departments.

In terms of organizational structure, we have strengthened our foundation for promoting greater depth and sophistication of asset management. In April 2021, the Alternative Investment Department and Global Credit Investment Department were established as specialized divisions to strengthen management capabilities in each investment area. The Investment Administration Office was established within the Investment Planning Department as a back office division for asset management.

In preparation for the new solvency regulations to be introduced in the fiscal year ending March 31, 2026, led by the Investment Administration Office, we will establish the administrative and computer system structure for derivative transactions aimed at enhancing risk control methods. The ALM Planning Section, also newly established within the Investment Planning Department, will take the lead in upgrading portfolio construction methods in anticipation of the new regulations.

Improving Customer Experience Value (CX)

► Recognition of the Environment and Basic Strategy

The life insurance industry is going through a structural change, owing to factors such as the reformation of the life insurance market associated with the rapid progress of the falling birthrate and the aging population in Japan, as well as the entry of companies from other industries. Customer lifestyles and values are also changing and diversifying, partly due to the impact of COVID-19, and combined with the expanding means of communication alongside the spread of smartphones and social media, the life insurance business model itself is undergoing transformation.

Amid such changes in the environment, and given the increased choices available to customers, Japan Post Insurance believes that the value of the entire sequence of experiences is important in addition to the value of the products and services themselves. We will thoroughly review all services, including insurance proposals and procedures, from the perspective of improving the value of the customer experience (CX). Specifically, we will promote the digital transformation (DX) of our business model and quickly meet the expectations of each customer. In doing so, we will ensure that we fulfill our social mission and functions as a life insurance company and achieve sustainable growth as a company.

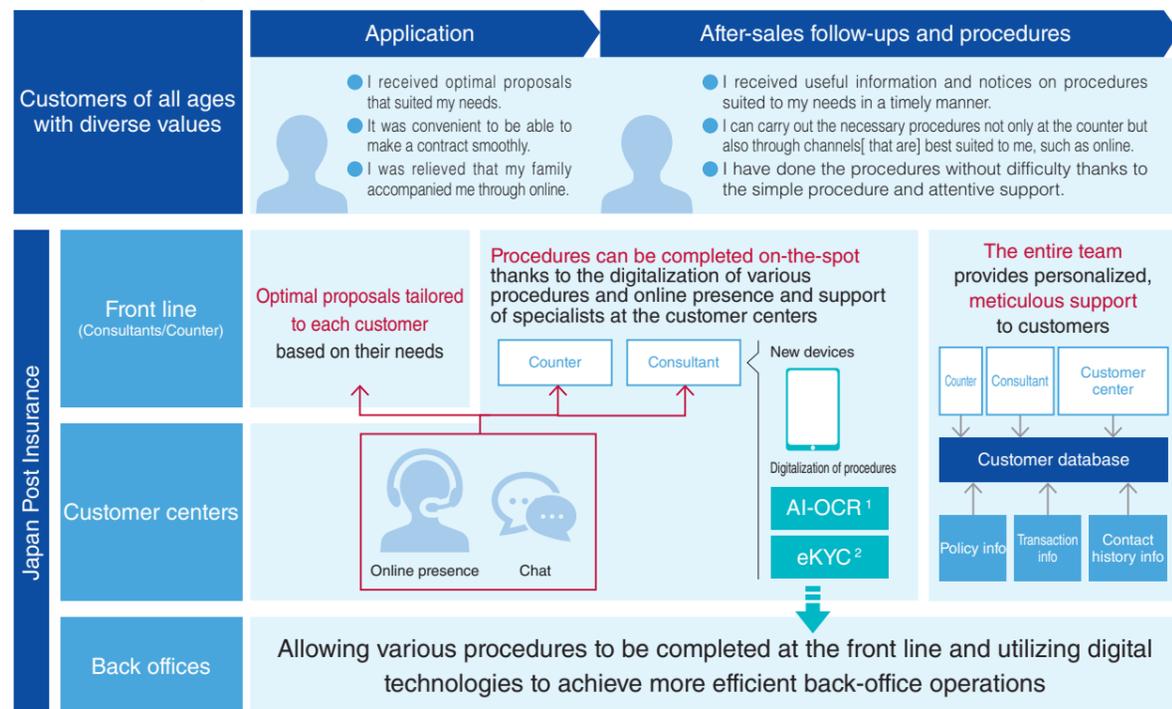
In particular, we recognize that it is essential to promote DX in a way that customers of diverse ages and values will feel warmth, by using the advantages of face-to-face communication with customers such as post office counters and consultants. We will provide services tailored to the needs of each customer, combining the warmth of in-person communication with the convenience of digital technology.

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

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

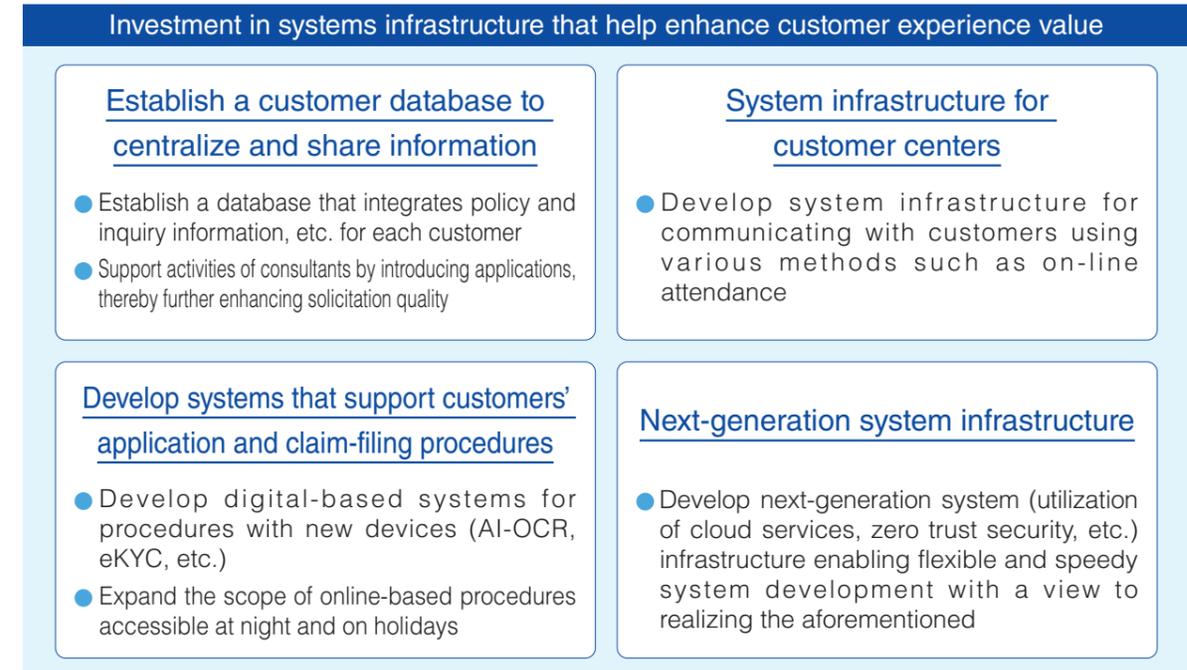
Based on the above recognition of the environment and basic strategy, we aim to shift to a business model that prioritizes CX while promoting DX. This will include expanding our customer base using services that resonate with customers. We have set forth this basic policy in our Medium-Term Management Plan (FY2021–FY2025), announced in May 2021.

(Comprehensive image after realization)



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

(Investment in systems infrastructure)



Develop system infrastructure for enhancing customer support

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

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

To shift to a business model that prioritizes CX, we have launched a series of initiatives for improving customer service and convenience. These include expanding the scope of claims that can be processed using the web service for policyholders (My Page) and providing support by specialist staff at customer centers. We will continue to promote quick and easy procedures that can be completed on the spot as well as expand non-face-to-face procedures that can be processed using My Page. At the same time, we will use our database of customer information to provide detailed services tailored to our customers' needs.

In June 2021, we formulated the CX Basic Policy as a guideline for improving CX to support the sustainable growth set forth in the Medium-Term Management Plan. In addition, we have been working to ensure that all employees understand the importance of CX. Initiatives include communicating messaging from top management, holding CX briefing sessions for the entire company, appointing CX leaders and sub-leaders in each division, and offering study sessions on the theme of how to improve CX. In this way, we are working to reform our corporate culture so that CX becomes naturally integral to the daily work of all employees.

Providing an experience and services that ensure customers feel glad they chose Japan Post Insurance

In the Customer Experience Department, where I work, we are working to create new customer contact points that interweave the physical and digital worlds. Our overall aim is to realize a business model that places the highest priority on the value of the customer experience. In the fiscal year ended March 31, 2022, we opened a chat-based support channel so that customers using My Page can contact us quickly and easily. We have also begun experimenting with new communication methods, such as delivering personalized videos to customers whose policies are approaching maturity, communicating our joy at having been able to serve them over the years. We will continue to provide all of our customers services with human warmth that are unique to Japan Post Insurance.



OOJII Hiroko
Customer Experience Department

Engagement with Customers

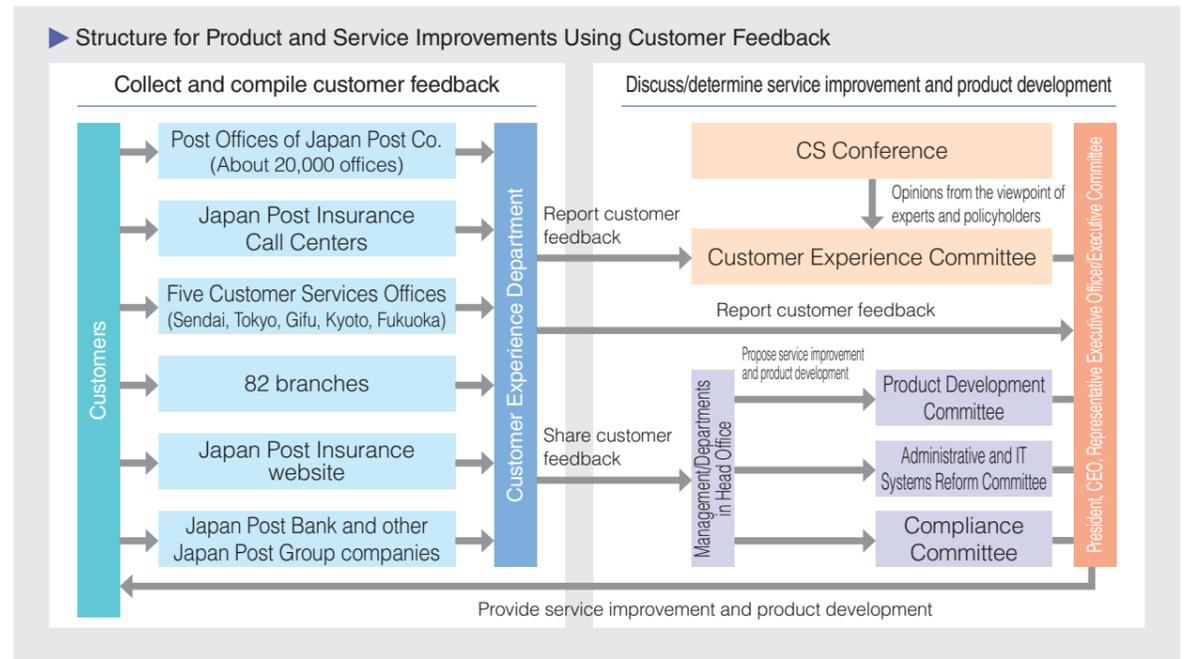
Japan Post Insurance recognizes that the voices of our customers are valuable assets. We value dialogue with customers, and will strive to develop a structure for the ceaseless creation of new convenience for customers and to pursue quality services. In addition, reviewing our services daily based on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

▶ Initiatives to Utilize Customer Feedback in Management

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

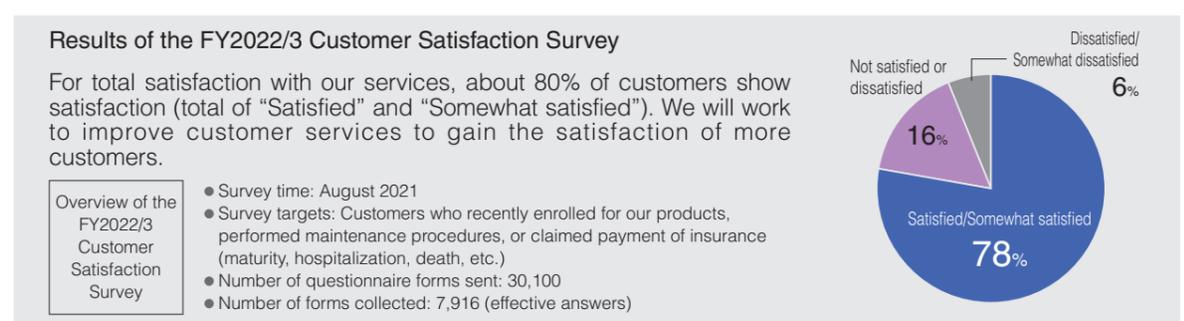
We received approximately 1.14 million feedback comments from our customers in the fiscal year ended March 31, 2022 through the post offices and Japan Post Insurance Call Centers. The customer feedback is compiled and centrally managed by our Customer Experience Department. We analyze the feedback to improve our services and develop superior products with the aim of providing services that bring satisfaction to our customers.

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



▶ Customer Satisfaction Survey

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



Notes: 1. We conducted a questionnaire about the reception of payments for our annuities, in addition to the abovementioned survey targets.
 2. Survey forms received after the deadline (76 forms as of March 31, 2022) are not included in the aggregate, but we confirm all of the evaluations received.

▶ Quantity and Content of Customer Feedback (Complaints)

The number of complaints received from customers during the period from April 1, 2021 to March 31, 2022 was as follows.

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

Content	FY2022/3		Key examples
	Number of complaints	%	
New policies (Enrollment in insurance policies)	35,524	31.1%	· Dissatisfaction with explanation at time of enrollment · Dissatisfaction with underwriting examination
Collection of premiums (Payments of premiums, etc.)	6,887	6.0%	· Dissatisfaction with bank account transfers and deposits
Policy maintenance (Procedures, dividends and other issues following enrollment in a policy)	25,820	22.6%	· Dissatisfaction with surrender procedures · Dissatisfaction with change of name or address
Insurance benefits (Payments of insurance benefits)	35,920	31.5%	· Dissatisfaction with benefit payment procedures · Dissatisfaction with payment procedures for maturity benefits
Other (Attitude and manners)	9,931	8.7%	· Dissatisfaction with attitude and manners of sales personnel · Dissatisfaction with after-sales service
Total	114,082	100.0%	

▶ Cases of Product and Service Improvements Using Customer Feedback

Category	Customer feedback	Improvements
Related to purchase of insurance	Are there any products that offer generous medical coverage at low insurance premiums?	To provide generous medical coverage at lower insurance premiums, we launched a new medical care rider. To provide generous medical coverage at lower insurance premiums in an easier-to-understand way, we began offering a new medical care rider in April 2022. The main features of the product are as follows. (For a non-participating general medical care rider (R04)) · In addition to the hospitalization benefit, a lump-sum hospitalization benefit (20 times the daily hospitalization insurance benefit) is paid on the first, 30th, 60th, 90th, and 120th day of hospitalization. This is to provide generous coverage for both short-term and long-term hospitalization. · Medical advances have led to the establishment of surgeries performed on an outpatient basis. We will pay the same amount for outpatient surgeries as for inpatient surgeries (10 times the daily hospitalization benefit). · The amount of insurance for medical care rider can be set up to five times the amount of the basic insurance policy in accordance with the customer's wishes. This allows us to offer generous medical coverage at lower insurance premiums. For example, in the case of ordinary term insurance of 1,000,000 yen and a medical care rider of 5,000,000 yen for a man aged 30 with an insurance term of 10 years, for an insurance premium of 1,800 yen per month, a policyholder can receive generous coverage of 5,000 yen per day for hospitalization benefit and 100,000 yen for a lump-sum hospitalization benefit.
	In the contract simulation on the Japan Post Insurance website, I would like to see more options for items such as insured periods.	We have increased the number of product types and plans in the contract simulation so that customers can simulate products according to their wishes. From April 2022, we increased the number of product types and plans that can be selected in the contract simulation on the Japan Post Insurance website, which allows users to estimate their insurance premiums. This allows us to offer simulations that are more in line with customers' wishes.
Related to procedures	I would like it if it could be made possible for the policyholder to apply for a loan in a non-face-to-face manner.	A menu item for loans to the policyholder has been added to the My Page website so that a request can be made without the need for an in-person visit. Starting in May 2021, loans to the policyholder can be requested for certain policies of Japan Post Insurance using My Page, the dedicated website for policyholders. From April 2022, this will also be made available for some of the Postal Life Insurance Policies, for which Japan Post Insurance is entrusted with management operations. We plan to gradually expand the scope of policies for which such requests can be made through the My Page website dedicated for policyholders.
	I have my own insurance policy, but I keep forgetting about the coverage and keep putting off checking it. It would be helpful if you could contact me regularly.	We have introduced an account manager system to enable us to provide after-sales follow-up that is tailored to the needs of our customers. In April 2022, we introduced an account manager system to enhance our after-sales follow-up services and ensure customer satisfaction. Our customer representatives will provide continuous and regular support from proposal to after-sales follow-up. In this way, they will be given greater responsibility than ever for providing high-quality service to each customer.
Related to payments of insurance claims, etc.	I would like to claim payment for insurance, but it is difficult to prepare the documentation for proof.	For improving convenience for our customers, we have expanded easy procedures for hospitalization and surgery benefit claims. Under certain conditions, we waive the requirement for a certificate of hospitalization or surgery (medical certificate) when a receipt, medical examination report, etc. issued by a medical institution is submitted. In April 2022, we eliminated the maximum number of days of hospitalization (30 days), which had been one of the conditions for such treatment to simplify the submission of documents, also expanding the scope of treatments covered.

▶ Quantity and Content of Customer Feedback (Gratitude and Compliments)

The total number of customer feedback that was gratitude/compliments that we received from customers between April 1, 2021, and March 31, 2022, was 512,723.

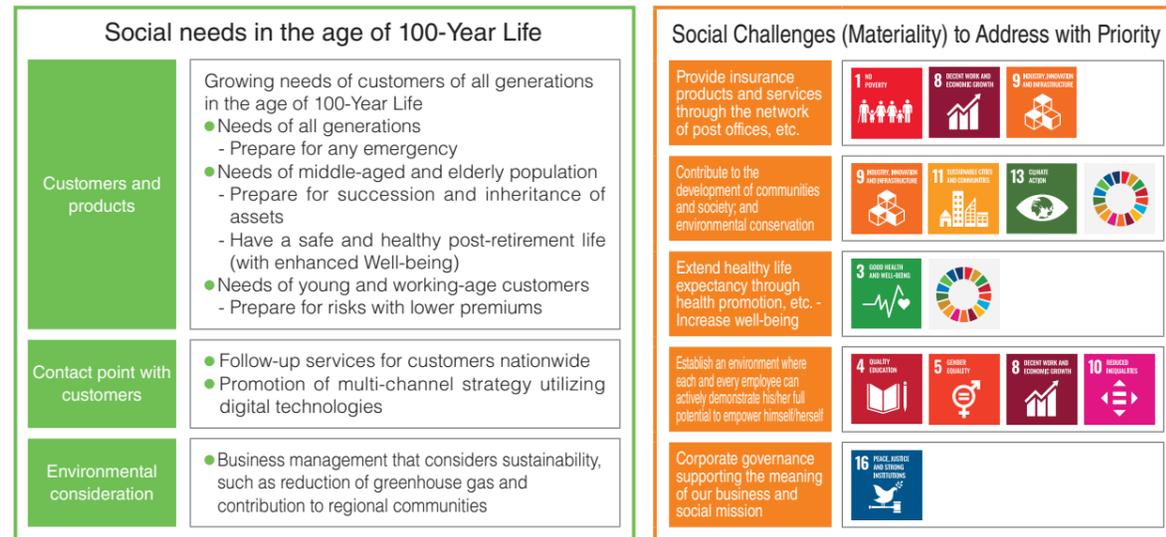
<Customer feedback>

- Thank you very much for your help in the inheritance process. I was very grateful that I could carry out the procedures at home, because I was concerned about my mother. She was shocked and depressed by my father's death and was suffering from physical discomfort. I have never been so glad to have used the post office as I was at this time. There is no financial institution near my parents' home, so we will continue to rely on Japan Post Insurance as a familiar financial institution.
- The policy for which I paid insurance premiums today will mature next month. I am very grateful that the post office was kind enough to consult with me each time I considered cancelling my maturity due to difficulties in my life. Thanks to that support, I was able to successfully reach maturity. Thirty years, which had seemed to me like such a long time, has flown by. Thank you very much.

Sustainability Promotion Framework

As we enter the age of the 100-year life, Japan Post Insurance has identified Social Challenges (Materiality) to Address with Priority, in order to fulfill our social mission (purpose), "We will remain trusted and selected by customers, thereby protecting their lives by providing life insurance product." Also, our Sustainability Policy stipulates the Company's commitment to resolve social issues and achieve the SDGs.

Going forward, we will continue to address issues surrounding sustainability through various business activities.



Sustainability Policy

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

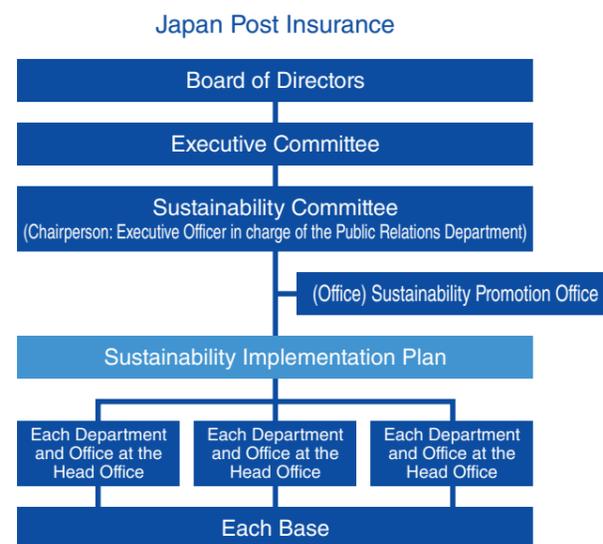
Japan Post Insurance Sustainability Implementation Plan

[Sustainability Promotion System]

The Sustainability Committee, chaired by the Executive Officer in charge of the Public Relations Department, discusses sustainability strategies, formulates the Sustainability Implementation Plan, reports on progress, and promotes initiatives to resolve Social Challenges (Materiality) to Address with Priority.

The status of on-going Sustainability Committee discussions is reported to the Executive Committee in a timely manner, and important issues are discussed and decided by the Executive Committee and reported to the Board of Directors.

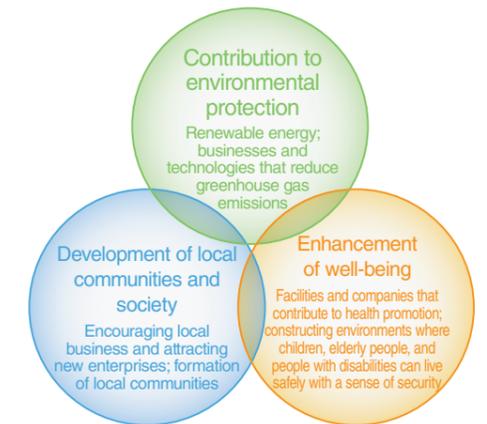
In addition, to promote company-wide sustainability activities, a sustainability KP (key person) has been designated at each base, and each employee is working toward the realization of a sustainable society and corporate growth.



ESG Investment

As a universal owner that manages a wide range of assets over the long term and from the perspective of fulfilling our social responsibility to all stakeholders, Japan Post Insurance is actively promoting ESG investment with the aim of realizing a sustainable society and improving long-term investment results.

We consider various ESG factors for our entire asset portfolio, with a focus on "enhancement of well-being," "development of local communities and society," and "contribution to environmental protection," and we promote investments that create a sense of "warmth" unique to Japan Post Insurance.



Priority Initiative Themes of ESG Investments

ESG Investment Policy

In order to clarify our basic approach to ESG investment, we have established the ESG Investment Policy and manage assets in accordance with this policy.

ESG Investment Policy October 15, 2021

Under our management philosophy, "Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being," we commit to "providing insurance products and services through the network of post offices covering every corner of Japan." Accordingly, we promote initiatives to address environmental, social and governance (ESG) issues facing society in order to fulfill our responsibilities to all stakeholders, and aim for sustainable improvement in corporate value and the realization of SDGs.

As a universal owner that manages diverse, long-term assets, we promote investments with "warmth" like heartwarming hospitality, unique to Japan Post Insurance. We focus on the "enhancement of well-being," "development of local communities and society," and "contribution to environmental protection" as priority initiative themes, in order to realize a sustainable society, improve investment results and reduce risks over the long term.

- We integrate various ESG factors for our entire asset portfolio when making investment decisions. We comprehensively evaluate ESG initiatives of investees and investment managers in addition to financial information when implementing investments and monitoring.

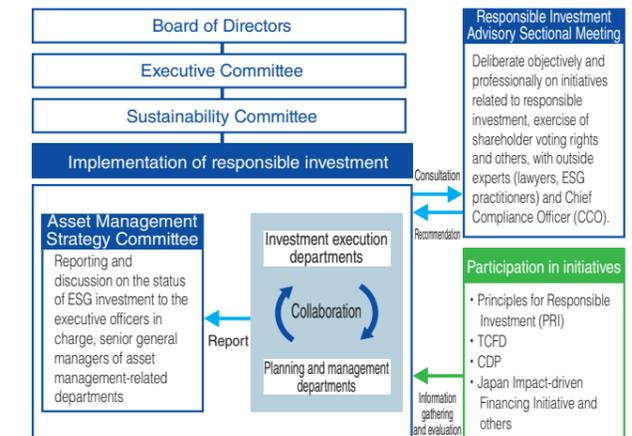
- We value engagement through appropriate stewardship activities, including conducting constructive dialogue and exercising voting rights in consideration of ESG factors. We encourage investees to contribute to the realization of a sustainable society through their business activities and to improve their corporate value. Furthermore, we ask subjects for substantial disclosure of non-financial information, including ESG factors.
- We encourage the asset management industry, including asset owners and investment managers, to endorse and practice the Principles for Responsible Investment (PRI), work on sharing information and ideas, and collaborate with them in order to move forward together to realize a sustainable society.
- We actively disclose the status of our ESG investments by updating our website and other disclosure materials.
- We proactively push ahead with investments that contribute to the realization of a decarbonized society, including those involving environmentally-friendly operations or power generation such as renewable energy. We measure and analyze greenhouse gas emissions from investees and take the results into account during our engagement with them, so that we can reduce greenhouse gas emissions from the entire investment portfolio.

ESG Investment Initiatives

- 2017**: Signed "Principles for Responsible Investment (PRI)"
- 2019**:
 - Announced the ESG Investment Policy
 - Declared support for TCFD and its recommendations
- 2020**:
 - Started negative screening in asset management
 - Started stewardship activities in in-house management of domestic corporate bonds
- 2021**:
 - Announced Medium-Term Management Plan
 - Introduced ESG integration for the entire asset portfolio
 - Revised the ESG Investment Policy
 - Signed the Japan Impact-driven Financing Initiative
 - Participated in the Social Impact Management Initiative
- 2022**:
 - Set GHG emission reduction targets for investment portfolio
 - Joined PCAF and CA100+
 - Revised the Policy on Stewardship Activities

Governance Structure for Promoting Responsible Investments

From the fiscal year ended March 31, 2022, we have strengthened our governance structure for promoting responsible investments and are working on ESG investment and stewardship activities under the following structure.



▶ Framework for ESG Investments

Our ESG investment efforts are focused on the following four methods.

ESG integration	<p>Having introduced ESG integration for all assets under management¹, we comprehensively evaluate and use ESG factors as well as financial information. In making investments and loans, we integrate a method that takes each asset's characteristics into account so as to comprehensively evaluate the ESG initiatives of the investee and incorporate these into our decision-making process. For details, please see the Asset-Specific Guidelines on our website.</p> <p>https://www.jp-life.japanpost.jp/english/aboutus/sustainability/esg/initiatives_achievements.html</p> <p>Notes: 1. Including externally managed assets. For externally managed assets, we review and evaluate the initiatives for ESG investments when selecting and monitoring investment managing organizations and fund managers.</p>
Engagement and exercising voting rights	<p>We value engagement through appropriate stewardship activities, including conducting constructive dialogue and exercising voting rights in consideration of ESG factors. We take into account the characteristics of the assets, and thereby encourage investees to contribute to a sustainable society and improve their corporate value.</p> <p>■ Engagement</p> <p>We engage in constructive dialogue (engagement) with investees based on an accurate understanding of their ESG-related issues, management strategies, and other conditions. We seek to build relationships through direct dialogue between investment managers and the representative of investees, while sharing recognition of issues and asking enhanced disclosure of financial information and non-financial information, including ESG factors.</p> <p>■ Exercising voting rights</p> <p>Our voting activities are based on our Policies on the Exercise of Shareholders' Voting Rights. When voting, we take into consideration non-financial information, including ESG factors, and information gained from dialogues with companies. For details, please see our website.</p> <p>https://www.jp-life.japanpost.jp/english/aboutus/sustainability/esg/stewardship.html</p>
ESG-themed investments and impact investments	<p>We proactively engage in ESG-themed investments and impact investments² in accordance with our priority initiative themes. We invest in projects which can widely contribute to the achievement of the SDGs and the resolution of issues upon confirmation of feasibility and limitation of use of funds.</p> <p>Notes: 2. Impact investments mean investment activities intended to generate positive and measurable social and environmental impact in parallel with financial returns.</p>
Negative screening	<p>We do not invest in any manufacturers of controversial weapons or new domestic or overseas project financing for coal-fired power generation, which emits a lot of CO₂ and is known to have an adverse impact on climate change.</p>

▶ Initiatives and Collaborative Engagement

We participate in domestic and international initiatives, including PRI and CDP, to promote ESG investment and climate change initiatives. We also actively utilize collaborative engagement with other institutional investors. For details, please see "Support for Initiatives" on page 73.

▶ Initiatives for Stewardship Activities and Information Disclosure

We accepted Japan's Stewardship Code and established our policy related to the Code. Details of our stewardship activities are disclosed in the Report on Stewardship Activities. For details, please see our website.

<https://www.jp-life.japanpost.jp/english/aboutus/sustainability/esg/stewardship.html>

▶ ESG Investment Examples

We actively promote ESG-themed investments and impact investments that take into account our priority initiative themes. In this context, we have established our own framework for impact investments named Impact "K" Projects. In the framework, we certify projects that meet certain conditions, such as the ability to set quantitative indicators as KPIs that lead to the creation of impact.

ESG-themed bonds	<p>Investment in a green bond to support green recovery (realization of a sustainable society after the COVID-19 crisis) (May 2021)</p>	Fund investment	<p>Investment in a fund to attract quality nursery school operators to urban areas with large numbers of children on waiting lists (March 2022)</p>
	<p>Education Bond to support school education, vocational training, gender equality, in the Asia-Pacific region (March 2021)</p>		<p>A fund that aims to achieve both social and economic returns by investing in domestic companies that are actively engaged in creating social impact (May 2022)</p>
	<p>Sustainable Development Bond to support the purchase and distribution of vaccines through "COVAX" (March 2021)</p>		<p>A fund that invests in companies that contribute to the creation of social impact to revitalize local economies and achieve the SDGs (April 2022)</p>
	<p>Renewable energy projects such as solar power generation and biomass power generation (since 2017)</p>		<p>Investments in and loans to local governments</p>

▶ Industry-Academia Collaboration

We signed a memorandum of understanding with Keio University in order to promote collaboration and cooperation in enhancing well-being and promoting the circulation of funds with academia at the core. Going forward, we aim to solve social issues and create innovation together.

▶ Initiatives in Response to Climate Change as an Institutional Investor

As an institutional investor, we aim to realize a carbon-neutral society and improve medium-to-long-term investment results by reflecting climate change-related risks and opportunities in our investment strategies.

- **Measuring and disclosing GHG emissions in our investment portfolio and setting targets**
 We have set an interim target of 50% reduction (compared to FY2021/3) by FY2030/3 (March 31, 2030) in GHG emissions in our investment portfolio, while aiming to become carbon neutral by 2050.
 ▶ See "Initiatives for the TCFD Recommendations, Decarbonization initiatives, Initiatives as an Institutional Investor" on page 36 for details.
- **Establishing a KPI for total power output of renewable energy facilities**
 As a KPI in the Medium-Term Management Plan, we aim to increase the total power output of renewable energy facilities from 600,000 kW as of March 31, 2021 to 1,500,000 kW by March 31, 2026. This is equivalent to the electricity demand of approximately 525,000 regular households. As of March 31, 2022, this figure stood at 730,000 kW, and progress is being made steadily.

I want to contribute to the promotion of ESG investment by encouraging change and growth of investee companies through constructive dialogue

I am in charge of analyzing domestic stocks in the Global Equity and Fixed Income Investment Department. In addition to researching and analyzing investee companies, we also focus on constructive dialogue with each company.

Coping with ESG issues is crucial to achieving sustainable corporate growth. It is an imperative part of our activities to share the recognition of management, business, and financial issues of investees and engage with them on an ongoing basis, in which we must fulfill our social responsibility as an institutional investor conducting ESG investment. Engagement is a valuable opportunity to meet directly with the management of investees on behalf of Japan Post Insurance, and I am proud to play an important role in promoting ESG investment. Therefore, while I feel a heavy responsibility, I also feel a great sense of accomplishment and satisfaction when I am able to encourage change in an investee through dialogue.

From the perspective of long-term asset management, we consider investment as a start, not a goal, and will continue to contribute to improving the corporate value of investees and promoting ESG investment through ongoing engagement activities.



IWAHARA Hiroto
Global Equity and Fixed Income
Investment Department

Environmental Conservation

▶ Initiatives for the TCFD Recommendations

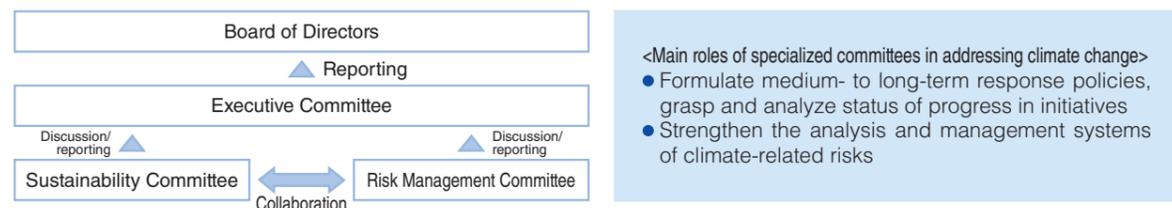
In April 2019, Japan Post Insurance announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB). As one of the basic policies of our Medium-Term Management Plan (FY2021–FY2025), we have set the promotion of ESG management (contribution to solving social issues) and are working to solve social issues related to sustainability, including climate change issues.

Governance

At the Company, various issues related to climate change are examined and discussed by the Sustainability Committee, chaired by the Executive Officer in charge of Public Relations Department, and the Risk Management Committee, chaired by the Chief Risk Officer (CRO). The status of examinations and discussions is reported to the Executive Committee, and particularly important issues are discussed at the Executive Committee and decided by the President, CEO, Representative Executive Officer. In addition, reports are made to the Board of Directors on a regular basis, and the Board of Directors has established the framework in which it appropriately monitors the status of climate change response and, as necessary, supervises related policies, targets, strategies, and plans.

[Results for FY2022/3 (reports to the Board of Directors)]

- Frequency of reporting to the Board of Directors: Once every six months (once a quarter is planned for FY2023/3)
- Major climate change-related agenda items: Our climate change initiatives and disclosure policy, and the progress of our climate change response (related to GHG emissions measurement and scenario analysis of the investment portfolio)



Strategy

1. Risks and opportunities that climate change poses to our business

We recognize the impact of climate change on the Company as follows.

Life Insurance Company			Asset Owner		
Type	Content	Timeline of impact	Type	Content	Timeline of impact
Physical Risks	Rise in insurance claim payment due to increased damage from natural disasters, etc.	Short to long term	Physical Risks	Impaired value of invested assets due to expanding loss incurred by investees upon increased damage from natural disasters, etc.	Short to long term
	Rise in insurance claim payment due to changes in mortality and morbidity rates over the medium to long term due to the impact of rising average temperature and abnormal weather	Long term	Transition Risks	Impaired value of investees due to the impact of changes in regulations in line with the shift to a low-carbon society, stricter regulations and changes in consumer preference	Short to long term
Opportunities	Changes in consumers' insurance needs such as rising demand for products and services related to maintaining health, etc.	Medium to long term	Opportunities	Expanding green finance market and increasing investment opportunities including investments in renewable energy business (infrastructure)	Short to medium term

Notes: 1. In identifying the risks and opportunities mentioned above, we disclose risks and opportunities with high degree of impact based on their importance to the Company's business after identifying large and small potential risks.
2. We assume that the timeline of impact will be as follows: short term: 5 years, medium term: 15 years, long term: 30 years.

2. Analysis of the impact of climate change on our business

The following scenario analysis was conducted to understand the impact of climate change on our business (Note). We will continue to conduct scenario analysis to improve the accuracy of the analysis, and will take steps toward decarbonization and risk management based on the results of this analysis.

Note: For details on each scenario analysis, please see "Initiatives for the TCFD Recommendations" on our website.

<https://www.jp-life.japanpost.jp/english/aboutus/sustainability/environment/tcfd.html>

(1) Impact analysis on investment income focusing on key sectors

We analyzed the impact of 2°C and 4°C scenarios (Note) on the following three sectors: electric utilities, steel, and energy, which were selected as the most important sectors that have a large impact on climate change and in which we have a large amount of investments and loans. As a result, we found that the introduction of a carbon tax, the spread of renewable energy, and other social changes may have a significant impact on the performance and finance of each sector under the 2°C scenario.

We will conduct engagement with investees in these sectors, taking the results of the analysis into full consideration. We will hold dialogues with investees regarding the specific impacts indicated by the analysis and encourage them to take action to improve our investment performance.

Note: References are made to scenarios from the IEA "World Energy Outlook," IEA reports, and "Synthesis Report on Observations, Projections, and Impact Assessments of Climate Change (2018): Climate Change and Its Impacts in Japan" from the Ministry of the Environment, et al.

[Assumed world depending on each scenario]

The World with a 2°C Scenario (if stringent measures or radical system for transition is put in place)	The World with a 4°C Scenario (if no measures are taken to prevent global warming beyond the current level)
<ul style="list-style-type: none"> • Tighter government regulations on climate change will result in high carbon taxes and carbon prices. These additional costs will reduce the demand for fossil fuels. • Expanding the introduction of renewable energy will accelerate decarbonization. There will be additional investment and stranded assets of existing facilities due to the shift to renewable energy. However, the development of technologies and products to reduce environmental impact will progress, and the business portfolios of companies and other organizations will be reorganized. 	<ul style="list-style-type: none"> • Average temperatures will rise significantly, and natural disasters will become more frequent and severe. Physical risks will increase, and the costs of disaster management and infrastructure investment will rise further. • The world is still dependent on fossil fuels. Low carbon taxes and carbon pricing will be introduced in some countries. Demand for fossil fuels will increase steadily, and oil prices will rise. There will be no progress in the development and use of technologies to reduce environmental impact. Thermal power generation will continue, and the increase in demand for renewable energy will be limited.

Note: Assumed with reference to IEA "World Energy Outlook 2021", etc.

(2) NGFS climate scenario analysis

With regard to the impact of climate change on our asset management business, we analyzed the impact of changes in the economic environment associated with the transition to a decarbonized society on our assets under management through 2050 by using multiple climate scenarios published by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS). As a result, under some scenarios, we, who hold yen-denominated interest-bearing assets such as Japanese government bonds, expect an increase in interest margin due to a gradual increase in domestic and international long-term interest rates.

(3) Analysis of the impact of climate change on our life insurance business

Regarding the impact of climate change on our life insurance business, in the fiscal year ended March 31, 2022, we applied the RCP8.5 scenario based on the IPCC Fifth Assessment Report to analyze the quantitative impact on claim payments due to an increase in the number of tropical infectious disease cases as well as the impact of a new infectious disease pandemic which leads to the significant decline in the business performance on the value of new business. We believe that the impact of both of these events on our financial soundness is limited, and we will work to understand the risks through further research, stress testing, and other analyses.

3. Decarbonization initiatives

We will implement initiatives related to the transition to a low-carbon society as an operating company and an institutional investor to achieve carbon neutrality and enhance the resilience of our business.

Initiatives as an operating company

To reduce GHG emissions from our business operations, we are promoting environmental conservation efforts with our facilities and vehicles, and by employees.

- Energy conservation and use of renewable energy in facilities and vehicles

In our offices, we are working to reduce energy consumption by improving the operation of lighting and air conditioning systems and introducing energy-saving equipment. Our locations, Otemachi Place Tower and some other offices, use electricity generated from renewable energy sources, thereby contributing to the reduction of CO₂ emissions. We are also striving to reduce CO₂ emissions by gradually introducing hybrid and eco-friendly vehicles to the fleet of those used in our operations.

Note: Please see our website for other environmental conservation initiatives.

<https://www.jp-life.japanpost.jp/english/aboutus/sustainability/environment/activity.html>



Initiatives as an institutional investor

We have clarified our basic concept on climate change in our ESG Investment Policy and are taking the following actions in order to promote the decarbonization of our investment portfolio.

● **Implementation of ESG integration**

We have introduced ESG integration, in which ESG factors are considered in addition to financial information when making investment decisions for all assets under management. For sectors with particularly high GHG emissions, we comprehensively evaluate the status of the investee's efforts to address climate change and incorporate this into our decision-making process when making investments and loans. With regard to negative screening, which excludes specific sectors from the scope of investment, we do not invest in new domestic or foreign project finance related to coal-fired power generation, which has high GHG emissions and is feared to have an impact on climate change.

● **Implementation of stewardship activities**

We place a high priority on addressing climate change in our Stewardship Activities Policy. For details of our Stewardship Activities Policy, please see our website.

📄 https://www.jp-life.japanpost.jp/english/aboutus/sustainability/assets/pdf/stewardship_policy.pdf

● **Engagement with investees**

In addition to domestic equities and domestic corporate bonds, we also engage in dialogue on climate change initiatives with respect to other assets under our management, taking into account the characteristics of each asset. We also participate in engagement initiatives and actively engage in collaborative engagement. If the situation does not improve despite ongoing dialogue, we will consider escalation. Please see page 73 for the initiatives we are participating in.

● **Response through shareholder voting**

Our Policy on Exercise of Shareholder Voting Rights state that, in principle, we will oppose the election of internal and outside directors and auditors who are deemed responsible for events that have a serious impact on the environment. In addition, we judge shareholder proposals on environmental issues from the perspective of maximizing long-term shareholder profits and the degree of environmental impact.

Please see our website for more information on our Policy on Exercise of Shareholder Voting Rights.

📄 https://www.jp-life.japanpost.jp/aboutus/company/assets/pdf/stewardship_voting.pdf (in Japanese)

● **Measurement and management of GHG emissions from the investment portfolio**

We measure the GHG emissions of our investment portfolio annually. Based on the results of this analysis, we manage our investment portfolio to achieve our GHG emissions reduction targets.

● **Promoting investments that contribute to the decarbonization of society**

We are actively making investments that contribute to the decarbonization of society to promote the decarbonization of society. In addition to providing funds to the green finance market, we are actively pursuing investments in renewable energy.

Major investment examples

Since January 2017	Investment in solar power generation and other renewable energy projects (project finance)
May 2019	Investment in a Climate Awareness Bond
January & May 2021	Investment in a green bond to support green recovery (realization of a sustainable society after the COVID-19 crisis)
July 2021	Investment in a transition bond to support efforts to reduce greenhouse gas emissions

Risk Management

We conduct a questionnaire periodically each year for executive officers above a certain rank to appropriately reflect management's awareness of the impact, likelihood of occurrence, countermeasures, and effects of business risks and other risk factors that could have a material impact on the financial position, operating results, cash flow status, and EV (embedded value) and other indicators of corporate value of the Group. Based on the results of the questionnaire, the Risk Management Committee and the Executive Committee deliberate and hear opinions from outside directors. Business risks and other risk factors are classified into most significant risks, significant risks, and risks other than the above, and risks related to climate change are classified as significant risks and are recognized as risks that may have a significant impact on management in the future ^(Note). In the management of climate change risk, we are promoting the refinement of risk identification by continuing and upgrading scenario analysis, and considering reflecting this in existing risk management processes such as identification, management, and assessment.

Note: Please see our website for details. 📄 https://www.jp-life.japanpost.jp/IR/management/business_risk.html (in Japanese)

Metrics and Targets

Metrics and targets for the operations

We have set the following greenhouse gas emissions (GHG emissions) reduction targets for Scope 1 (direct emissions from the company) and Scope 2 (emissions associated with the use of electricity and other resources supplied by other companies) (excluding increases due to new business), and are working toward achieving carbon neutrality.

Our GHG emissions (Scope 1 and Scope 2) results

	Unit	FY2020/3	FY2021/3	
		Base year results	Results	Reduction rate
Scope 1	tCO ₂ e	4,443.2	3,397.4	23.5%
Scope 2		14,496.8	14,064.9	3.0%
Total		18,940.0	17,462.3	7.8%

Targets:
 <FY2031/3>
 Reduce 46% compared to FY2020/3
 <FY2051/3>
 Aim to achieve carbon neutrality

Note: Please see our website for details. 📄 https://www.jp-life.japanpost.jp/english/aboutus/sustainability/assets/pdf/esg_data_environment.pdf

Metrics and targets for an asset owner

● **GHG emissions and reduction targets for investment portfolios**

We measure and disclose Scope 3 Category 15, or GHG emissions metrics for our investment portfolios. We calculated GHG emissions metrics for domestic and foreign listed equities, domestic and foreign corporate bonds portfolios including business loans, and government and agency bonds portfolios. The scopes covered in the carbon emissions calculation are direct emissions of greenhouse gases by investee companies (Scope 1), indirect emissions from purchased electricity (Scope 2), and emissions from supply chains other than purchased electricity (Scope 3).

Based on our GHG analysis, we set GHG emission reduction targets for the investment portfolios (subject assets are domestic and foreign listed equities and domestic and foreign corporate bonds including business loans). We aim to be carbon neutral in our investment portfolio by 2050, and to achieve a 50% reduction (compared to FY2021/3) as an interim target by FY2030/3 (end of March 2030).

(Please see website for details. 📄 <https://www.jp-life.japanpost.jp/english/aboutus/sustainability/environment/tcfd.html>)

GHG emissions metrics for investment portfolios (As of March 31, 2021)

Subject asset	Carbon emissions ¹	Carbon emissions	Carbon footprint ²	Carbon intensity ²	Weighted average carbon intensity ²
	Scope 1&2	Scope 1 to 3	Scope 1&2 + direct suppliers of Scope 3	Scope 1&2 + direct suppliers of Scope 3	Scope 1&2 + direct suppliers of Scope 3
(Unit)	(tCO ₂ e)	(tCO ₂ e)	(tCO ₂ e/million yen)	(tCO ₂ e/million yen)	(tCO ₂ e/million yen)
Domestic equities	1,777,434	4,985,142	0.70	1.70	1.53
Foreign equities	330,032	571,842	0.62	2.75	2.18
Domestic corporate bonds ³	5,860,001	8,552,928	2.55	5.59	5.31
Foreign corporate bonds	2,277,353	3,526,636	0.87	3.76	3.90
Total	10,244,820	17,636,548	1.68	3.41	3.33

Notes: 1. This refers to GHG emissions, and they are also called financed emissions. For details on the calculation definition, please see our website.
 2. For details on the calculation definition, please see our website.
 3. Includes business loans.

● **Targets related to renewable energy**

As a KPI for the period of our Medium-Term Management Plan (FY2021–FY2025), we aim to achieve a total power output of 1.5 million kW from the renewable energy facilities that we lend money to and invest in (limited to the power output from the renewable energy facilities that we lend money to and invest in, after calculating our holdings). As of March 31, 2022, this figure stood at 730,000 kW.

Column: Initiatives related to biodiversity

We recognize the importance of understanding and addressing the impact of our operations on natural capital, particularly biodiversity.

This is an area closely related to climate change, and we will closely monitor developments in the Taskforce on Nature-related Financial Disclosures (TNFD) and consider ways to appropriately respond and disclose this information.

Health Promotion and Increase Well-Being

► Popularization and Promotion of “Radio-Taiso”



“Radio-Taiso” is familiar to many people as an exercise that can be done easily anytime, anywhere, by anyone. Postal Life Insurance Bureau of the Ministry of Communications, the predecessor of Japan Post Insurance, established “Radio-Taiso” in 1928, and 2028 will mark the 100th anniversary of its establishment.

In this age of 100-year life, we are making various efforts to help solve social issues related to health and community revitalization.

We provide information on “Radio-Taiso” through our “Radio-Taiso” portal site (<https://www.radio-taiso.jp/>) and our official Twitter account, Minna de “Radio-Taiso” (@radio_kampo).



▲ Portal site of “Radio-Taiso” (in Japanese)



▲ Official Twitter (in Japanese)

“Radio-Taiso” events are held throughout Japan.

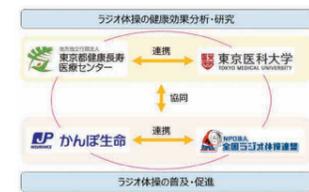
“Radio-Taiso” and “Minna no Taiso” Tour; Festival of 10 Million People’s “Radio-Taiso” and “Minna no Taiso”

We hold “Radio-Taiso” and “Minna no Taiso” Tour and Festival of 10 Million People’s “Radio-Taiso” and “Minna no Taiso” as local events throughout Japan, with participation by people of all ages. They are broadcast live nationwide on NHK Radio 1.

All-Japan Elementary School “Radio-Taiso” Competition

We also hold the All-Japan Elementary School “Radio-Taiso” Competition with the aim of contributing to children’s physical fitness.

Launched in 2014, this year marks the 9th year of the competition. In order to convey the appeal of “Radio-Taiso” to as many children as possible, Lucario, a Pokémon supporting “Radio-Taiso,” participates in the award ceremony and visits schools that hold on-site classes of “Radio-Taiso.”



Collaborative Research of “Radio-Taiso”

As one of our new initiatives, we have been conducting collaborative research with the Tokyo Metropolitan Geriatric Hospital and Institute of Gerontology, Tokyo Medical University, and the NPO Japan Radio-Taiso Federation since October 2021 to verify the health benefits of “Radio-Taiso.”

“Radio-Taiso” Attendance Card

Every year, we create and distribute “Radio-Taiso” Attendance Cards to many people through post offices and our branches nationwide.

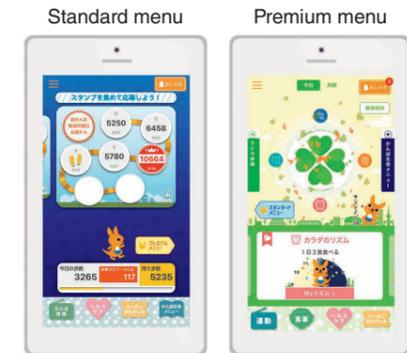
To encourage children to actively engage in “Radio-Taiso,” we have appointed Lucario, who appears in Pokémon popular among children, as a Radio-Taiso Pokémon. In the fiscal year ending March 31, 2023, we have distributed cards with designs of various Pocket Monsters as well as Lucario, the Pokémon supporting “Radio-Taiso.”



©2022 Pokémon. ©1995-2022 Nintendo/Creatures Inc. /GAME FREAK inc. Pocket Monsters and Pokémon are registered trademarks of Nintendo, Creatures, and GAME FREAK.

► Providing Services through a Health Support App

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



○ Main Functions of the Sukoyakanpo Health Support App

Standard menu Free

Support 1 Enjoy “walking”

Step count management/ Radio Exercise

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

Standard menu Premium menu

Support 2 “Learn” your body

Health Improvement Advice

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

Standard menu Premium menu

Premium menu Free

Support 3 Know the “rhythm of your body”

Body Rhythm Advice

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

Premium menu

Support 4 Support “eating”

Diet Advice

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

Premium menu

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

► Promotion of Kampo Platinum Life Service

We are conducting a companywide initiative called “Kampo Platinum Life Service” to win the favor of our growing number of elderly customers by offering age-friendly services based on a sense of security and trust that has been enabled by improving contacts with all customers from the perspective of our elderly customers.

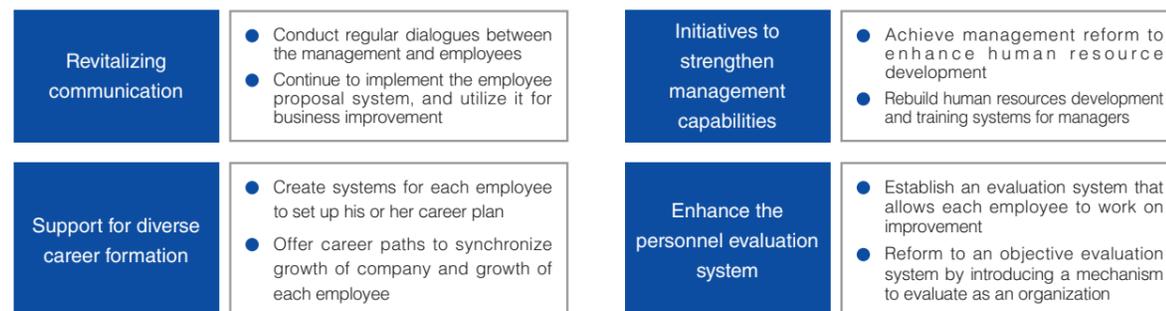
Provision of health and medical information	Establishment of systems friendly to elderly customers/ training of employees
<ul style="list-style-type: none"> ● Free telephone consultation service for policyholders, etc. · Consultation line for health, medical, nursing care and childcare · Information line for “taxes in life” 	<ul style="list-style-type: none"> ● Establishment of a dedicated call center for elderly customers ● Encouraging employees to acquire qualifications · Care-Fitter · Dementia Supporter

Corporate Culture Reform

► Recognition of the Environment and Basic Strategy

Since the revelation of various problems related to the solicitation quality of our products, Japan Post Insurance has returned to the management philosophy for reconstruction and sustainable growth, and has been working on company-wide reform of our corporate culture in order to regain customers' trust.

In the Medium-Term Management Plan (FY2021–FY2025) set forth in the fiscal year ended March 31, 2022, our basic policy is for management and employees to share a common vision for the future and to become a company where each and every employee grows together with the company with job satisfaction. Specifically, we are implementing the following measures to revitalize communication within the company and to reform the personnel system.



In the fiscal year ending March 31, 2023, approximately 13,000 employees, including consultant employees of Japan Post Co., became our employees under the new Japan Post Insurance sales system. The entire company, including these employees, will share the company's policies and initiatives, create a culture that ensures that customer expectations are met, and work together to improve service.

In order to confirm that these initiatives are taking root, we conduct an ES survey (employee satisfaction survey) twice a year to check the state of our organization. We intend to use these surveys as the basis for organizational improvement activities throughout the company and at each workplace to ensure sustainable growth in the future.

► Revitalization of Internal Communication

To revitalize internal communication, we are developing measures for information dissemination from management, information dissemination from employees, and mutual understanding between management and employees, and between the head office and front lines. Specifically, we are implementing the following initiatives.

- President's Message (regular messages from the President to all employees)
- Direct Suggestions to the President of Japan Post Insurance (a system for employees to make proposals directly to the President)
- Front line meetings (discussions between management and employees)
- Collaborative projects between the head office and the front lines (collaboration involving the front line in each area), etc.



In the fiscal year ending March 31, 2023, we will continue to implement these initiatives to improve the openness between management and employees and between organizations as well as further strengthen internal collaboration, so as to foster a sense of unity and trust between organizations.

► Support for Diverse Career Formation

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

In addition, we will establish a system to improve the quality of these measures by consolidating employee information in our talent management system, centrally managing and visualizing data, and improving the sophistication of human resource operations.

► Initiatives to Strengthen Management Capabilities

■ Clarification of Roles Required of Managers

In order to reform the corporate culture, managers, who will play a central role in reform, are expected to carry out their duties from the perspective of management, not only to fulfill their own responsibilities, but also to create an environment in which subordinate employees can fully demonstrate their abilities, without being preoccupied only with their own organization's interests. To this end, in order to further clarify the conventional personnel evaluation criteria and link them to specific actions, we have revised the evaluation items into six categories: customer orientation; completion of tasks; creativity, innovation, and challenge; leadership; human resource development; and integrity; with examples of actions taken by managers for each item being defined on a seven-point scale.

In addition, we have established a personnel evaluation system for performance, in which managers who take on the challenge of higher goals are given higher evaluations.

Furthermore, in order to promote employees who are capable of fulfilling these roles to managers, we will incorporate outside perspectives into the selection process and promote younger employees earlier.

■ Strengthening the Management System through Coaching

We are implementing a coaching-based management system to create a work environment in which all employees can experience personal growth and job satisfaction at Japan Post Insurance.

By practicing a management style in which managers are close to employees and give them awareness through coaching, we will nurture employees who take initiative and continue to make changes.

► Enhance the Personnel Evaluation System

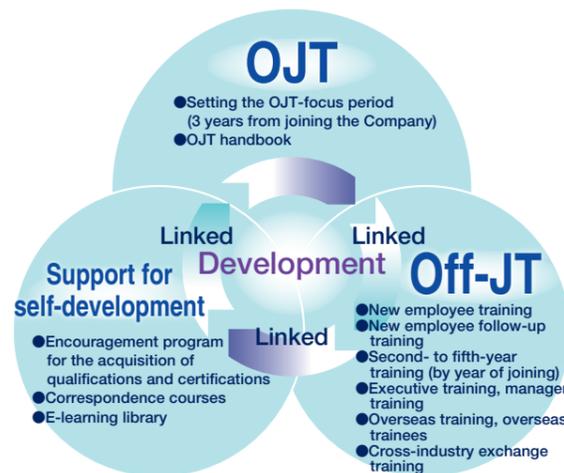
We are working to realize "personnel evaluations for the development of human resources" through which all employees can find their "strengths" and "weaknesses" and improve their capabilities. Specifically, by setting personnel evaluation items in conjunction with management policies, etc., and by holding human resource development meetings for all employees in their divisions, we ensure the validity and objectivity of goal setting, evaluation results, and development policies in personnel evaluations, thereby addressing the growth and development of employees as an organization.

▶ Human Resources Development

■ Human Resources Development Basic Policies

(Human Resources Development Basic Policies)

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



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

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

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

■ Development of Management Leaders Who Will Lead the Company in the Future

For the sustainable growth of the Company, it is essential to continuously develop management leaders who can flexibly and promptly respond to changes of the times and lead the organization. To this end, we will strategically develop our employees in the context of a long-term plan and formulate a training program to continuously produce management leaders who will support the Company’s growth.

■ Human Resources Development in the Digital Field

In order to systematically develop human resources in the digital field, we are implementing a separate development curriculum for each type of human resources. A curriculum has been prepared for managers, planning staff, development staff, and others. Its feature is the training lineup that is unique and tailored to our business operations, while utilizing the common training programs of the Japan Post Group. This fiscal year, we have started agile practical training (working style), and will gradually expand the curriculum.

We also conduct on-the-job training (OJT) in parallel with these trainings. This is an environment in which participants can learn the necessary skills and knowledge by working in pairs with experienced employees and incorporating knowledge from outside the company.

In the future, we will build a framework for continuously producing digital human resources and accelerate the promotion of digital transformation.

Employee Roundtable Discussion

Efforts for and Results of Corporate Culture Reform—Past and Future



Under the theme of corporate culture reform, which we have been working on since the fiscal year ended March 31, 2021, we asked our employees to share their views on and how they have been addressing the issues at their respective sites. We also asked them to discuss what is needed for further reconstruction and sustainable growth.

Continuous efforts are essential for corporate culture reform

<KURANOUCHI> Since the inappropriate solicitation issue was discovered in 2019, we have recognized that reform of our corporate culture, which is the foundation of our efforts to regain customers’ trust, is essential, and have been making company-wide improvements.

Recognizing that the most important factor in making improvements was to listen to the opinions of employees who work closer to customers, we began by collecting and analyzing the opinions of employees. We received much feedback from employees on issues related to the corporate culture such as the coordination between the front line and the head office. From this point, we have decided to take stock of the issues one by one and work to resolve all of them.

It is important in corporate culture reform to grow and develop the company through continuous improvement efforts and the PDCA cycle. To this end, we introduced an ES (employee satisfaction) survey in the second half of the fiscal year ended March 31, 2021, and have established a company-wide and individual workplace improvement cycle by using this semi-annual survey as the backbone for verifying effectiveness and formulating and implementing action plans.

The first ES survey revealed low trust in management as an issue. Therefore, we recognized the importance of first focusing on communicating the business vision from the management level and then strengthening the

management skills of managers, who act as relays to correctly convey this vision to employees, and we have been implementing both initiatives in parallel.

The above is an overview of our company-wide efforts, but we are also promoting efforts to reform our corporate culture at each of our business sites. What issues have been identified at your sites, and what initiatives have been implemented to address these issues?

<SHIMIZU> In the first ES survey, the results for the Tohoku Regional Headquarters, to which I belong, were considerably lower than those for the entire company. After digging deeper into the issues, I found that the biggest problem was the lack of cohesiveness as a department. There was no communication between supervisors and subordinates, and it was difficult for subordinates to express their opinions to their supervisors.

In order to improve the culture, we implemented two initiatives. The first was to provide an opportunity once a month during the lunch hour for the senior manager and employees to engage in dialogue about work and day-to-day problems. The second was to hold an information sharing meeting once a week to present what kind of work is currently being done, including the progress status, and share it with all employees. As a result, I feel that we are growing as an organization, as we can openly express our daily concerns and dissatisfaction and easily talk about how we would like to work on a new project.

<OCHI> I was transferred to the Toyama Branch two years ago, and since all the branch managers were replaced at the same time, I had the impression that almost everyone was starting out as a new acquaintance. Since we didn’t

even know what kind of work each other had done before, we didn't know how we should treat each other either.

An ES meeting was initiated at the proposal of new employees and managers. Members who had never met each other and were of different positions would get together in groups of five or six and talk for about an hour. We could talk about anything from our personal lives to our current work-related problems and dissatisfaction.

Thanks to the five or six meetings held over the course of a year, there is no one I have not talked to before, and I believe that this has brought managers and employees, as well as between employees, closer together. Whenever we are involved in some kind of work, we can communicate with each other based on an understanding of each other's areas of expertise and the nature of the work we have been doing, so I think it has become easier to talk to each other and to ask for advice. By approaching the workplace with a sense of unity, I feel that knowledge and skills are being shared among employees, leading to high-quality work.



Communication using small talk to improve psychological security is also effective



<SHODOJI> The Customer Experience Department, to which I belong, was a newly established department with almost no routine work, and we all started out in a state of confusion with employees unsure of their jobs tasks and goals. Looking back, I think employees in our

department did not exactly have a common understanding of their jobs at the beginning. In response to this situation, senior general manager and other managers used morning meetings and other opportunities to quickly communicate the department's policies and actively communicate with each employee to ensure that they were heading in the same direction.

In addition, not only managers but also employees actively shared information necessary for their work, for example, by compiling and disseminating reports on information gathered at external seminars, and worked to share a common goal and vision.

<SUZUKI> Since the inappropriate solicitation issue, the Public Relations Department, in cooperation with the Human Resources Strategy Department, has been studying measures focused on revitalizing communication within the company in response to the lack of coordination between organizations. The first step was to start sending out the President's Message, an informational newsletter containing the President's thoughts, to employees on a regular basis as communication between management

and employees is, after all, a key to change. Since May 2020, the newsletter has been published twice a month, and many employees have commented that they now have a better understanding of the company's direction and vision, and we feel that we have laid the foundation for a corporate culture in which management and employees are looking in the same direction regarding the future of the company.

The next area of improvement was communication among employees. Recently, more people have been working remotely due to the promotion of work-life balance and the COVID-19 pandemic and study groups that used to be held have been cancelled owing to voluntary restraint, leading to a decrease in direct communication among employees. We have started small meetings in response to these issues. This measure allows employees



to talk with various people at their sites during work hours on topics related to the company and their surroundings, and is designed to maintain communication among employees even in remote environments or during a COVID-19 resurgence.

Naturally, everyone is engaged in regular communication such as reporting, liaison, and consultation in the course of their work. Having said that, from the perspective of psychological security, it seems that people tend to feel more secure and safe when they are engaging in communication that is based on private topics such as small talk, consultation, and recent events. We would like to create an organizational culture in which people recognize the importance of such basic communication and take the initiative in doing so.

Autonomous thinking and active efforts to transcend departmental barriers are the key

<KURANOUCHI> Based on the company's achievements and changes to date, what initiatives do you think are necessary at your sites in the future?

<SHODOJI> We asked our business sites to suggest measures to improve CX^(Note). Although not many ideas were raised in the first half of the fiscal year ended March 31, 2022, I have the impression that the number of ideas submitted has gradually increased since the second half of the fiscal year. I feel that everyone's steady efforts are leading to the spread of CX.

We at the Customer Experience Department now have more opportunities to interact with other departments, however still feel the down-side of a vertically divided organization from time to time. As everyone has remarked, there seems to be more openness at each site, and communication has become smoother regardless of position, but I think there is still a long way to go beyond departmental barriers, and I hope we can come up with ideas to achieve this.

<OCHI> In the fiscal year ended March 31, 2022, the corporate culture at the Toyama Branch has improved

tremendously as a result of head office-led measures and department-unique measures. Some initiatives such as aforementioned small meetings and CS Conference are showing positive results at our own branch, and we would like to make further improvements by continuing these initiatives. While the sense of unity within the branch has become stronger, I am also concerned that new members to be assigned will be left behind. I would like to implement initiatives to build cohesion with new members.

As SHODOJI mentioned, communication between departments and across vertical lines is an issue for the future. Cooperation with the regional headquarters and other branches is not easy due to the COVID-19 pandemic, but I hope we can at least create opportunities to share the status of initiatives with the four branches in the same area. <SHIMIZU> It is true that the openness at the Tohoku Regional Headquarters has improved, and the ES survey scores have also improved. However, employee satisfaction is not something that is given to employees, but something that they create on their own, and I am concerned that if we take a passive attitude toward employee satisfaction, we will end up back where we were. I thought it was important to proactively approach and encourage our supervisors and newcomers.

The regional headquarters is in an intermediate position between the branches and the head office. As a regional headquarters with low barriers, in a positive sense, I would like to create an atmosphere in which it is easy to receive various consultations from the head office and branches.

In addition, there are six branches in the Tohoku area, but because face-to-face employee training is not possible due to the COVID-19 pandemic, we are not able to adequately train and follow up with employees, and I believe that many employees are left feeling anxious and worried on their own.

We would like to provide employees with opportunities for growth by devising and implementing online and other training programs, and at the same time, we would like to build and strengthen horizontal connections among branches.

Note: CX is an abbreviation for Customer Experience.

New mechanisms are being developed for the next step in corporate culture reform

<SUZUKI> I believe that the fiscal year ended March 31, 2022 was a year in which we took action on a variety of issues and felt a positive response. In the fiscal year ending March 31, 2023, about 13,000 employees of the Retail Service Division has joined our branches to form a new Japan Post Insurance sales system. Because the number of employees has more than doubled, I believe that a sense of unity as a company will become more important than ever.

A survey on internal communication shows a correlation that the sites that read the internal newsletter have better

communication, and someone commented that "through small meetings, I was able to get to know other people, which improved the atmosphere in the branch." I would like to spread these initiatives to everyone in the Retail Service Division. It is a basic thing, but I believe that the accumulation of small things done by each site and each employee will make a big difference to the company as a whole. I would like to continue to think of mechanisms to make this possible.

<KURANOUCHI> The Human Resources Strategy Department is considering reforming the corporate culture in three steps. Step 1 is for management to communicate the management vision and for the entire company to share and recognize the same direction. Step 2 is to improve the management skills of middle managers, who are the link between management and employees. Step 3 is to achieve a state in which each and every employee thinks autonomously and works with a sense of satisfaction.

President SENDA has recently been saying, "It is important to ask yourself what you can do for the customer and move on." This means creating a culture in which employees can move autonomously, which is exactly what we are aiming for in Step 3, corporate culture reform. It will take more time to reach this state, but over the past two years, through measures such as sharing the company's vision and strengthening the management skills of managers, we have seen changes that suggest that the foundation is being built for employees to move actively.

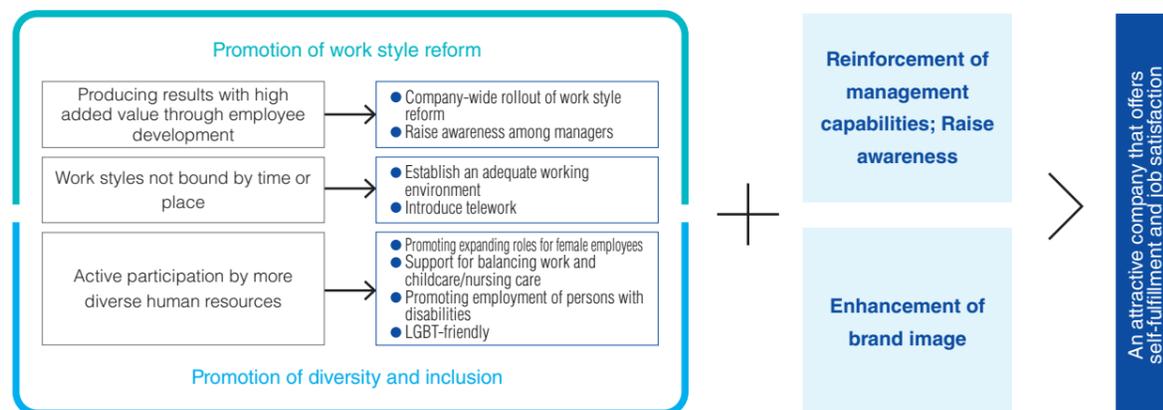
In order to foster a culture in which employees can move autonomously, I think it is important to create an environment that encourages employees to take on challenges without fear of failure, and to share responsibility as a team, including managers, after taking on a challenge. I would like to create a system and culture in which employees can move on their own based on the behavior of managers that draws out autonomy from employees and the awareness of what we should do for our customers with the support of managers.

In addition, since approximately 13,000 employees, including consultant employees, from Japan Post Co. have become our employees in the fiscal year ending March 31, 2023 under the new Japan Post Insurance sales system, it is necessary for the entire company, including these employees, to work together to improve services for customers. We will share the company's policies and initiatives and continue to build a culture that will ensure we meet our customers' expectations.



Work Style Reform

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



Initiatives in each organization



Improving the Work Environment

Through ES surveys and opinions from employees, we will clarify “images of the ideal company and workplace for employees,” and make continual improvements. In particular, in order to focus on the work style reform in the Retail Service Division, which has become our new organization in April 2022 under the new Japan Post Insurance sales system, we will listen to a wide range of employee opinions and promote optimal improvement activities to create a comfortable work environment, as we will also work to improve ES.

Promoting Telework

We are working to improve operations and productivity via telework. In the fiscal year ending March 31, 2023, we will promote the use of telework, aiming for a frequency of twice a week.

To promote telework, we will improve operations and efficiency by thoroughly implementing telework management, enhancing communication, and strengthening storage service functions, as well as expand satellite offices to enable employees to choose a work style that suits them.

Promoting Diversity and Inclusion

Japan Post Insurance aims to be a company where diverse human resources can play an active role in a variety of workplaces and positions.

To this end, we will further promote diversity and create a workplace where all employees can recognize and respect each other’s diversity and continue to work with peace of mind.

Promoting Expanding Roles of Female Employees

As part of our efforts to promote diverse human resources, we are promoting expansion of roles of female employees.

We support the medium- to long-term career development for female employees by providing training by job level for female employees and formulating network among employees.

We also create an environment that welcomes diverse opinions regardless of gender by holding seminars on unconscious bias.

We will continue to promote further initiatives to achieve a ratio of female managers of 30% by April 1, 2031.



Support for Balancing Work with Childcare and Nursing Care

We support our employees so that they can continue to work with peace of mind while raising children or caring for family members. Up until now, we have continuously worked to promote the use of childcare leave, develop and enhance various systems, and hold different seminars. In addition, since the introduction of telework in the fiscal year ended March 31, 2021, we have realized flexible work styles for employees through the use of telework (working from home and mobile work).

In recognition of these efforts, we received “Platinum Kurumin” certification from the Ministry of Health, Labour and Welfare in the fiscal year ended March 31, 2019, and we were newly registered as a “Company Promoting Support for Balancing Family and Work certified by the Tokyo Metropolitan Government” in the fiscal year ended March 31, 2022.

LGBT-Friendly

In order to make our company a place where each and every employee can play an active and lively role, we are promoting the creation of a company where all employees can play an active role regardless of their gender.

Through continuous efforts in training to deepen understanding of diverse genders and promotion measures to expand the number of LGBT allies who consider LGBTQ+ as an involved party, we have been certified as Gold in the PRIDE INDEX for five consecutive years.



Our trademarked LGBT ALLY logo

Promoting Support and Employment for People with Disabilities

We actively promote the employment of people with disabilities recognizing that fairly evaluating and providing work opportunities for a diverse population is a part of our corporate social responsibility. In addition, we are promoting measures such as establishing a dedicated consultation service for employees with disabilities and providing opportunities for dialogue, thereby supporting the retention of employees with disabilities in the workplace.

Support for athlete employees

We contribute to the formation of a diverse society through support for wheelchair tennis.

In the fiscal year ended March 31, 2020, we supported OHTANI Momoko, one of the world’s top wheelchair tennis players, as a member of our team. She became a full-time employee of the Company in the fiscal year ended March 31, 2021, and we continue to provide her with support.

In the fiscal year ended March 31, 2022, OTANI competed in the Tokyo 2020 Paralympic Games and achieved brilliant results, including a bronze medal in the women’s doubles competition.



Wheelchair tennis player OHTANI Momoko

Outline of the Corporate Governance Structure

Basic Concept of Corporate Governance

The Company is working to strengthen corporate governance through our Board of Directors and other bodies. We have established the “Basic Policy Regarding Corporate Governance,” which lays out our basic concept of corporate governance, its framework and operations, and the corporate governance structure is developed accordingly.

Basic Policy Regarding Corporate Governance

https://www.jp-life.japanpost.jp/english/aboutus/sustainability/corporate_governance/corporate_governance.html

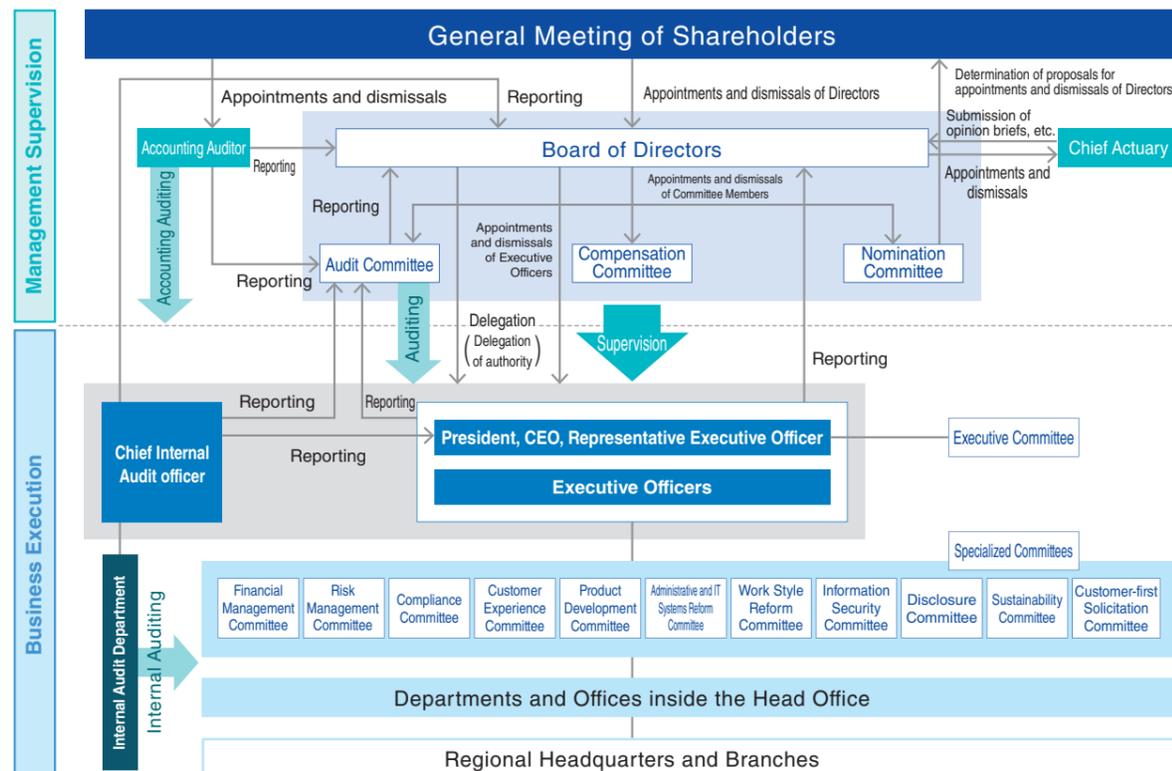
(Basic Concept of Corporate Governance)

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

Outline of the Corporate Governance Structure

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

Corporate Governance Structure



Board of Directors (Management Supervision)

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

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

• Nomination Committee

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

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

• Audit Committee

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

Committee Chair: SUZUKI Masako (Outside Director)
Members: NARA Tomoaki, YAMAZAKI Hisashi (Outside Director), TONOSU Kaori (Outside Director)

• Compensation Committee

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

Committee Chair: SAITO Tamotsu (Outside Director)
Members: MASUDA Hiroya, HARADA Kazuyuki (Outside Director), TOMII Satoshi (Outside Director)

(Membership composition as of July 1, 2022)

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

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

• Nomination Criteria for Candidates for Directors

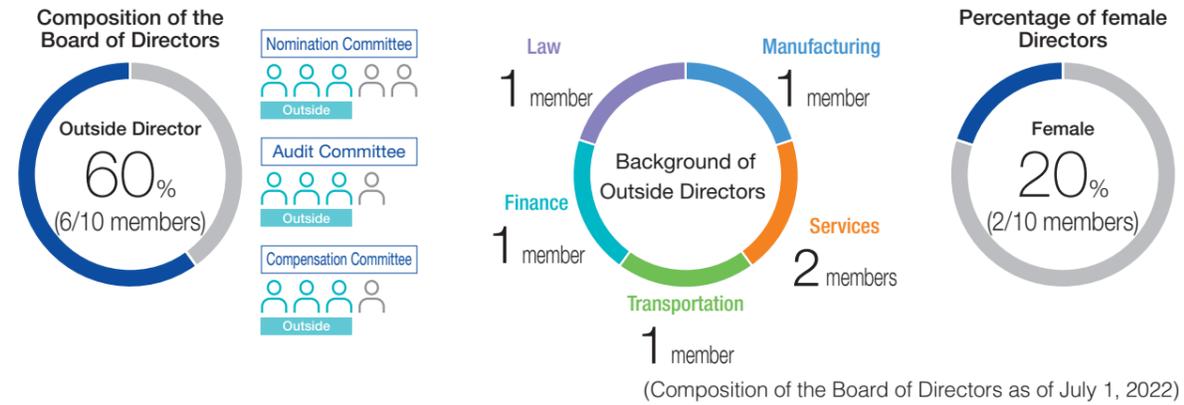
https://www.jp-life.japanpost.jp/english/aboutus/company/assets/pdf/criteria_directors.pdf

• Designation Criteria for Independent Officers

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

► Composition of the Board of Directors

The Company's Board of Directors has a high level of independence and diversity, with a majority (6 out of 10 members) of Outside Directors from a wide range of backgrounds and including two female Directors.



► Skills Matrix for Directors

The table below lists the skills representing the areas in which the Company expects Directors to demonstrate their competencies and shows the skills and experience that Outside Directors possess and available skills and experience, as well as expected skills, of Inside Directors, based on differences in the Nomination Criteria for Candidates for Directors.

To contribute to resolving social challenges related to sustainability, the areas in which the Company expects Directors to demonstrate their competencies in realizing the Sustainable Development Goals (SDGs) are included in the skills of "corporate management," "personnel affairs/human resources development," "community/society," and "asset management."

Skill item	Name	SENDA Tetsuya	ICHIKURA Noboru	NARA Tomoaki	MASUDA Hiroya	SUZUKI Masako	SAITO Tamotsu	HARADA Kazuyuki	YAMAZAKI Hisashi	TONOSU Kaori	TOMII Satoshi
Corporate management ¹		●	●	●	●	●	●	●	●	●	●
Financial affairs/Accounting		●	●	●			●				●
Legal/ Risk management/ Compliance		●	●	●	●	●	●	●	●	●	●
Human resources/Human resources development		●		●	●	●	●	●	●	●	
Sales/Marketing		●	●			●		●			
ICT/DX ^{2,3}		●		●		●	●			●	
Community/Society		●	●	●	●	●	●	●	●	●	●
Finance/Insurance		●	●	●	●					●	●
Asset management		●	●	●							●

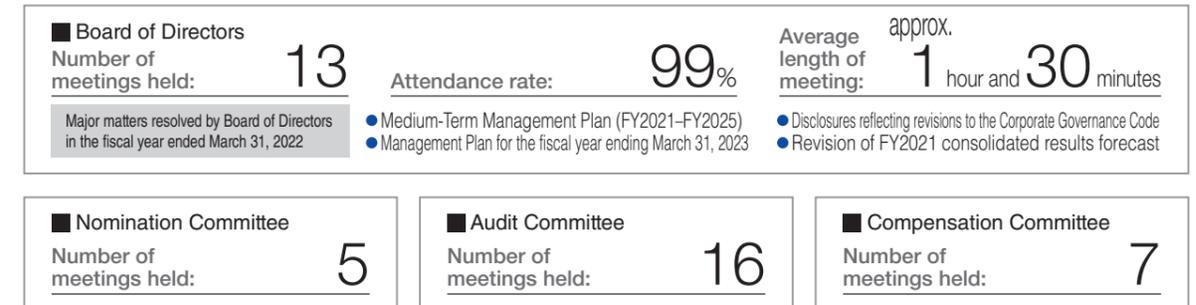
Notes: 1. We consider the "corporate management" skill item to include areas such as organizational management necessary for supervising management.
 2. ICT is an acronym for Information and Communication Technology and collectively refers to technology relating to information and communications.
 3. DX, or Digital Transformation, refers to transforming a company's products, services, and business models based on the needs of customers and society as a whole, using data and digital technology in response to drastic changes in the business environment, while changing its operations, organizations, processes, and corporate culture and climate to establish a competitive advantage.

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

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

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

The operations of the Board of Directors and the committees in the fiscal year ended March 31, 2022 were as follows.



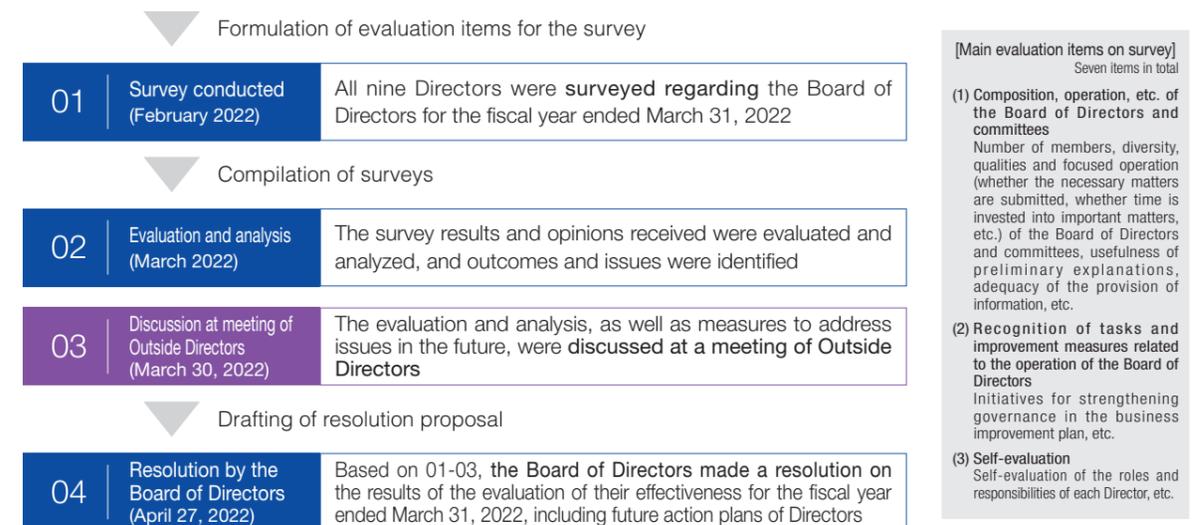
► Evaluation of the Effectiveness of the Board of Directors

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

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

https://www.jp-life.japanpost.jp/english/aboutus/sustainability/corporate_governance/effectiveness_evaluation.html

Process for evaluating effectiveness of the Board of Directors for the fiscal year ended March 31, 2022



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

- Initiatives for FY2023/3 based on the effectiveness evaluation**
- To systematically provide opportunities for discussing business strategies
 - To hold study sessions and provide opportunities for opinion exchange with front-line personnel in order to deepen the understanding of the insurance industry and our own characteristics
 - To review the contents of meeting materials to clarify key discussion points such as matters explored in greater depth in Executive Committee meetings, etc.
 - To prepare systems that enable Outside Directors to more easily grasp a wider range of information

▶ Executive Compensation

■ Compensation Policies for Directors and Executive Officers

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

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

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

📄 Compensation Policies for Directors and Executive Officers by Individual

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

■ Amount of Compensation for Directors and Executive Officers (fiscal year ended March 31, 2022)

Officer category	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation, etc. by type (Millions of yen)		Number of eligible officers (Persons)
		Fixed compensation	Performance-linked stock compensation	
Directors (excluding Outside Directors)	27	27	—	2
Outside Directors	48	48	—	5
Executive Officers	833	678	154	32

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

2. The amount recorded as performance-linked stock compensation is the amount recorded in the fiscal year ended March 31, 2022. In principle, we record the amount assumed to have been incurred during the fiscal year at the end of every fiscal year as an allowance and reverse these allowances at the time of officers' retirement (payment). The finalized amount could differ from the recorded amount of allowances.

3. No bonuses are paid.

📄 For details regarding executive compensation, please refer to our website.

https://www.jp-life.japanpost.jp/english/aboutus/sustainability/corporate_governance/corporate_governance.html

■ Ratio of Actual Value of Basic Compensation (Fixed) and Performance-Linked Stock Compensation for Former Executive Officers



Notes: 1. Basic compensation (fixed) is calculated based on the actual payment in the fiscal year ended March 31, 2022.

2. Performance-linked stock compensation is calculated by multiplying the points granted based on the actual performance in the fiscal year ended March 31, 2022 by the stock price on the date of point grant for those in office and by the stock price on the date of retirement for those retiring.

▶ Internal Control Systems (Business Execution)

Japan Post Insurance considers the establishment of strong internal control systems to be extremely important to increasing our corporate value and to our goal of becoming the “No. 1 Japanese insurance company selected by customers.” We have established systems for the execution of our business based on the principle of self-responsibility and have continued our efforts to enhance our organization and systems.

■ Outline of Organization and Systems

Important management decisions related to business execution are first discussed by the Executive Committee and then made by the President, CEO, Representative Executive Officer. The Executive Committee is comprised of the President, CEO, Representative Executive Officer and the Executive Officers in charge of the respective business operations. In addition, we set up the following 10 specialized committees to serve as advisory bodies to the Executive Committee. Among the items subject to approval of each Executive Officer, cross-divisional issues are discussed by the respective specialized committees.

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

Furthermore, in order to promptly and reliably implement measures under the leadership of management and improve solicitation quality, we have established a Customer-first Solicitation Committee and hold discussions.

■ Initiatives for Internal Control

We have resolved the “Fundamental Policy for Establishment of Internal Control Systems” at a meeting of the Board of Directors as a fundamental policy related to the establishment of a system for ensuring proper operations (revised on March 25, 2020). Pursuant to the aforementioned policy, the Company is striving to establish appropriate internal control systems, including the development of the following systems:

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

■ Internal Audit System

We have established the Internal Audit Department, which is independent from our business-executing departments, to contribute to sound and appropriate business operations. The Internal Audit Department carries out internal audits of the head office, regional headquarters, branches, our subsidiaries, and agencies to review the execution status of management activities and the appropriateness and effectiveness of the Company's Internal Control System including compliance, and risk management in accordance with the “International Standards for the Professional Practice of Internal Auditing” developed by the Institute of Internal Auditors (IIA). The Internal Audit Department reports the results of internal audits to the President, CEO, Representative Executive Officer, the Audit Committee, and the Board of Directors.

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

Directors and Executive Officers (As of August 10, 2022)

Directors



SENDA Tetsuya

Director and President, CEO, Representative Executive Officer
 Number of shares of the Company held 6,900 shares
 Number of years and months in office as a Director 2 years
 Status of attendance at the Board of Directors 100% (13/13 meetings)

Reasons for election

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

Significant concurrent positions:

Director of Japan Post Holdings Co., Ltd.

Past experience, positions and responsibilities

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



ICHIKURA Noboru

Director and Deputy President, Representative Executive Officer
 Number of shares of the Company held 2,000 shares
 Number of years and months in office as a Director 2 years
 Status of attendance at the Board of Directors 100% (13/13 meetings)

Reasons for election

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

Significant concurrent positions:

Managing Executive Officer of Japan Post Holdings Co., Ltd.

Past experience, positions and responsibilities

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



HARADA Kazuyuki

Outside Director
 Number of shares of the Company held - shares
 Number of years and months in office as a Director 4 years
 Status of attendance at the Board of Directors 92% (12/13 meetings)

Reasons for election

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

Significant concurrent positions:

Chairman of the Board, Representative Director of Keikyu Corporation Jun. 2010 Executive Director of Keikyu Corporation Jun. 2011 Senior Executive Director of Keikyu Corporation Jun. 2013 President and Representative Director of Keikyu Corporation Jun. 2015 Outside Director of Japan Airport Terminal Co., Ltd. (current position) Jun. 2018 Director of the Company (current position) Jun. 2019 President and Executive Officer of Keikyu Corporation Apr. 2022 Chairman of the Board, Representative Director of Keikyu Corporation (current position)

Past experience, positions and responsibilities

Apr. 1976 Joined Keikyu Corporation Jun. 2007 Director of Keikyu Corporation Jun. 2010 Executive Director of Keikyu Corporation Jun. 2011 Senior Executive Director of Keikyu Corporation Jun. 2013 President and Representative Director of Keikyu Corporation Jun. 2015 Outside Director of Japan Airport Terminal Co., Ltd. (current position) Jun. 2018 Director of the Company (current position) Jun. 2019 President and Executive Officer of Keikyu Corporation Apr. 2022 Chairman of the Board, Representative Director of Keikyu Corporation (current position)



YAMAZAKI Hisashi

Outside Director
 Number of shares of the Company held 1,000 shares
 Number of years and months in office as a Director 2 years
 Status of attendance at the Board of Directors 100% (13/13 meetings)

Reasons for election

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

Significant concurrent positions:

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

Past experience, positions and responsibilities

Apr. 1974 Assistant Judge, Osaka District Court Apr. 1995 Presiding Judge, Tokyo District Court Dec. 2000 Chief, Training and Research Institute for Family Court Probation Officers Dec. 2003 Chief, Family Bureau, General Secretariat, Supreme Court Dec. 2005 Chief Judge, Maebashi District Court Feb. 2007 Chief Judge, Yokohama Family Court Dec. 2008 Presiding Judge, Tokyo High Court Aug. 2009 Chief Judge, Tokyo Family Court Feb. 2011 President, Sapporo High Court Mar. 2013 Commissioner, Japan Fair Trade Commission Aug. 2016 Registered as attorney-at-law, Attorney-at-law of Kikuchi Sogo Law Office (current position) Jul. 2017 Supervisory Board Member, National Federation of Agricultural Cooperative Associations (current position) Jun. 2018 Outside Director of Sumitomo Corporation (current position) Jun. 2020 Director of the Company (current position)



NARA Tomoaki

Director
 Number of shares of the Company held 4,900 shares
 Number of years and months in office as a Director 1 year
 Status of attendance at the Board of Directors 100% (10/10 meetings)

Reasons for election

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

Significant concurrent positions:

None

Past experience, positions and responsibilities

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



MASUDA Hiroya

Director
 Number of shares of the Company held - shares
 Number of years and months in office as a Director 2 years
 Status of attendance at the Board of Directors 100% (13/13 meetings)

Reasons for election

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

Significant concurrent positions:

Director and Representative Executive Officer, President & CEO of Japan Post Holdings Co., Ltd. Director of Japan Post Co., Ltd. Director of Japan Post Bank Co., Ltd.

Past experience, positions and responsibilities

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



TONOSU Kaori

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

Reasons for election

We expect her to fulfill supervisory and monitoring functions over management based on her experience and insight as an IT governance and risk management expert nurtured through her career involving many engagements in overall system risk assessment and advisory activities at accounting firms. We elected her because we expect her to contribute to maintaining and strengthening governance of the Company through opinions and suggestions based on these considerable experience and achievements. She has not previously been involved in the management of a company as an officer of a stock company, however, we believe that she can appropriately perform duties as an Outside Director based on the aforementioned reasons.

Significant concurrent positions:

Outside Director of Internet Initiative Japan Inc.

Past experience, positions and responsibilities

Apr. 1985 Joined The Fuji Bank, Limited Jun. 2001 Joined Tohmatu & Co. Jun. 2006 Partner of Tohmatu & Co. Jul. 2009 Partner of Deloitte Touche Tohmatsu LLC Nov. 2015 Board Member of Deloitte Tohmatsu LLC Jun. 2018 Board Member of Deloitte Touche Tohmatsu LLC Jun. 2022 Director of the Company (current position) Jun. 2022 Outside Director of Internet Initiative Japan Inc. (current position)



TOMII Satoshi

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

Reasons for election

We expect him to fulfill supervisory and monitoring functions over management based on his experience and insight as a management expert nurtured through his career in the management of Development Bank of Japan Inc., a bank making investments and loans with a strong public nature. We elected him because we expect him to contribute to maintaining and strengthening governance of the Company through opinions and suggestions based on these considerable experience and achievements.

Significant concurrent positions:

Chairman of DBJ Investment Advisory Co., Ltd.

Past experience, positions and responsibilities

Apr. 1985 Joined The Japan Development Bank May 2010 Executive Officer, Head of Strategic Finance Group of Development Bank of Japan Inc. Jun. 2011 Managing Executive Officer, Head of Strategic Finance Group of Development Bank of Japan Inc. Apr. 2012 Managing Executive Officer, Head of Growth & Cross Border Investment Group of Development Bank of Japan Inc. Jun. 2012 Managing Executive Officer, General Manager of Investment Division, Head of Growth & Cross Border Investment Group of Development Bank of Japan Inc. Mar. 2014 Managing Executive Officer, General Manager of Investment Division, Head of Growth & Cross Border Investment Department of Development Bank of Japan Inc. Oct. 2014 Managing Executive Officer, General Manager of Investment Division of Development Bank of Japan Inc. Jun. 2015 Director, Managing Executive Officer, Chief Investment Officer of Development Bank of Japan Inc. Jun. 2016 Outside Director of the Board of World Co., Ltd. Apr. 2019 Director of Japanese Association of Turnaround Professionals (current position) Jun. 2020 Chairman of DBJ Investment Advisory Co., Ltd. (current position) Jun. 2022 Director of the Company (current position)



SUZUKI Masako

Outside Director
 Number of shares of the Company held 3,200 shares
 Number of years and months in office as a Director 6 years
 Status of attendance at the Board of Directors 100% (13/13 meetings)

Reasons for election

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

Significant concurrent positions:

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

Past experience, positions and responsibilities

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



SAITO Tamotsu

Outside Director
 Number of shares of the Company held 1,300 shares
 Number of years and months in office as a Director 5 years
 Status of attendance at the Board of Directors 100% (13/13 meetings)

Reasons for election

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

Significant concurrent positions:

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

Past experience, positions and responsibilities

Apr. 1975 Joined Ishikawajima-Harima Heavy Industries Co., Ltd. Jun. 2006 Executive Officer, Vice President of Aero-Engine & Space Operations of Ishikawajima-Harima Heavy Industries Co., Ltd. Jul. 2007 Executive Officer, Vice President of Aero-Engine & Space Operations of IHI Corporation Jan. 2008 Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation Apr. 2009 Director, Managing Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation Apr. 2010 Director of IHI Corporation Apr. 2011 Executive Vice President of IHI Corporation Apr. 2012 President, Chief Executive Officer of IHI Corporation Apr. 2016 Chairman of the Board, Chief Executive Officer of IHI Corporation Apr. 2017 Chairman of the Board of IHI Corporation Jun. 2017 Director of the Company (current position) Jun. 2018 Outside Director of Oki Electric Industry Co., Ltd. (current position) Apr. 2020 Director of IHI Corporation Jun. 2020 Senior Counselor of IHI Corporation (current position) Jun. 2021 Outside Director of Furukawa Electric Co., Ltd. (current position) Jun. 2022 Outside Director of KAJIMA CORPORATION (current position)

Executive Officers

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

Outside Director Roundtable Discussion

A New Start for Japan Post Insurance — Striving to Achieve Sustained Corporate Growth



SAITO Tamotsu
Outside Director



HARADA Kazuyuki
Outside Director



SUZUKI Masako
Outside Director



YAMADA Meyumi
Outside Director



YAMAZAKI Hisashi
Outside Director

What policies should be set for the future under the new Japan Post Insurance sales system, and how should we work to achieve growth? Our Outside Directors, with a wealth of experience in their respective fields, discussed their vision for leveraging the strengths of Japan Post Insurance from multiple perspectives.

Note: This Outside Director roundtable discussion was held in May 2022.

We must be attuned to the spirit of our management philosophy and focus on dialogue with our customers.

Q: What initiatives should be carried out in order to achieve a sales system that leverages the strengths of Japan Post Insurance and lives up to customers' ideals?

SAITO: Our management philosophy embodies our desire to protect consumers' lives with insurance products. I believe that if all of our employees are united in this belief and work diligently to put it into practice, we will earn the trust of society.

HARADA: The general public is very familiar with Japan Post Insurance because of its presence in post offices nationwide. It's a company that customers feel close to – one which can help them out when they are in need. We recognize the new Japan Post Insurance sales system, in which the Japan Post Group will work together as one to provide comprehensive consulting services, as a framework that will further meet those expectations.

SUZUKI: Each and every one of our employees interact with customers with sincerity as they strive to meet the customers' needs. I was reminded once again of the necessity of that sincerity. The close communication with customers, providing answers that accurately address requests – every one of these interactions, while they may be small on their own, build up to establish trust from our customers.

YAMADA: Japan Post Insurance is off to a new start, surrounded by a wide variety of customer opinions. To make this system even better, I think it's important that our employees trust the company, and that we create an environment in which all employees are on the same page, working towards the same goals.

YAMAZAKI: The new account manager system has made it possible to maintain direct, ongoing contact with customers. We hope that this system will allow us to understand our customers' situations, respond to their needs, and develop new products in the future that reflect their feedback.

Q: Could you please share your thoughts on what measures you believe will be necessary to reform the Company's corporate culture?

SAITO: In my experience, transforming a company's corporate culture is not something that can be done in a day. First, you need to change peoples' mindsets. To achieve that, you need to devote time and effort to make it easier for employees to do their jobs, to visualize their career plans, and the like. Japan Post Insurance is implementing pioneering measures, such as the introduction of an internal venture program. We also believe that incorporating flexible operations in our work processes and placing importance on their results will help to reform the corporate culture.

HARADA: This reorganization has resulted in tremendous changes to the sales system. I feel that this demonstrates to the employees how truly committed the Company is. I think the our corporate culture reform will be accelerated by making dramatic changes to areas that are difficult to address due to the scale of our organization.

SUZUKI: I think everyone, from management to employees, needs to change their mindset. I think that all employees share a sufficient sense of urgency. On the other hand, what about sustainable growth? What kind of career paths can mid-level and junior employees, who will create the next generation, plan for their future, and how should they demonstrate their abilities to achieve them? These are matters that directly affect the lives of workers. I feel that creating a clearly defined personnel system will also be essential to reforming the Company's corporate culture.

YAMADA: In order to produce greater unity between management and employees, we need to create an organization with a sense of openness. How do employees relay feedback from customers to management? How does upper-level management absorb this feedback? Systems like Direct Suggestions to the President are meaningful, but it is difficult to establish a unified organization without creating a corporate culture in which employees can feel secure speaking up. That's the kind of culture we need to foster through our corporate culture reform.

YAMAZAKI: On top of that, our corporate culture reform can't be accomplished if customer perspectives are disregarded. The opportunities for online meetings have increased due to the COVID-19 pandemic, but in addition to them, we need to communicate with our customers such as by, for example, providing friendly, relaxed communication spaces. Face-to-face communication is currently difficult, but we need to use the telephone, email, customer visits to post offices, social media, and other methods to stay in frequent touch with our customers, so that their input doesn't go to waste. Having many points of



contact with customers will, without a doubt, make Japan Post Insurance even better.

Using our nationwide network of post offices to make sustainable growth a reality

Q: What measures do you think could be taken during the course of these reforms to rediscover and showcase the strengths of Japan Post Insurance?

SAITO: There are post offices in every corner of Japan, and I think the familiarity the public has with Japan Post Insurance is a major strength. We can provide services that meet modern needs by attentively identifying the intentions of our existing policyholders and their family members. As one example of such measures, Japan Post Insurance is dedicated to promoting the health of customers, while Japan Post Co., offers the Post Office Watch Service. In addition, mail delivery personnel can also have an idea of the health status of residents when their mail starts piling up. One possible measure would be to link and coordinate the strengths of Japan Post Co., and Japan Post Insurance, thereby providing comprehensive services as Japan Post Group.

HARADA: Japan Post Insurance is already offering insurance products such as endowment insurance and educational endowment insurance, assisting with wealth-building of the public. I think these products convey a strong message of our dedication to wealth-building for the public. Our new products, such as medical insurance, should have a similarly strong message. By enhancing insurance with added value, such as through the Post Office Watch Service discussed earlier by Director SAITO, we can showcase to policyholders the qualities of our insurance products which set them apart from those of competitors. I would like for us to provide the value that only Japan Post Insurance can by leveraging our nationwide network of post offices.

SUZUKI: Japan Post Insurance is a company that serves as a pillar of peoples' lives, able to provide support to policyholders in time of need through our nationwide network. This is already a point of pride for our employees, but I'd like for employees to reaffirm their roles once again in the Reiwa era. I believe it's vital that we make sure each and every employee understands that we're not simply a large-scale company, but a company that is deeply linked to the day-to-day lives of the public.



CX improvement by digital tools: Usage in procedures and product development

Q: Could you please share your thoughts on what should be done to leverage digital technologies to improve the value of the customer experience?

YAMADA: The fusion of our physical nationwide network of post offices and digital technology is certain to become part of our digital technology usage policies. I feel that creating greater familiarity with these technologies among consumers will decide the future direction of Japan Post Insurance. Another measure would be to use digital technologies to handle all insurance operations. Japan Post Insurance will aim to provide support and improve the value provided by the customer experience by creating a system in which everything is handled digitally, from offering contracts to filing claims, while also integrating insurance services that uses insurtech or similar technology to watch over policyholders' lifestyle habits.

YAMAZAKI: I agree with Director YAMADA about the usage of digital technology. In the process of leveraging digital technology, I think there will also be a need for analog approaches, such as face-to-face dealings. We will need to make balanced use of both digital and analog, and that balance will depend on factors such as the ages of customers and their digital ability. I think that using digital technology as a starting point and linking it to the strengths of Japan Post Insurance, like our face-to-face interaction and dialogue capabilities, will help us improve the value provided by the customer experience.

Q: Looking to the future, how should products be developed to meet customer needs in order to enhance our insurance services?

YAMADA: Insurance products will need to meet the needs of the future. With the rising diversification of



work styles, there is room for the development of products such as products that pay benefits when people lose their jobs due to illness or unforeseen circumstances. Meanwhile, we will also

work to ensure that our customers fully understand the significance of insurance, such as the importance of long-term hospitalization insurance. Our liaison personnel will work to answer customers' questions like concierges, and the feedback from customers will be used in product development. I look forward to seeing what kinds of insurance products this approach will produce.

YAMAZAKI: With regard to product development, I think consideration should also be given to, for example, lump-sum payments when customers are rendered unable to work by illness including mental health problems, or on the occasion of customer life

events, such as changing jobs, getting married, giving birth, etc. On the procedural end, the multi-layered check system used at the time of contract is commendable, but repeated confirmation with customers comes across as a hassle. If we reviewed and revised our confirmation items and made it possible to confirm with customers after some time, not just immediately after concluding the contract, I think it would contribute to customer-first business operations.

Creating a bright future for Japan Post Insurance and becoming a guiding light for customers and communities

Q: Lastly, could you tell us about the future outlook and your hopes for Japan Post Insurance?

SAITO: Our management philosophy is the heart and soul of our management and employees. Our activities as a company should all be based on that philosophy. In the future, I'd like us to also look towards global expansion, as we carry out initiatives based on our philosophy of protecting all customers' lives by providing life insurance products.



HARADA: Under our new sales system as well, I would like for us to continue to meet customers' expectations and live up to our management philosophy of endeavoring to protect their well-being. I hope that each and every employee is confident as they fulfill their respective roles.



SUZUKI: In addition to our new sales system, the COVID-19 pandemic has led to sweeping changes to society as a whole. As the environment changes, so does the content of the work we perform. I feel that it is important that we carry out initiatives that transform the work styles and mindsets of each and every employee.

YAMADA: Japan Post Insurance is thoroughly rooted in the community, and I feel that the launch of this new sales system will further strengthen the bonds between us and the community. I hope that we also offer solid support as a company so that our employees can contribute to society by supporting the people of the community.

YAMAZAKI: I also think that Japan Post Insurance should have strong community ties. I want our employees to truly become part of their communities, engaging in frequent dialogue with customers and adapting to changes in society and the environment, so that we can be a company that truly supports the lives of our customers.

Engagement with Shareholders and Investors

We have formulated our Disclosure Policy, which sets out our basic policy of accurately and fairly disclosing information to fulfill our accountability as a listed company and to earn the trust of shareholders and investors, etc., and have been working to put it into practice. At the same time, we aim to enhance corporate value by understanding the requests and expectations of our shareholders and investors through engagement.

Disclosure Policy

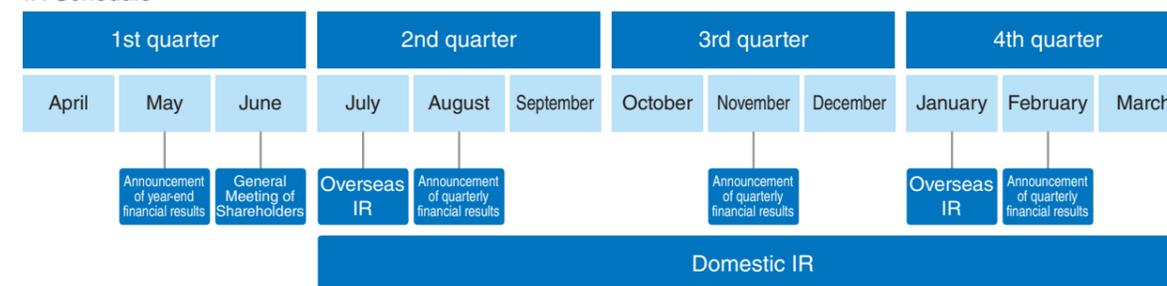
<https://www.jp-life.japanpost.jp/IR/en/information/policy.html>

IR Activities

We have established a page for shareholders and investors on our website (IR website) where we post corporate information for investors such as timely disclosure information in a timely manner. In November 2021, we launched an IR Mailing Service to communicate the latest timely disclosure information and other information related to investor relations.

During the fiscal year ended March 31, 2022, from the perspective of preventing the spread of COVID-19, we held a total of three online company information sessions for individual investors, viewed by numerous individuals. After the announcement of quarterly financial results, our management team holds conference calls and financial results briefings for institutional investors in Japan and overseas to explain management strategies and financial conditions. We also participate in conferences for institutional investors organized by securities companies.

IR Schedule



IR website

<https://www.jp-life.japanpost.jp/IR/en/index.html>

Details of the General Meeting of Shareholders held this year

Date:	June 15, 2022
Meeting duration:	57 minutes
Number of attending shareholders:	73
Mailing date of Convocation Notice:	May 30, 2022
Disclosure date of Convocation Notice on website:	May 20, 2022

To prevent the spread of COVID-19, the 16th Ordinary General Meeting of Shareholders was held with the health and safety of shareholders as the first priority. We took measures to prevent the spread of infection, such as taking temperature readings, wearing face masks, having alcohol sanitizer available, and ensuring adequate spacing between seats. In addition, we accepted questions in advance through our website, and also provided a live stream via the Internet for shareholders who refrained from attending the meeting to view the proceedings.

We worked to ensure early sending and disclosure of the Convocation Notice and made it

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

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

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

Compliance

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

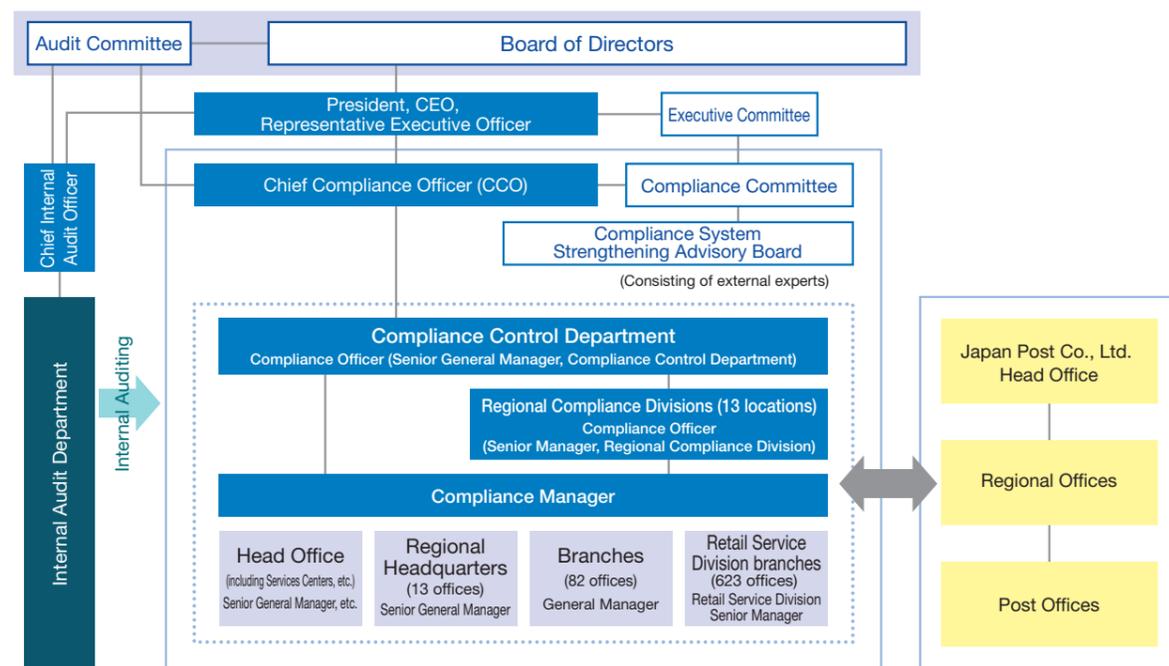
To realize our goal of becoming the “No. 1 Japanese insurance company selected by customers,” Company-wide efforts are undertaken to achieve thorough implementation of compliance.

► Compliance Policies

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

To provide a guide to the laws and regulations and other rules concerning our corporate activities, we have prepared a Compliance Manual, as well as a Compliance Handbook, which describes the essentials of the Compliance Manual. We strive to ensure that all executives and employees are familiar with and understand the contents of such guidelines. Furthermore, we work to practice thorough compliance through our “Compliance Program,” a detailed compliance practice plan developed annually.

► Compliance Promotion System



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

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

► Implementing Compliance Education

Through our Compliance Program, we conduct training courses that include Compliance Administrators and Compliance Managers at our head office, branches and other locations. The program covers explanations and instructions regarding the role of Compliance Managers, as well as important points to note and other details regarding compliance in our business activities. In order to provide and instill the knowledge of compliance, we also hold e-learning training courses for all executives and employees.

► Whistleblowing System

The Company has established whistleblowing contact points at the Compliance Control Department of the Head Office and outside Attorney’s Office for employees (including temporary employees). The whistleblowing contact points aim to achieve early detection and the resolution of acts of violations or possible violations of compliance. Based on the improper solicitation related to our products uncovered in 2019, the Japan Post Group has newly established an external whistleblowing contact point exclusively for financial product sales issues since March 2020, and is ensuring that all employees are aware of how it is used.

In addition, since September 2021, the Japan Post Group has introduced a dedicated portal site, the “One-Stop Consultation and Reporting Platform” which will guide whistleblowers to the most appropriate contact point for consultation and reporting of harassment and other violations of compliance by simply selecting the content of the consultation or reporting and the response desired to the company. In addition to the introduction of the “One-Stop Consultation and Reporting Platform”, we have also adopted a system in which the acceptance of whistleblowing and the investigation of reported events are conducted by “External Specialist Team” consisting of solely outside attorneys and their assistants.

► Measures related to Anti-Money Laundering and Combating the Financing of Terrorism

We have formulated the Policy on Anti-Money Laundering and Combating the Financing of Terrorism in accordance with the FSA’s Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism. Based on this policy, we will promote initiatives to appropriately mitigate risks of money laundering and the financing of terrorism (hereinafter referred to as “Money Laundering”).

From the perspective of preventing the abuse of our products and services for Money Laundering, we identify and evaluate risks based on the characteristics of our businesses and the status of our representative offices, as well as laws and regulations, and take appropriate measures commensurate with these risks in order to effectively mitigate them.

In addition, the management is taking the initiative in promoting measures to prevent Money Laundering, and we have appointed the CCO as the person in charge of anti-Money Laundering, etc. measures. We clearly define the roles and responsibilities of executives and employees involved in anti-Money Laundering, etc. measures.

► Initiatives for Protecting Personal Information

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

For an internal management structure to ensure safe management of personal data, we have established and announced the fundamental policy for protecting personal information (Japan Post Insurance Privacy Policy), and have also designated the Chief Information Security Officer (CISO), who is in charge of the Company-wide control of information security, and other responsible personnel. In this way, we are protecting and handling personal information in an appropriate manner.

📄 Japan Post Insurance Privacy Policy (in Japanese)

https://www.jp-life.japanpost.jp/policy/privacy/pcy_prv_statement.html

📄 Purpose of Use of Personal Information Succeeded from Japan Post (in Japanese)

https://www.jp-life.japanpost.jp/policy/privacy/pcy_prv_object.html

▶ Response to Cybersecurity

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

In terms of systems, we have established the CSIRT², an organization that conducts activities in preparation for cyberattacks in ordinary times and emergencies. The CSIRT gathers information in collaboration with external specialized organizations, and works on the development of emergency response procedures for IT systems that need to respond to the threat of cyberattacks. In addition to regular cyber drills, we conduct internal training and drills for executives and employees to continuously improve our response capabilities in the event of a cyberattack.

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

Notes: 1. Chief Information Security Officer
2. Computer Security Incident Response Team

▶ Elimination of Antisocial Forces

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

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

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

Education for Sales Personnel and Insurance Solicitation Agents

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

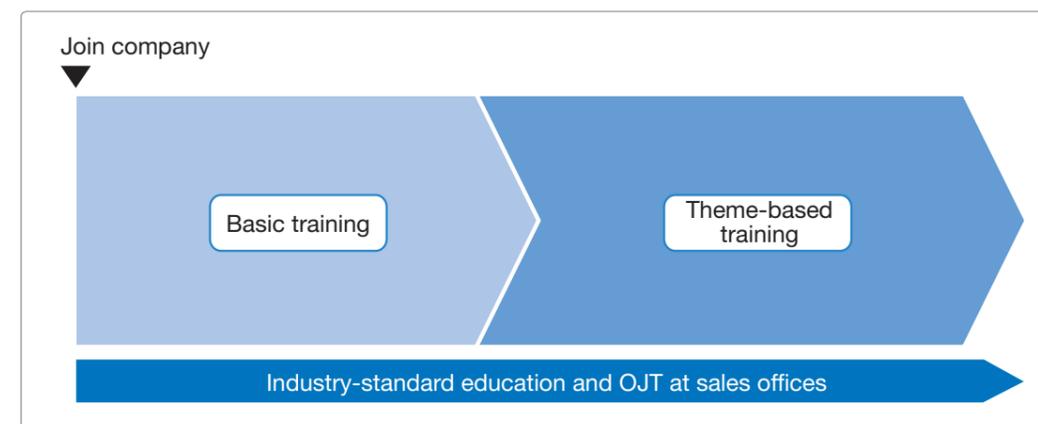
▶ Sales Personnel

Sales personnel engage in insurance solicitations mainly targeting the individual and corporate markets.

■ Overview of Education

We work to develop sales personnel who possess advanced knowledge and a sense of ethics to ensure that individual accurately respond to the needs of customers, in order to conduct customer-first sales activities.

Sales personnel acquire the basic knowledge and skills needed to undertake insurance solicitations in the personal and corporate markets through mass training and industry-standard education. We also implement various types of training based on specific themes, focusing on on-the-job training at sales offices, with the aim of developing human resources who are able to demonstrate high-quality consulting-sales abilities.

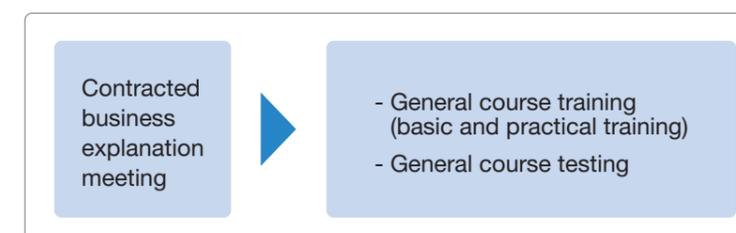


▶ Insurance Solicitation Agents

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

■ Overview of Training

Employees of Japan Post Co. engaging in insurance solicitation are provided with training aimed at ensuring thorough compliance, customer-first business operations and enhanced operational knowledge. In addition, we provide support for training implemented by Japan Post Co.



ERM and Capital Policy

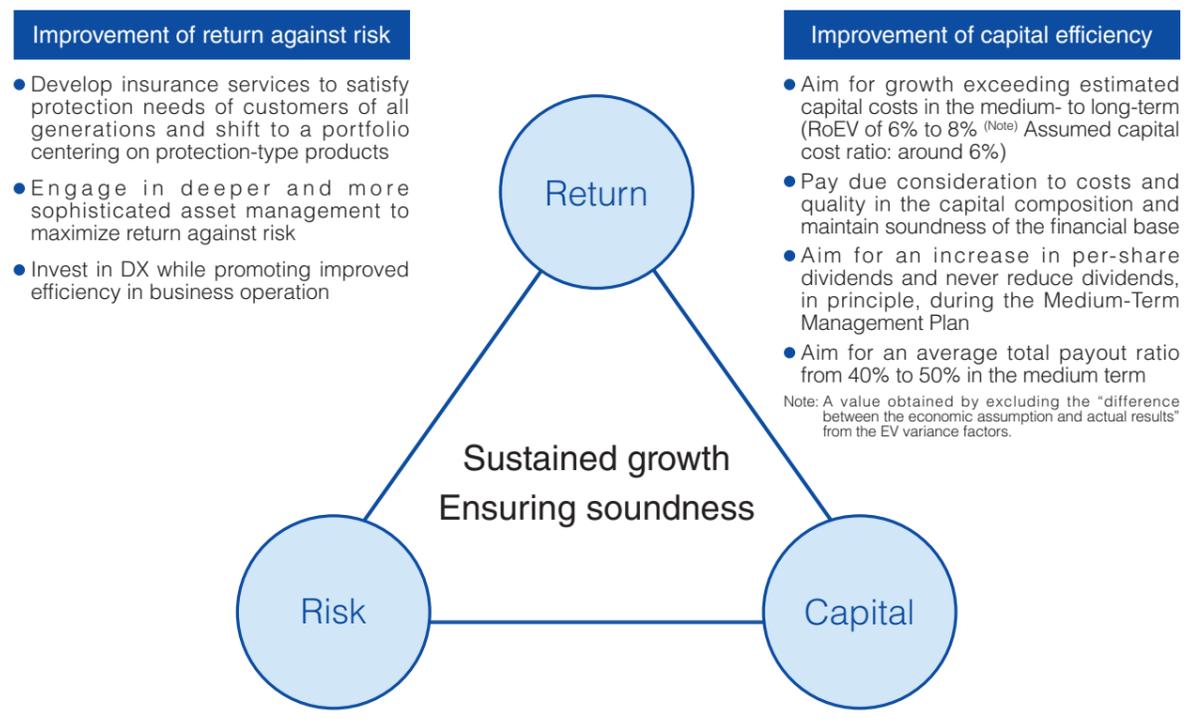
► Recognition of the Environment and Basic Strategy

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

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

► Key Initiatives

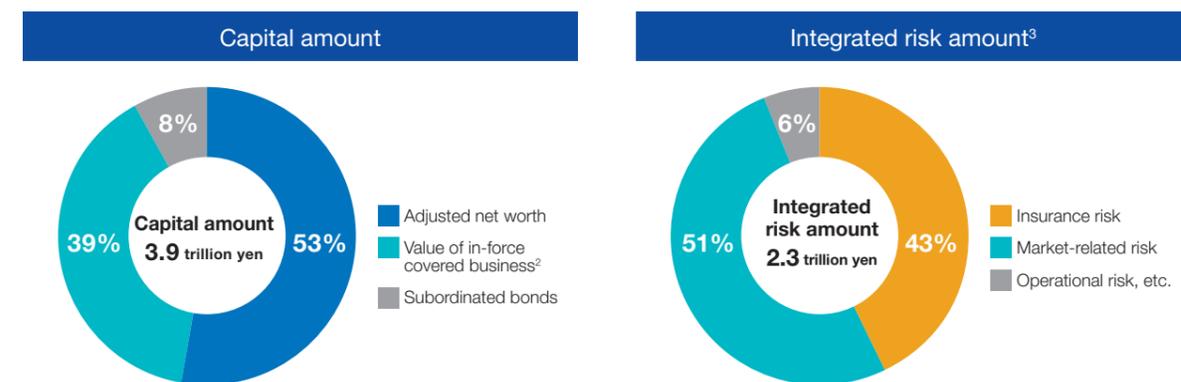
We intend to improve the risk return ratio and capital efficiency while maintaining financial soundness under the ERM framework.



Maintaining financial soundness

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

► Capital and Risk Amount (as of March 31, 2022)



- Aim for EV growth exceeding estimated cost of shareholder's equity in the long term by securing stable profit (RoEV¹ 6%~8%)
- Aim to optimize the balance between soundness and capital costs by incorporating capital raised through debt financing

Notes: 1. A value obtained by excluding the "difference between the economic assumption and actual results" from the EV variance factors
2. Excluding costs to maintain required capital from the value of in-force covered business in EV

- Maintain risk appetite for insurance risk by shifting to a portfolio centering on protection-type products
- Market-related risks will be addressed by:
 - Controlling interest risk, etc. (promotion of ALM, etc.)
 - Maintain other risk appetite based on return against risk

Notes: 3. Before considering diversification effect etc. between risks



► Risk Appetite Statement

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

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

Risk Management Systems

► Outline of Risk Management Systems

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

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

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

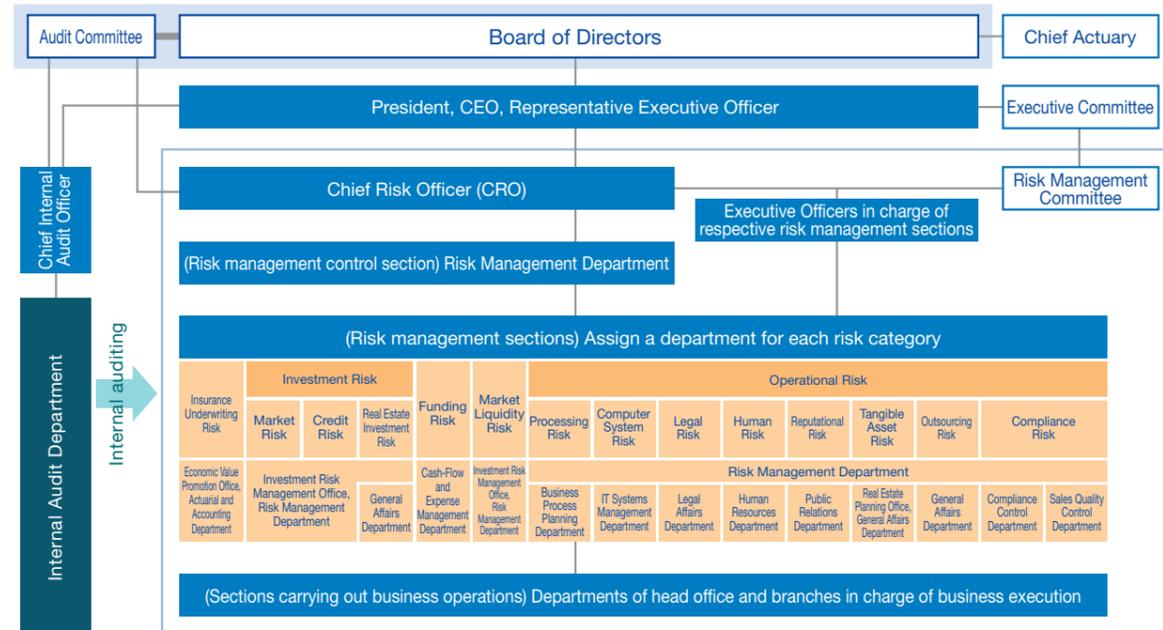
Each of the Executive Officers in charge of risk management sections operate and upgrade the systems for managing their respective assigned risks by ascertaining the presence, types and profile of risk, as well as the risk management techniques and systems as prescribed by the Basic Risk Management Policy.

While operating a mutual checks and balances system with departments of the head office and branches in charge of business execution, risk management sections appropriately fulfill their monitoring role and manage their assigned risks in accordance with risk management standards. As investment risk and operational risk have multiple subcategories, we have designated a department for handling comprehensive risk management in conjunction with the risk management sections for respective subcategories.

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

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

Risk Management Structure



► Principal Risk Categories and Definitions

We classify and define types and details of managed risks into the following categories, and have established a management system and rules in accordance with each characteristic and are appropriately carrying out risk management.

Insurance Underwriting Risk	The risk of losses due to changes in economic conditions, incidence rates of insured events or other factors contrary to the projections made at the time when premiums were set.	Operational Risk	The risk of losses due to improper business processing, inappropriate behavior by executives and employees, improper computer system operations or external events.
Investment Risk	The risk of losses resulting from fluctuation in the value of assets and liabilities held that include off-balance-sheet assets and liabilities.	Processing Risk	The risk of losses due to executives, employees and others neglecting to conduct proper operations, resulting in accidents or engagement in unlawful activities.
Market Risk	The risk of losses resulting from fluctuation in the value of assets and liabilities held that include off-balance-sheet assets and liabilities as well as the risk of losses resulting from fluctuations in profits generated by assets and liabilities due to fluctuations in various market risk factors such as interest rates, foreign exchange rates and stock prices.	Computer System Risk	The following types of risk are included: a) the risk of losses due to system failures or malfunctions, system defects or any other causes. b) the risk of losses due to unauthorized use of computers. c) the risk of losses due to delayed computer system development.
Credit Risk	The risk of losses resulting from a decline or elimination in the value of assets including off-balance-sheet assets due to deterioration in financial conditions of borrowers or a counterparty.	Legal Risk	The risk of losses resulting from any legal conflicts associated with our business activities or due to our improper response to the establishment of or revisions to any relevant laws and regulations.
Real Estate Investment Risk	The risk of losses due to a decline in profitability of real estate caused by factors such as change of rents or due to a decrease in the value of real estate itself caused by factors such as changes in market conditions.	Human Risk	The risk of losses due to unequal, unfair or discriminatory actions, in terms of personnel management.
Funding Risk	The risk of losses due to overdue payment of insurance claims and others, or being forced to carry out transactions at a price extremely lower than normal as a result of a deterioration in cash management caused by factors such as a decrease of premium income following the decline of new policies caused by factors such as worsening financial conditions, an increase in payments of termination refunds following a large amount of policy surrenders and lapses and cash outflows following a significant natural disaster.	Reputational Risk	a) The risk of losses due to the spread of vague information such as rumors, speculations or reputation with regard to the Company, and the spread of misunderstandings, misperceptions or exaggerated interpretations associated with an accident or unlawful acts among policyholders or the mass media. b) The risk of losses due to negative evaluations. For example, there is a great gap between the business activities of the Company and the expectations/trust of stakeholders.
Market Liquidity Risk	The risk of losses due to being forced to conduct transactions at extremely unfavorable prices compared to normal or being unable to conduct market transactions due to factors including market turmoil.	Tangible Asset Risk	The risk of losses due to damage to tangible assets caused by disasters or other events.
		Outsourcing Risk	The risk of losses due to default of an outsourcing agreement and/or unlawful acts, etc., committed or conducted by an outsourcee (including any re-outsourced party) with regard to an operation outsourced externally.
		Compliance Risk	The risk of loss of corporate value due to the loss of trust of stakeholders including customers caused by violations of laws and regulations, rules, and in-house regulations, acts deviating from social norms, acts violating commercial practices and market practices, and acts against social expectations such as acts that do not consider the customer’s perspective.

► Implementation of Stress Tests

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

- In establishing stress scenarios we undertake the following:
- We cover all risk categories that could have a significant impact on the Company taking into consideration the Company’s risk profile status.
 - Besides historical scenarios that have occurred in the past, we simulate forward-looking hypothetical scenarios that could occur in the future.
 - We consider the impacts on the Company under a combined (comprehensive) stress scenario.

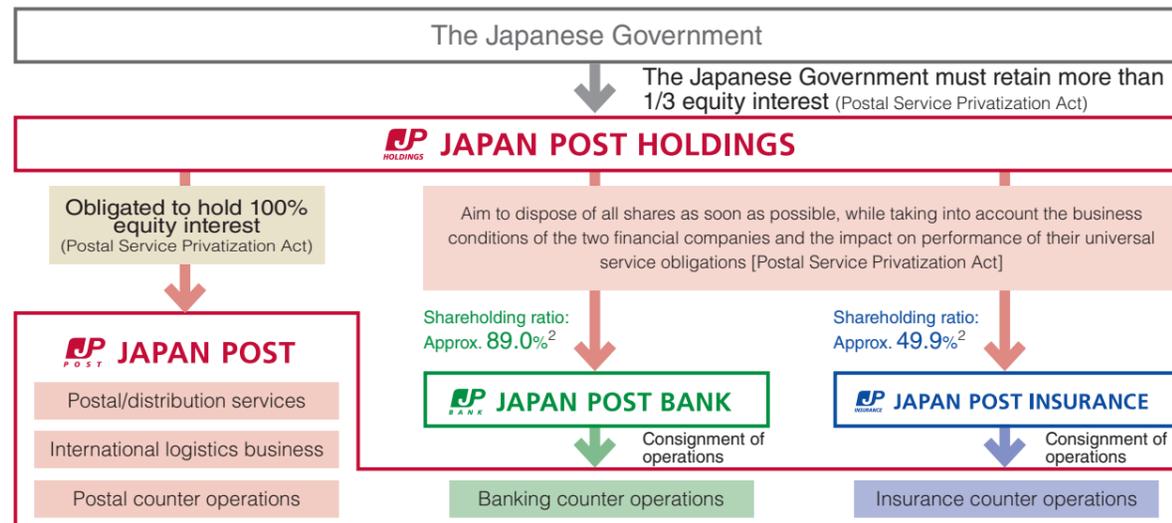
Specifically, it is a combination of events such as significant fluctuations in financial markets such as interest rates, exchange rates and stock prices, the occurrence of a major earthquake or a pandemic. In addition, we are working on estimates and analyses of the impact of climate change (long-term global warming) on assets owned, insurance claim payments, etc.

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

Our Position within the Japan Post Group

► Structure of the Japan Post Group

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



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

► Additional Restrictions Under the Postal Service Privatization Act

- There are additional restrictions under the Postal Service Privatization Act to ensure fair competition with other life insurance companies.
- As the percentage of Japan Post Insurance shares held by Japan Post Holdings fell below 50% in May 2021, a part of additional regulatory restrictions relating to new businesses was relaxed, thereby establishing an environment in which the Company can further provide insurance services to meet our customers' needs.

Item	Additional Restrictions Under the Postal Service Privatization Act		
	Until Japan Post Holdings disposes of 50% or more of the shares of the Company	After Japan Post Holdings disposes of a 50% or more of all the shares of the Company until the designated date ²	After the designated date ²
New business	Approval by the specified ministers ¹ (a hearing at the Postal Privatization Committee is required)	Prior notification to the competent ministers (obligation to consider competitors, notification to the Postal Privatization Committee is required)	No regulations under the Postal Service Privatization Act ³
Limit on coverage amount	Prescribed in a cabinet order (a hearing at the Postal Privatization Committee is required to revise) - Limit on coverage amount: in principle, ¥10 mn (total of ¥20 mn after 4 years have elapsed since start of coverage (ages 20-55))		No regulations under the Postal Service Privatization Act
Subsidiary	Prohibited from acquiring or holding as a subsidiary or merging with any insurance company - No specific statutory rules applicable to our minority investments, which is acquiring voting rights below 50%		No regulations under the Postal Service Privatization Act

Notes: 1. Specified ministers: Prime Minister (Commissioner of the Financial Services Agency) and Minister for Internal Affairs and Communications
2. Designated date: The earlier of (i) the disposal of 50% or more of Japan Post Holdings' equity interest in the Company and the determination by the Prime Minister and the Minister for Internal Affairs and Communications that the additional restriction does not apply to the Company and (ii) the disposal of Japan Post Holdings' entire equity interest in the Company
3. Regulations under the Insurance Business Act will continue.

► Provision of Services through Post Offices

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



Commissions for insurance solicitation, maintenance and claim payment

○ Commissions for insurance solicitation

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

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

○ Commissions for maintenance and claim payment

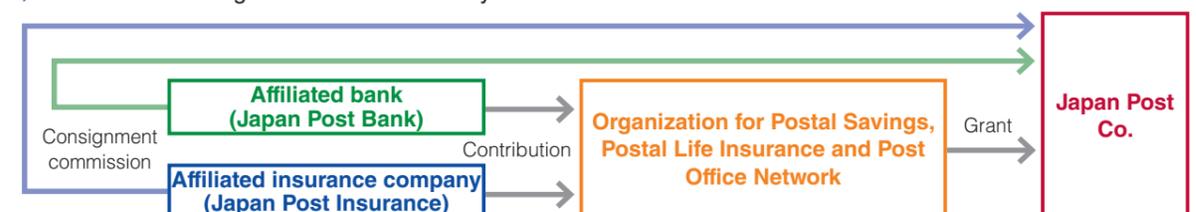
For maintenance and claim payment services consigned to Japan Post Co., a unit price is set and paid based on the processing time of the service at post offices.

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

► Overview of the Grant and Contribution System

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

► Framework of the grant and contribution system

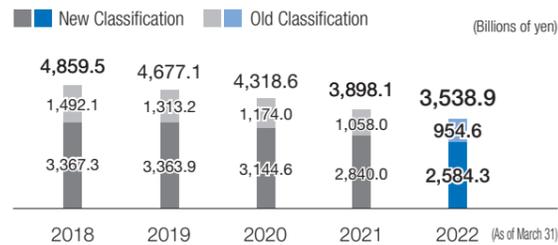


Financial and Non-Financial Highlights

Financial Highlights

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

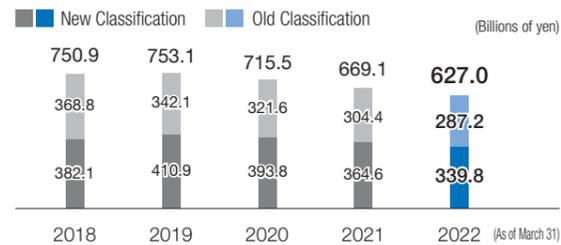
¥3,538.9 billion



As of March 31, 2022, annualized premiums from policies in force (individual insurance) amounted to ¥3,538.9 billion including reinsured Postal Life Insurance Policies (insurance), a 9.2% decrease year on year.

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

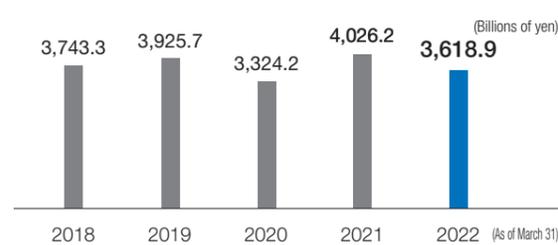
¥627.0 billion



As of March 31, 2022, annualized premiums from policies in force (third-sector insurance) amounted to ¥627.0 billion including reinsured Postal Life Insurance Policies, a 6.3% decrease year on year.

Embedded Value (EV)⁵

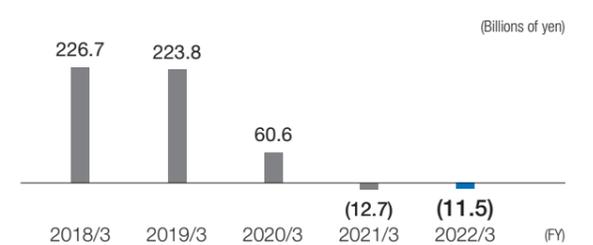
¥3,618.9 billion



Embedded value (EV) is one of the corporate value indicators for life insurance companies. Our EV as of March 31, 2022 was ¥3,618.9 billion, a ¥407.2 billion decrease year on year, mainly due to a decrease in net assets in association with the acquisition of treasury shares in May 2021 and a decrease in unrealized gains on foreign bonds in line with rising overseas interest rates.

Value of New Business⁵

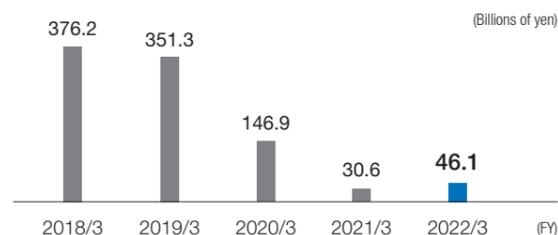
¥(11.5) billion



The value of new business is the present value of future profits expected from new business. The value of new business was negative because certain operating expenses were necessary for acquiring new policies regardless of the scale of sales efforts, while the volume of new policies was small in the fiscal year ended March 31, 2022.

Annualized Premiums from New Policies (Individual Insurance)

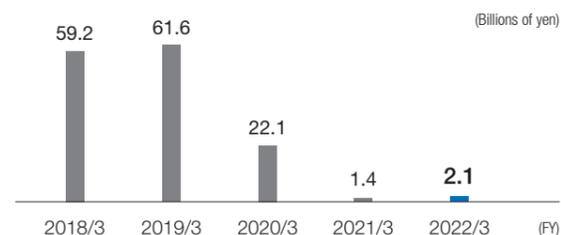
¥46.1 billion



During the fiscal year ended March 31, 2022, annualized premiums from new policies (individual insurance) amounted to ¥46.1 billion, a 50.7% increase year on year. This is a significant decrease compared to the fiscal year ended March 31, 2019, before the solicitation quality issues occurred.

Annualized Premiums from New Policies (Third-Sector Insurance)

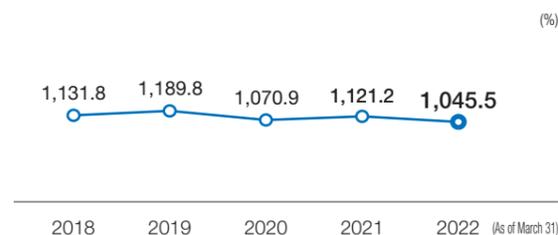
¥2.1 billion



During the fiscal year ended March 31, 2022, annualized premiums from new policies (third-sector insurance) amounted to ¥2.1 billion, a 49.0% increase year on year (refer to "Annualized Premiums from New Policies (Individual Insurance)").

Consolidated Solvency Margin Ratio

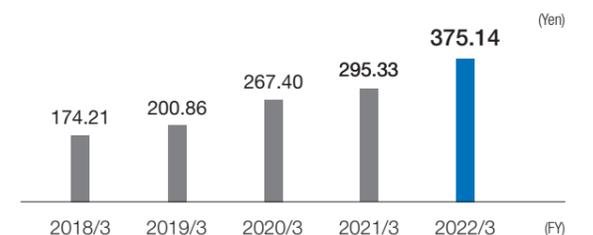
1,045.5%



Our consolidated solvency margin ratio as of March 31, 2022 remained high at 1,045.5%, significantly exceeding 200%, the criterion of prompt corrective action by the regulatory agency.

Earnings per Share (EPS)⁶

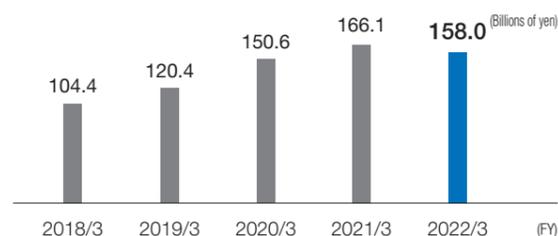
¥375.14



During the fiscal year ended March 31, 2022, earnings per share amounted to ¥375.14, a ¥79.81 increase year on year.

Net Income (Consolidated)⁴

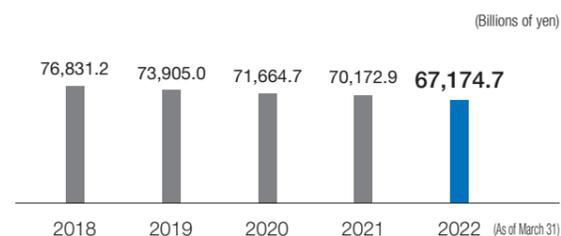
¥158.0 billion



Net income in the fiscal year ended March 31, 2022 decreased ¥80.0 billion (4.8%) year on year to ¥158.0 billion.

Total Assets (Consolidated)

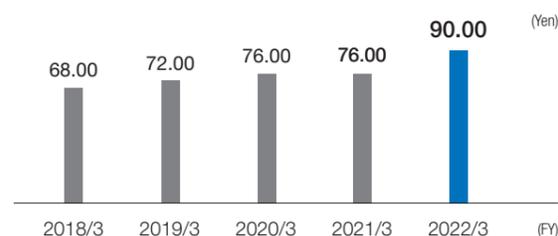
¥67,174.7 billion



We manage insurance premiums entrusted from customers and hold assets such as securities in order to provide for payments of insurance claims and others. Total assets as of March 31, 2022 amounted to ¥67,174.7 billion.

Dividend per Share (DPS)

¥90.00



The dividend per share for the fiscal year ended March 31, 2022 was ¥90.

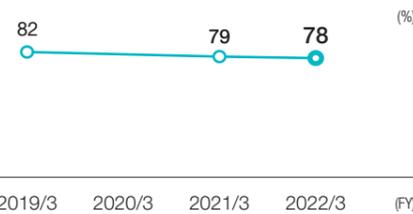
Notes: 1. "New Classification" indicates policies in force underwritten by Japan Post Insurance, whereas "Old Classification" indicates Postal Life Insurance Policies that we received from the Management Network in the form of reinsurance.
2. The annualized premiums under "Old Classification" are calculated based on the same methods used for "New Classification."
3. "Third-sector insurance" includes annualized premiums corresponding to medical benefits (including hospitalization and surgery benefits).
4. Net income attributable to Japan Post Insurance
5. Please see pages 74-75 and 183-185 for the details of EV and the value of new business.
6. Figures for EPS are stated on a consolidated basis.

External Evaluation and Support for Initiatives

Non-Financial Highlights

Customer Satisfaction ⁷

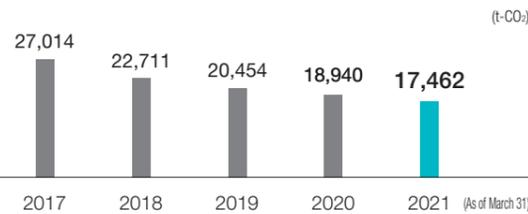
78%



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

Carbon Dioxide (CO₂) Emissions ⁸

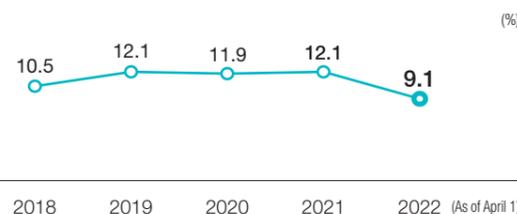
17,462 t-CO₂



During the fiscal year ended March 31, 2021, CO₂ emissions were 15,823 t-CO₂ from our facilities and 1,639 t-CO₂ from vehicles, amounting to total emissions of 17,462 t-CO₂. As efforts to reduce CO₂ emissions, we are improving the operation of lighting and air-conditioning systems at our facilities and promoting a switch to hybrid and eco-friendly vehicles.

Ratio of Female Managers ⁹

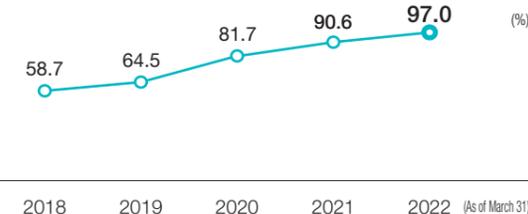
9.1%



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

Rate of Taking Childcare Leave

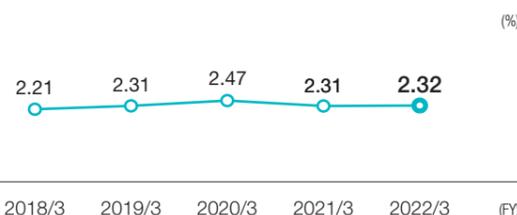
97.0%



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

Ratio of Employees with Disabilities ¹⁰

2.32%



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

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

8. Emissions from facilities and vehicles of all organizations within Japan Post Insurance.

9. The ratio fell significantly in comparison to April 1, 2021 due to the increase in the number of employees assigned to Japan Post Insurance from Japan Post Co., Ltd. in conjunction with the shift to the new Japan Post Insurance sales system.

10. As of June 1 of each year

Credit Ratings

As of June 1, 2022

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

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

AA-

Insurance Claims Paying Ability

Japan Credit Rating Agency, Ltd. (JCR)

AA

Ability to Pay Insurance Claims Rating

Standard & Poor's (S&P)

A

Insurer Financial Strength Ratings

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

We are improving customer experience value and striving to establish an environment where each and every employee can actively demonstrate his/her full potential to empower himself/herself. As a result of our efforts, we have been awarded the following evaluations.



White 500



Platinum Kurumin



PRIDE INDEX



Tomonin Mark



Telework Pioneer
Top Hundred Telework
Pioneers



DX Certification Program

Support for Initiatives

We have expressed our support for various initiatives, both in Japan and overseas, and we are enhancing our efforts to realize a sustainable society.



United Nations Global Compact



CDP



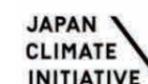
CA100+



TCFD



PRI



JCI



社会的インパクト・マネジメント・イニシアチブ
Social Impact Management Initiative

SIMI



PCAF

インパクト志向金融宣言
Japan Impact-driven Financing Initiative
Japan Impact-driven Financing Initiative

Major Financial and Non-Financial Data

(Billions of yen unless specifically indicated)

Financial data	As of/For the years ended March 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Results of operations and financial position											
Ordinary income	¥	11,834.9	¥ 11,234.1	¥ 10,169.2	¥ 9,605.7	¥ 8,659.4	¥ 7,952.9	¥ 7,916.6	¥ 7,211.4	¥ 6,786.2	¥ 6,454.2
Ordinary profit		528.9	462.7	492.6	411.5	279.7	309.2	264.8	286.6	345.7	356.1
Core profit		570.0	482.0	515.4	464.2	390.0	386.1	377.1	400.6	421.9	437.1
Spread (positive/negative spread)		(4.7)	54.2	66.9	97.4	78.5	65.8	58.4	80.4	76.3	140.7
Core profit attributable to life insurance activities		574.7	427.8	448.4	366.8	311.4	320.3	318.7	320.1	345.6	296.4
Net income		90.6	62.8	81.3	84.8	88.5	104.4	120.4	150.6	166.1	158.0
Capital stock		500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0
Number of shares issued (Thousands of shares)		20,000	20,000	20,000	600,000	600,000	600,000	600,000	562,600	562,600	399,693
Total assets		90,463.5	87,092.8	84,915.0	81,545.1	80,336.7	76,831.2	73,905.0	71,664.7	70,172.9	67,174.7
Contingency reserve		2,683.6	2,588.7	2,498.7	2,374.8	2,254.0	2,114.3	1,962.7	1,797.3	1,611.3	1,690.9
Reserve for price fluctuations		522.8	614.2	712.1	782.2	788.7	916.7	897.4	858.3	904.8	972.6
Securities		72,557.1	69,377.9	66,276.2	63,609.9	63,485.2	60,130.9	58,451.5	55,870.5	55,273.6	53,417.5
Major financial soundness indicators											
Consolidated solvency margin ratio (%)		1,468.8	1,625.1	1,644.2	1,570.3	1,290.6	1,131.8	1,189.8	1,070.9	1,121.2	1,045.5
Economic solvency ratio (ESR) (%)		—	—	179	167	176	186	225	116	205	169
Status of policies											
Annualized premiums from policies in force (individual insurance)		5,686.8	5,393.9	5,182.5	5,031.4	4,979.6	4,859.5	4,677.1	4,318.6	3,898.1	3,538.9
Annualized premiums from policies in force (third-sector insurance)		789.9	768.6	748.0	738.7	736.1	750.9	753.1	715.5	669.1	627.0
Annualized premiums from new policies (individual insurance)		431.6	439.0	457.8	485.3	507.9	376.2	351.3	146.9	30.6	46.1
Annualized premiums from new policies (third-sector insurance)		40.8	49.1	41.1	49.5	55.7	59.2	61.6	22.1	1.4	2.1
Corporate value											
EV		2,866.2	3,386.8	3,613.7	3,151.0	3,355.6	3,743.3	3,925.7	3,324.2	4,026.2	3,618.9
Value of new business		181.6	185.1	154.9	192.7	36.8	226.7	223.8	60.6	(12.7)	(11.5)
Per share indicators											
Earnings per share (EPS) (Yen)		4,533.93	3,140.11	4,066.16	141.50	147.71	174.21	200.86	267.40	295.33	375.14
Dividend per share (DPS) (Yen)		1,137.51	840.43	1,226.38	56.00	60.00	68.00	72.00	76.00	76.00	90.00
(of which, interim dividend per share)		[—]	[—]	[—]	[—]	[—]	[—]	[—]	[38.00]	[—]	[45.00]

Non-financial data	As of/For the years ended March 31	2018	2019	2020	2021	2022
Customer satisfaction (%)		—	82	—	79	78
Carbon dioxide (CO ₂) emissions (t-CO ₂)		22,711	20,454	18,940	17,462	—
Number of employees (Persons)		7,490	7,617	7,638	7,645	7,545
Male (Persons)		4,301	4,307	4,270	4,233	4,147
Female (Persons)		3,189	3,310	3,368	3,412	3,398
Ratio of female managers (%)		10.5	12.1	11.9	12.1	9.1
Head offices (%)		—	—	—	—	13.9
Average age (Years)		38.8	39.0	39.4	39.9	40.5
Male (Years)		41.7	41.8	42.1	42.7	43.2
Female (Years)		35.0	35.3	35.9	36.5	37.3
Average years of service (Years)		14.6	14.7	15.0	15.4	15.9
Male (Years)		17.5	17.5	17.8	18.3	18.7
Female (Years)		10.7	11.0	11.5	11.8	12.5
Rate of employees with disabilities (%)		2.21	2.31	2.47	2.31	2.32
Rate of employees with disabilities (for the entire Japan Post Group) (%)		—	—	—	2.36	2.35
Number of foreign employees (Persons)		3	4	4	4	5
Monthly average amount of overtime per employee (Hours)		9.0	8.4	8.9	7.1	8.6
Rate of taking paid leave (%)		89.2	87.7	93.9	90.6	89.8
Rate of taking childcare leave (%)		58.7	64.5	81.7	90.6	97.0
Male (%)		17.6	28.5	65.3	80.7	92.7
Female (%)		98.8	100.0	99.4	100.0	100.0
Return-to-work rate of employees who took childcare leave (%)		99.3	98.2	97.7	96.8	98.0
Number of employees who returned to work (Persons)		143	162	169	210	243
Number of employees who took nursing care leave (Persons)		—	6	14	10	6
Status of retention of new employees (after 3 years) (%)		89.7	84.4	87.2	86.0	86.8

- Notes: 1. The financial data represent consolidated figures. However, core profit, number of shares issued, status of policies and dividend per share represent non-consolidated figures. Furthermore, net income represents net income attributable to Japan Post Insurance.
2. The total number of shares issued is truncated to the nearest thousand.
3. The Company implemented a 30:1 stock split effective August 1, 2015. The lower rows of the fiscal years ended March 31, 2014 and 2015 for EPS have been calculated assuming the stock split was implemented on April 1, 2013.
4. The Company cancelled its treasury stock on May 31, 2019, reducing the total number of shares issued by 37,400 thousand shares.
5. The Company cancelled its treasury stock on August 20, 2021, reducing the total number of shares issued by 162,906 thousand shares.
6. The consolidated solvency margin ratios have been calculated in accordance with the provisions set forth in Articles 86-2 and 88 of the Ordinance for Enforcement of the Insurance Business Act and in the public notification No.23 issued by the Financial Services Agency in 2011.
7. In the calculation of the consolidated solvency margin ratio from March 31, 2016 onwards, the total amount of solvency margin was partially amended in accordance with the Cabinet Office Ordinance No.16 of 2016. Accordingly, the consolidated solvency margin ratios on March 31, 2013 through 2015, and March 31, 2016 onwards were calculated based on different standards.
8. The economic solvency ratio (ESR) is the capital amount based on economic value divided by the integrated risk amount based on economic value and is one of the indicators that represents the financial soundness of life insurance companies (Figures are based on the Company's internal model; 99.5% confidence level). The Company shifted to a new ESR measurement model in the fiscal year ended March 31, 2022.
9. 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.
10. Annualized premiums from policies in force include reinsured Postal Life Insurance Policies (for individual insurance, limited to Postal Life Insurance Policies (insurance)).
11. Third-sector insurance includes medical benefits (including hospitalization and surgery benefits), living benefits (including limited illness and nursing care benefits), and premium payment waivers benefits (excluding disability and including specified diseases and nursing benefits).
12. In the calculation of EV and the value of new business for the fiscal year ended March 31, 2015 onwards, an approach which utilizes the ultimate forward rate is applied as the extrapolation method of interest rates at longer durations of the risk-free rates (an approach in which the forward rates for the last year of the market data onwards are assumed to be the same is used for the fiscal year ended March 31, 2014 and before).
13. The value of new business for the fiscal year ended March 31, 2016 onwards is calculated as the difference between the EV calculated on the basis of the profit and loss for all in-force covered business including new business issued, and the EV calculated on the basis of the profit and loss for all in-force covered business if no new business had been issued (the value of new business for the fiscal year ended March 31, 2015 and before is calculated on the basis of the profit and loss for new business on a stand-alone basis).
14. The Company established a Board Benefit Trust (BBT) in the fiscal year ended March 31, 2017. Shares of the Company held in the trust, which was recorded as treasury stock under the category of shareholders' equity, were included in treasury stock to be deducted from the calculation of the average number of shares during the fiscal year, for the purpose of calculating EPS.
15. CO₂ emissions for the fiscal year ended March 31, 2022 are being compiled at the time of the report's preparation.
16. The number of employees excludes employees assigned to other companies by Japan Post Insurance but includes employees assigned to Japan Post Insurance by other companies. The figures exclude non-regular employees (including indefinite-term employees based on the indefinite-term employment conversion system). The Company shifted to its new Japan Post Insurance sales system in April 2022, and the number of employees as of April 1, 2022 is 20,092.
17. Ratio of female managers represents the ratio as of April 1 of the following fiscal year.
18. Average age and average years of service are based on attained ages and years of service as of March 31 of each fiscal year, and truncated to the first decimal place.
19. Average years of service represents the number of years of continuous service including years at the Ministry of Posts and Telecommunications, the Postal Services Agency (Ministry of Internal Affairs and Communications) and Japan Post.
20. Rate of employees with disabilities represents the number employed by the Company on a non-consolidated basis, as of June 1 of each fiscal year.
21. Rate of employees with disabilities (for the entire Japan Post Group) represents the number employed by all six companies in the Japan Post Group as of June 1 of each fiscal year.
22. Status of retention of new employees represents the retention rate of new graduates for each year after three years from their employment.

History	78
Major Businesses	79
Organization Chart	80
Paid-in Capital	81
Total Number of Stocks	81
Condition of Stocks	81
Principal Shareholder	81
Accounting Advisor	82
Independent Auditor	82
Total Number of Employees and Conditions of Employment ...	82
Average Monthly Salary (In-house employees)	82
Average Monthly Salary (Sales employees)	83
Summary of the Subsidiaries	83
Major Insurance Products for Individuals	84
Major Insurance Products for Corporate Clients ...	85
Major Riders	86
Maximum Amount of Insurance Coverage	86
Briefing on Important Matters / Provision of Literature about Disadvantageous Information	87
Notice of Policy Details	88
Management of Conflicts of Interest	89
Life Insurance Policyholders Protection Corporation of Japan ...	90
Principal Risk Categories and Definitions	92

History

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

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

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

September 2006	Established Kampo Co., Ltd. under the Postal Service Privatization Act
October 2007	Changed trade name to JAPAN POST INSURANCE Co., Ltd. in line with the commencement of the life insurance business Started Postal Life Insurance management operations under commission from the Management Network
December 2007	Obtained approval for new operations (liberalization of investment products)
June 2008	Commenced commissioned sales of life insurance products for corporate clients
July 2008	Launched <i>Sono hi kara</i> , a new hospitalization rider
July 2009	Established branches in all prefectures through the opening of the Nara Branch and Wakayama Branch
October 2011	JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd. (current consolidated subsidiary) became a subsidiary
April 2014	Launched <i>Hajime no Kampo</i> , an educational endowment insurance
July 2014	Commenced handling commissioned sales of cancer insurance products for American Family Life Assurance Company of Columbus ¹
October 2015	Launched <i>Shin Free Plan</i> (short-term premium payment), an endowment insurance
November 2015	Listed common stock on the First Section of the Tokyo Stock Exchange Commenced commissioned sales of life insurance products for corporate clients (general welfare group term insurance, etc.)
March 2016	Obtained approval for new operations (underwriting of reinsurance and related services) Business alliance with The Dai-ichi Life Insurance Company, Limited ²
October 2017	Launched <i>Sono hi kara Plus</i> , a new medical rider Launched <i>Shin Nagaiki Kun Low Cash Value Plan</i> , a new whole life insurance (low cash value) Launched <i>Choju no Shiawase</i> , a longevity support insurance (low cash value)
April 2019	Launched <i>Kampo ni Omakase</i> , products with relaxed underwriting criteria; and an advanced medical rider Secondary offering of common stock of the Company
April 2022	Launched <i>Motto sono hi kara Plus</i> , a new medical care rider Moved from the First Section of the Tokyo Stock Exchange to the Prime Market

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

[Reference] History of Postal Life Insurance

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

New Operations after Privatization

(As of July 1, 2022)

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

- Approval for the revision on the educational endowment insurance
Pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on September 3, 2012 and conditional approval was acquired on November 30, 2012 according to said Act. Accordingly, the revision was approved on January 24, 2014.
- Approval for the sales of short-term premium payment endowment insurance
Pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on February 19, 2015 and approved on April 15, 2015.
- Approval for commissioned sales of life insurance products for corporate clients (general welfare group term insurance, etc.)
Pursuant to Article 138, Paragraph 3 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on July 1, 2015 and approved on September 30, 2015.
- Approval for the underwriting of reinsurance
Pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on January 19, 2016 and approved on March 11, 2016.
- Approval for the commencement of related services
Pursuant to Article 138, Paragraph 3 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on January 19, 2016 and approved on March 11, 2016.
- Approval for the revision of the whole life insurance, etc.
Pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on March 31, 2017 and approved on June 19, 2017.
- Approval for commissioned sales of life insurance products for corporate clients (term insurance with nursing care compensation for managers)
Pursuant to Article 138, Paragraph 3 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on March 31, 2017 and approved on June 19, 2017.
- Approval for the underwriting of new insurance
Pursuant to Article 138, Paragraph 1 of the Postal Service Privatization Act, application was submitted to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on October 16, 2018 and approved on December 25, 2018.
- Filing of a notification on revisions to medical care riders, etc.
Pursuant to the latter part of the provisions of Article 138-2, Paragraph 1 of the Postal Service Privatization Act, a notification on revisions to medical care riders and other matters was filed to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on November 10, 2021.
- Filing of a notification on commissioned sales of life insurance products for corporate clients, etc.
Pursuant to the latter part of the provisions of Article 138-2, Paragraph 1 of the Postal Service Privatization Act, a notification on commissioned sales of life insurance products for corporate clients, etc. was filed to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on January 7, 2022.
- Filing of a notification on the policy renewal system, etc.
Pursuant to the latter part of the provisions of Article 138-2, Paragraph 1 of the Postal Service Privatization Act, a notification on the policy renewal system, etc. was filed to the Commissioner of the Financial Services Agency and the Minister for Internal Affairs and Communications on June 16, 2022.

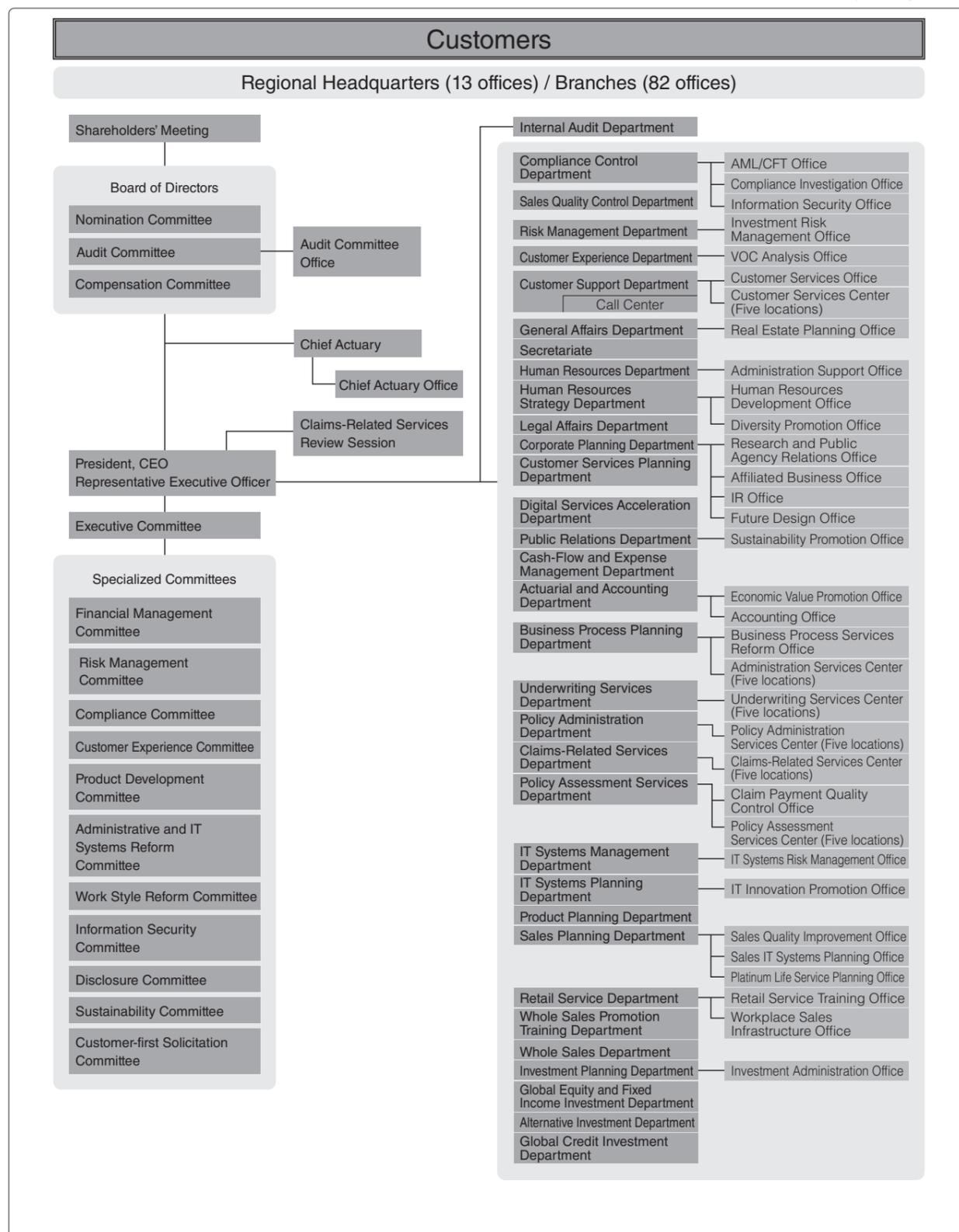
Note: Additional restrictions on new operations under the Postal Service Privatization Act were relaxed from a license system to a notification system in June 2021.

Major Businesses

- Life insurance businesses
- Agency or administration services for other insurance companies (including foreign insurance companies) and other financial services companies; loan guarantees and other businesses supplemental to previously mentioned businesses
- Trading of Japanese government bonds, local government bonds and government-guaranteed bonds; accepting subscriptions for local government bonds, corporate bonds and other bonds; commissioned management and other businesses provided for under the Insurance Business Act; and other life insurance businesses not covered by the Insurance Business Act but legally permissible
- Management of Postal Life Insurance Policies under contract
- Other business supplemental or related to previously mentioned businesses

Organization Chart

(As of July 1, 2022)



Paid-in Capital

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

Total Number of Stocks

Total number of issuable stocks	2,400,000,000
Total number of issued stocks	399,693,700
Current period shareholders	178,661

Condition of Stocks

(1) Class of stocks issued

Issued stocks	Class	Number of issued stocks	Contents
	Common stock	399,693,700	The number of shares composing one share unit is 100.

(2) Major shareholders

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held	Percentage of shares held
Japan Post Holdings Co., Ltd.	199,426,100	49.90%
The Master Trust Bank of Japan, Ltd. (Trust Account)	28,199,100	7.06%
Custody Bank of Japan, Ltd. (Trust Account)	9,944,200	2.49%
JPMorgan Securities Japan Co., Ltd.	4,056,881	1.02%
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	3,304,924	0.83%
STATE STREET BANK WEST CLIENT - TREATY 505234	3,272,700	0.82%
Japan Post Insurance Employee Shareholding Association	3,249,800	0.81%
JP MORGAN CHASE BANK 385781	2,571,568	0.64%
STATE STREET BANK AND TRUST COMPANY 505103	2,539,316	0.64%
GOLDMAN SACHS INTERNATIONAL	2,460,269	0.62%

Notes: Percentage of shares held is calculated excluding treasury stock (11,150 shares) and rounded to two decimal places. Treasury stock does not include the 140,300 shares of the Company's stock held in the Board Benefit Trust (BBT).

Principal Shareholder

Name	Address of main place of business or sales	Paid-in capital or investment	Business outline	Date of establishment	Percentage of owned shares included in the total number of shares
Japan Post Holdings Co., Ltd.	Chiyoda-ku, Tokyo	¥3,500,000 million	Business management of Japan Post Group	January 23, 2006	49.90%

Notes: Percentage of owned shares included in the total number of shares is calculated excluding treasury stock (11,150 shares) and rounded to two decimal places. Treasury stock does not include the 140,300 shares of the Company's stock held in the Board Benefit Trust (BBT).

Accounting Advisor

Not applicable.

Independent Auditor

The Independent Auditor in the fiscal year ended March 31, 2022 was as follows.
KPMG AZSA LLC

(Designated Limited Liability Partners, Engagement Partners)

Certified Public Accountant KANNO Masako
Certified Public Accountant SATO Eihiro
Certified Public Accountant SUDA Shunsuke

Total Number of Employees and Conditions of Employment

(Unit: persons, years)

Category	As of the end of FY2021/3	As of the end of FY2022/3	FY2021/3	FY2022/3	As of the end of FY2021/3		As of the end of FY2022/3	
	Total	Total	Staff employed	Staff employed	Average age	Average years of service	Average age	Average years of service
In-house employees	6,503	6,417	137	128	40.2	15.7	40.8	16.2
(Male)	3,302	3,230	31	53	43.4	19.1	43.8	19.4
(Female)	3,201	3,187	106	75	37.0	12.3	37.8	12.9
Sales employees	1,142	1,128	123	44	38.1	13.7	39.0	14.3
(Male)	931	917	63	24	40.2	15.6	41.1	16.3
(Female)	211	211	60	20	28.7	5.1	29.4	5.6

Notes: 1. The number of employees excludes employees assigned to other companies by Japan Post Insurance Co., Ltd., but includes employees assigned to Japan Post Insurance Co., Ltd. by other companies. The figures exclude non-regular employees (including indefinite-term employees based on the indefinite-term employment conversion system). The Company has shifted to a new Japan Post Insurance sales system since April 2022, and the number of in-house employees was 8,548 and the number of sales employees was 11,544 as of April 1, 2022.
2. Average years of service represent the number of years of continuous service including years at the Ministry of Posts and Telecommunications, the Postal Services Agency (Ministry of Internal Affairs and Communications) and Japan Post.
3. Average age and average years of service are based on attained ages and years of service as of the end of each fiscal year, and truncated to the first decimal place.
4. The number of sales employees in the Total column represents those serving at the Whole Sales Division at branches, or a specific section in the Head Office Whole Sales Department (referring exclusively to life insurance sales personnel), as well as managers and consultants (employees who mainly visit customers' homes) serving at the Retail Service Division at branches.
5. The number of sales employees in the Staff employed column represents those assigned to the Whole Sales Division at branches, Retail Service Division, or a specific section in the Head Office Whole Sales Department at employment.

Average Monthly Salary (In-house employees)

(Thousands of yen)

Category	March 2021	March 2022
In-house employees	365	369

Note: Average monthly salary represents the pre-tax regular salary for March 2022, which excludes bonuses and overtime allowances.

Average Monthly Salary (Sales employees)

(Thousands of yen)

Category	March 2021	March 2022
Sales employees	314	323

Notes: 1. Average monthly salary represents the pre-tax regular salary for March 2022, which excludes bonuses and overtime allowances.
2. Sales employees refer to those serving in the Whole Sales Division at branches, or a specific section in the Head Office Whole Sales Department (referring exclusively to life insurance sales personnel), as well as managers and consultants (employees who mainly visit customers' homes) serving at the Retail Service Division at branches.

Summary of the Subsidiaries

(1) Major Businesses and the Organizational Structure

Number of consolidated subsidiaries: One

(2) Subsidiaries

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

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

JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd. is mainly engaged in the design, development, and maintenance of software for systems that support the Company's business activities. In the fiscal year ended March 31, 2022, the first year of the new five-year Medium-Term Management Plan, the subsidiary worked together with the Company to establish a new Japan Post Insurance sales system, provide new product support, and implement next-generation system projects and other development projects, as well as to train IT personnel. It also worked to reform working styles by, for example, enhancing the telecommuting environment to protect the safety, security, and health of employees in light of the spread of COVID-19.

Major Insurance Products for Individuals

(As of July 1, 2022)

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

Major Insurance Products for Corporate Clients

(As of July 1, 2022)

	Nickname/Product Name	
Own products	<i>Shin Free Plan</i> (ordinary endowment insurance) <i>Shin Free Plan</i> (double, fivefold and tenfold benefits) (special endowment insurance) <i>Kampo ni Omakase</i> (maturity type) (ordinary endowment insurance with relaxed underwriting criteria)	
	<i>Shin Ordinary Term Insurance</i> (ordinary term insurance)	
Products sold on commission (Term insurance)	NN Life Insurance Company, Ltd. Quality (term insurance), Smart Term (no cash value term insurance), and Term insurance with low cash value and increasing term insurance riders	
	SUMITOMO LIFE INSURANCE COMPANY Term life insurance Emblem YOU Premium (low cash value term insurance without a dividend)	
	The Dai-ichi Life Insurance Company, Limited Success (long-term life insurance 2018), Just (no cash value term insurance 2018), and Majesty (increasing term life insurance 2018)	
	Tokio Marine & Nichido Life Insurance Co., Ltd. Term Life Insurance [without dividend], Nagawari Teiki (Term Life Insurance with special provisions for low cash value [without dividend]), Increasing Term Life Insurance with low cash value [without dividend], and Term Life Insurance with Disaster Coverage Period [without dividend] Smart Anshin Teiki (Term Life Insurance with special provision for no cash value [without dividend])	
	Nippon Life Insurance Company Nissay Long-Term Term Insurance, Long-term life coverage with period of extensive coverage for accidents insurance, Nissay Term Life Insurance, and Nissay Increasing Term Insurance	
	The Neo First Life Insurance Company, Limited Limited term security for fulfilling of accidental death term insurance	
	Mitsui Sumitomo Aioi Life Insurance Company, Limited Term Life Insurance without Dividend, Term Life Insurance (no cash value) without Dividend, and Increasing Term Life Insurance without dividend	
	Meiji Yasuda Life Insurance Company Revised term life insurance E (with interest dividends every five years), Revised increasing term life insurance, and Increasing term life insurance with accidental death benefit for the first 3 years (with dividends every five years)	
	Products sold on commission (General welfare group term insurance)	MetLife Insurance K. K. General welfare group term insurance, and nonparticipating group insurance (general welfare group term insurance without a dividend)
	Products sold on commission (Cancer insurance)	Aflac Life Insurance Japan Ltd. Days 1—Cancer insurance for daily living (cancer insurance with low or no cash value 2018) Days 1 Plus—Cancer insurance for daily living (for policyholders of cancer insurance with no cash value 2018) Days supporting you—Cancer insurance for daily living (special cancer insurance with no cash value)

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

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

Major Riders

(As of July 1, 2022)

Name	Outline
Non-participating accidental rider	Offers provision for death or disability due to injuries from an unexpected accident
Non-participating injury medical care rider (R04)	Offers provision for hospitalization, surgery and radiation therapy as prescribed in the rider due to injuries from an unexpected accident
Non-participating general medical care rider (R04)	Offers provision for hospitalization, surgery and radiation therapy as prescribed in the rider due to illness or injuries from an unexpected accident
Non-participating general medical care rider with relaxed underwriting criteria (R04)	Offers provision for hospitalization, surgery and radiation therapy as prescribed in the rider due to illness or injuries from an unexpected accident, with relaxed underwriting criteria
Non-participating advanced medical care rider	Offers provision for treatment that falls under advanced medical care received due to illness or injuries from an unexpected accident

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

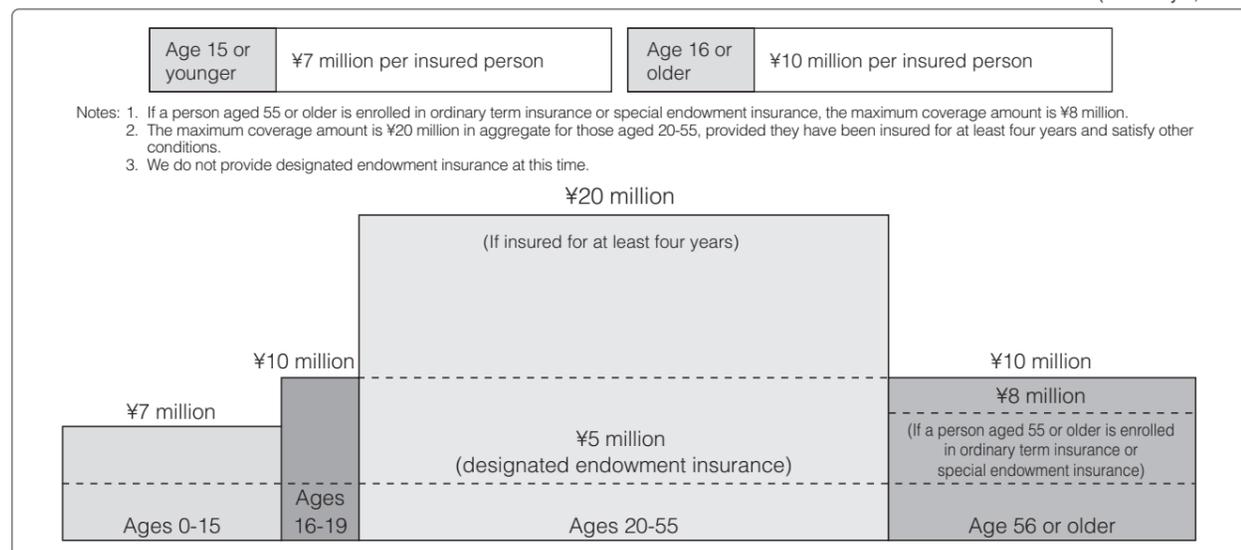
Maximum Amount of Insurance Coverage

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

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

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

(As of July 1, 2022)



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

Maximum Coverage Amount of the Basic Annuity Policy

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

Includes the annuity amount under longevity support insurance.

Maximum Amount of Insurance Coverage for Riders

Type of rider	Maximum amount of insurance coverage	Notes
<Accidental rider>	¥10 million in aggregate per insured person	• In addition to the maximum coverage amounts stipulated by laws and regulations, there is a certain range of limitation on the insurance amount of the rider that can be added, according to the type of basic insurance policy.
Non-participating accidental rider		
<Nursing care rider>		
<Accident hospitalization rider>	¥10 million in aggregate per insured person	• The accidental rider, non-participating accidental rider and nursing care rider are under a separate heading. • In addition to the maximum coverage amounts stipulated by laws and regulations, there is a certain range of limitation on the insurance amount of the rider that can be added, according to the type of basic insurance policy.
<Illness hospitalization rider>		
<Illness and accident hospitalization rider>		
<Non-participating accident hospitalization rider>		
<Non-participating illness and accident hospitalization rider>		
<Non-participating injury medical care rider>		
<Non-participating general medical care rider>		
<Non-participating general medical care rider with relaxed underwriting criteria>		
Non-participating injury medical care rider (R04)		
Non-participating general medical care rider (R04)		
Non-participating general medical care rider with relaxed underwriting criteria (R04)		
Non-participating advanced medical care rider		

We do not provide the above riders in parentheses ("<>") now.

Maximum Amount of Total Insurance Premiums Payable

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

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

Briefing on Important Matters/Provision of Literature about Disadvantageous Information

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

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

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

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

Notice of Policy Details

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

The Notice contains information such as a list of policies held, coverage of the insurance policy held, the premiums paid, the policyholder dividend, the status of loans to the policyholder, the bank account for the receipt of insurance benefits and other benefits, and the designation of the beneficiary of insurance benefits and registered family members, so customers can confirm the content of the policy.

Management of Conflicts of Interest

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

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

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

Japan Post Group Conflicts of Interest Management Policy

https://www.jp-life.japanpost.jp/english/aboutus/sustainability/corporate_governance/compliance/conflicts.html

Life Insurance Policyholders Protection Corporation of Japan

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

● Life Insurance Policyholders Protection Corporation of Japan

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

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

The portfolio subject to transfer covered under the policyholder protection scheme must, according to the provisions of the Insurance Business Act, etc., comprise life insurance policies originally written in Japan (excluding those associated with the specified special account^{(*)1} for performance-linked insurance contracts), in which the limits of indemnity are set to be equivalent to 90% of the relevant policy reserve, etc.^{(*)2}, except for the high assumed interest rate

policies^{(*)3} (which does not mean that the policyholder protection scheme provides 90% of the level of protection provided by the original insurance claims or annuities^{(*)4}).

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

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

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

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

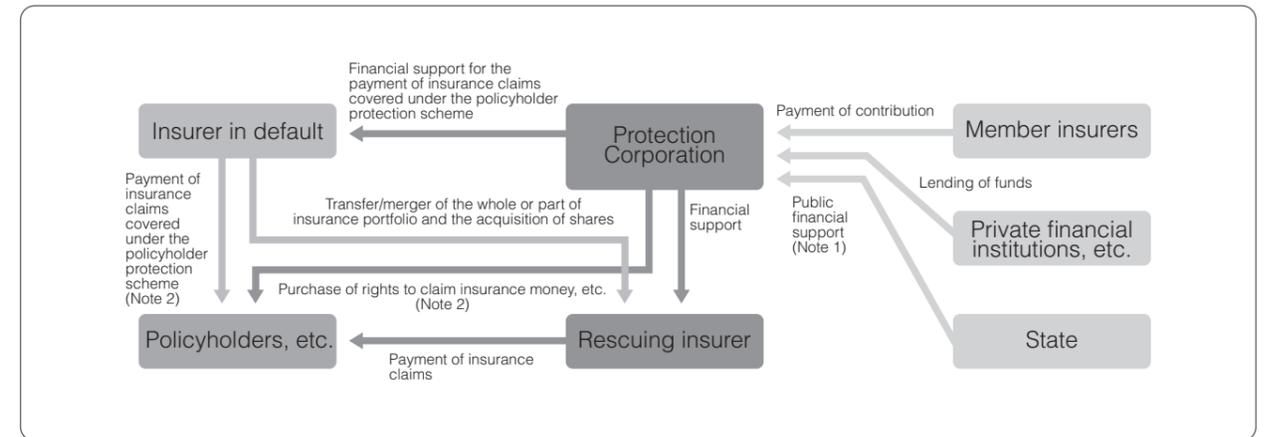
*4 Likewise, it does not mean that the Protection Corporation provides 90% of the level of the guaranteed minimum maturity benefit originally provided under the individual variable annuity.

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

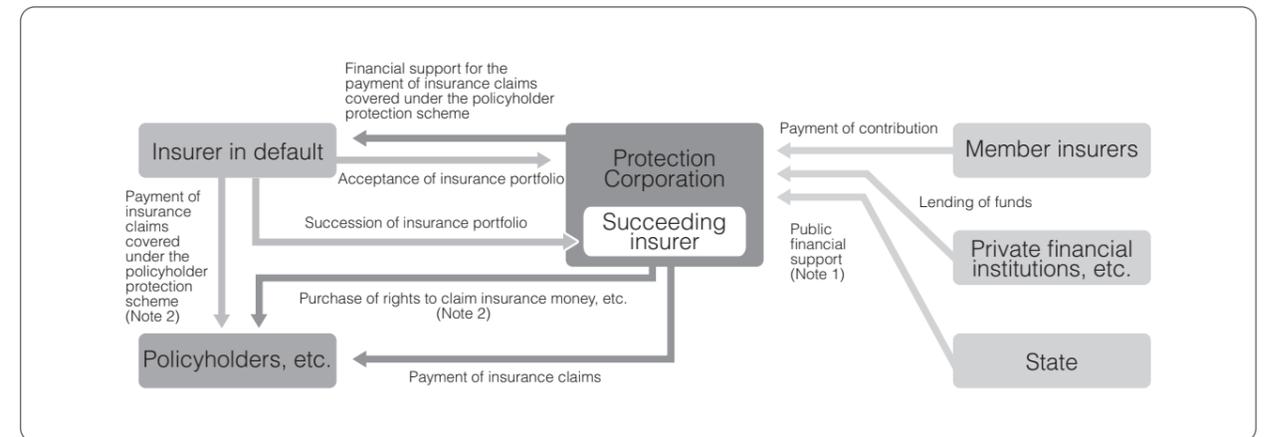
Notes: 1. The basic interest rate shall be determined by the Commissioner of the Financial Services Agency and the Minister of Finance, based on the average rate of investment returns in the past five years at life insurance companies. The current basic interest rate is 3% (information about the current basic interest rate is provided on our website).
2. In the case where different assumed interest rates apply to the basic coverage and riders under one policy, each such basic coverage and rider applied by a different assumed interest rate shall be regarded as an independent insurance policy, and subject to the evaluation to determine whether it constitutes a high assumed interest rate policy. Meanwhile, in the case of a collective insurance policy such as a group insurance policy where a premium is paid by each insured individual to whom a different assumed interest rate applies, each such insured individual is considered to have taken out an independent insurance policy individually, and is subject to the evaluation regarding whether or not such independent individual policy constitutes a high assumed interest rate policy. However, in the case of defined contribution plan products, each insured individual is subject to the evaluation regarding whether or not he/she is a holder of a high assumed interest rate policy, regardless of whether he/she pays the premium.

● Illustrated Outline of the Scheme

In the case where a rescuing insurer appears



In the case where no rescuing insurer appears



Notes: 1. The aforementioned "public financial support" is provided in the form of a government measure against the default of a life insurance company in the period up to the end of March 2027, approved through deliberation in the Diet, in the case where contributions by the member insurers fail to cover the cost for the financial support.

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

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

[Reference] Government guarantee for the Postal Life Insurance Policies

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

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

Principal Risk Categories and Definitions

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

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

Insurance Underwriting Risk

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

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

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

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

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

Investment Risk

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

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

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

Funding Risk

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

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

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

Market Liquidity Risk

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

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

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

Operational Risk

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

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

1) Processing Risk

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

processing, as well as to supervise and educate employees.

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

2) Computer System Risk

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

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

3) Other Operational Risk Subcategories

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

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

Financial Statements

1	Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022	98
2	Consolidated Financial Statements	99
3	Non-Consolidated Financial Statements	143
4	Status of Financial Assets (Consolidated) ...	162
5	Status of Financial Assets (Non-Consolidated)	164
6	Main Business Indicators	176
7	Indicators for Separate Accounts	221

Notes:

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

1 Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022	98	(5) Policies in Force by Benefit Type.....	180	(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).....	191	(28) Overseas Loans and Investments	213
2 Consolidated Financial Statements	99	(6) Policies in Force by Type of Policy of Individual Insurance and Individual Annuity.....	181	(7) Reserve for Policyholder Dividends.....	192	(29) Yield on Overseas Loans and Investments	215
Consolidated Balance Sheets	99	(7) Annualized Premiums from Policies in Force by Type of Policy of Individual Insurance and Individual Annuity	182	(8) Reserves	192	(30) Summary of New Public-Sector Investment Underwriting and Loans	215
Consolidated Statements of Income	100	(8) Embedded Value ("EV").....	183	(9) Provision for Reserve for Specific Foreign Loans	192	(31) Loan Interest Rates.....	215
Consolidated Statements of Comprehensive Income	102	6-3 Insurance Policy Indicators	186	(10) Capital Stock, etc.	193	(32) Other Assets	215
Consolidated Statements of Changes in Net Assets	103	(1) Policies in Force and New Policies	186	(11) Premiums	193	6-6 Fair Value Information of Securities (General Account)	216
Consolidated Statements of Cash Flows.....	105	(2) Average Policy Amount of New Policies and Policies in Force (individual insurance)....	187	(12) Insurance Claims	194	(1) Fair Value of Securities	216
Notes to the Consolidated Financial Statements	107	(3) Ratio of New Policies (against the policy in force at the beginning of fiscal year)	187	(13) Annuities	195	(2) Fair Value of Money Held in Trust	217
Independent Auditor's Report	137	(4) Ratio of Surrender and Lapse (against the policy in force at the beginning of fiscal year) ...	187	(14) Benefits	196	(3) Combined Fair Value of Derivative Transactions (with or without Hedge Accounting)	220
3 Non-Consolidated Financial Statements	143	(5) Average Premium for New Policies of Individual Insurance (monthly payment agreement).....	187	(15) Surrender Benefits	197	7 Indicators for Separate Accounts	221
Non-Consolidated Balance Sheets	143	(6) Mortality Rates (basic policies in individual insurance)	187	(16) Depreciation and Amortization	198		
Non-Consolidated Statements of Income	145	(7) Ratio of Riders Filing Claim (individual insurance)	188	(17) Operating Expenses	198		
Non-Consolidated Statements of Changes in Net Assets	146	(8) Ratio of Operating Expenses (against premium revenues).....	188	(18) Taxes.....	199		
Notes to the Non-Consolidated Financial Statements.....	148	(9) In the Cases Where Insurance Policies are Reinsured, Number of Principal Insurance Companies Accepting Reinsurance.....	188	(19) Lease Transactions.....	199		
Independent Auditor's Report	158	(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	188	(20) Borrowings by Maturity Date	199		
4 Status of Financial Assets (Consolidated)	162	(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.....	189	6-5 Indicators Related to Asset Management (General Account)	200		
4-1 Status of Loans under the Insurance Business Act (Consolidated).....	162	(12) Amount of Reinsurance Proceeds Yet to be Recovered	189	(1) Portfolio Trends	200		
4-2 Status of Insurance Claims Paying Ability of the Company and Its Subsidiaries (Consolidated Solvency Margin Ratio)	163	(13) Ratio of the Insurance Amount Paid Against Earned Premiums by Reason of Benefit or Class of Insurance in Third-Sector Insurance.....	189	(2) Yield	201		
4-3 Status of Insurance Claims Paying Ability of the Company's Subsidiaries (Solvency Margin Ratio).....	163	6-4 Accounting Data	189	(3) Average Balance on Primary Assets	201		
5 Status of Financial Assets (Non-Consolidated)	164	(1) Reserve for Outstanding Claims.....	189	(4) Investment Income	202		
5-1 Status of Loans under the Insurance Business Act... ..	164	(2) Policy Reserves	190	(5) Investment Expenses.....	202		
5-2 Loans Concerning the Trusts with Contracts Indemnifying the Principal Amounts	164	(3) Balance of Policy Reserves	190	(6) Interest, Dividends and Other Income.....	203		
5-3 Status of Insurance Claims Paying Ability (Solvency Margin Ratio).....	165	(4) Reserving Method, Reserve Ratio and Reserve Balance for Policy Reserves for Individual Insurance and Individual Annuities (by contract year)	190	(7) Gains on Sales of Securities	203		
5-4 Real Net Assets.....	165	(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.....	191	(8) Losses on Sales of Securities	203		
5-5 Fair Value Information of Securities (Company Total)...	166			(9) Losses on Valuation of Securities	203		
(1) Fair Value Information of Securities	166			(10) Proprietary Trading Securities	204		
(2) Data on Fair Value of Money Held in Trust.....	168			(11) Proceeds on Sales of Proprietary Trading Securities	204		
(3) Combined Fair Value of Derivative Transactions (with or without Hedge Accounting)	169			(12) Securities Composition	204		
5-6 Breakdown of Ordinary Profit (Core Profit).....	174			(13) Securities by Maturity Date.....	205		
6 Main Business Indicators	176			(14) Bond Term-End Balance Yield.....	206		
6-1 Key Business Indicators (Non-Consolidated)	176			(15) Breakdown of Local Government Bonds by Region.....	206		
6-2 Selected Financial Data and Other Information.....	177			(16) Shareholdings by Industry Sector	207		
(1) Policies in Force and New Policies	177			(17) Loans	208		
(2) Annualized Premiums	177			(18) Loans by Contractual Maturity Date	208		
(3) New Policies by Product.....	178			(19) Loans to Domestic Companies by Company Size	209		
(4) Policies in Force by Product	179			(20) Breakdown of Loans by Industry	210		

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. Dollars (Note 1)
	2022	2021	2022
ASSETS:			
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)
Total assets	¥ 67,174,796	¥ 70,172,982	\$ 548,859
LIABILITIES:			
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
Total liabilities	¥ 64,753,732	¥ 67,331,506	\$ 529,077
NET ASSETS (Note 16):			
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
Total net assets	2,421,063	2,841,475	19,782
Total liabilities and net assets	¥ 67,174,796	¥ 70,172,982	\$ 548,859

See accompanying notes to consolidated 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. Dollars (Note 1)
	2022	2021	2022
ORDINARY INCOME:			
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
Other ordinary income:			
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
ORDINARY EXPENSES:			
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
Provision for interest on policyholder dividends	9	8	0
Investment expenses:			
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
Operating expenses (Note 17)	385,928	403,033	3,153
Other ordinary expenses	93,073	100,492	760
Total ordinary expenses	6,098,095	6,440,490	49,825
Ordinary profit	356,113	345,736	2,910

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

	Yen	U.S. Dollars
Per share of common stock (Note 30):		
Basic net income	¥ 375.14	\$ 3.07
Diluted net income	¥ -	\$ -

Millions of Yen		Millions of U.S. Dollars (Note 1)
2022	2021	2022
¥ 5,696	¥ -	\$ 47
68,116	46,732	557
73,113	65,465	597
220,579	233,537	1,802
101,702	91,632	831
(39,184)	(24,197)	(320)
62,517	67,434	511
¥ 158,062	¥ 166,103	\$ 1,291
¥ -	¥ -	\$ -
158,062	166,103	1,291

See accompanying notes to consolidated financial statements.

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. 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	—	—	—

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			144,724	25	144,750
Net changes in the fiscal year	—	—	144,724	25	144,750
BALANCE, MARCH 31, 2021	500,000	405,044	901,390	(397)	1,806,036
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			(261,567)	42	(261,524)
Net changes in the fiscal year	—	—	(261,567)	42	(261,524)
BALANCE, MARCH 31, 2022	¥ 500,000	¥ 405,044	¥ 639,822	¥ (355)	¥ 1,544,511

	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
BALANCE, MARCH 31, 2021	1,031,384	573	3,480	1,035,438	2,841,475
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)
BALANCE, MARCH 31, 2022	¥ 873,764	¥ —	¥ 2,786	¥ 876,551	¥ 2,421,063

See accompanying notes to consolidated financial statements.

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 U.S. Dollars (Note 1)				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
BALANCE, MARCH 31, 2021	\$ 4,085	\$ 3,309	\$ 7,365	\$ (3)	\$ 14,756
Changes in the fiscal year:					
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)
BALANCE, MARCH 31, 2022	\$ 4,085	\$ 3,309	\$ 5,228	\$ (3)	\$ 12,620

	Millions of U.S. Dollars (Note 1)				
	Accumulated other comprehensive income				
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	Total net assets
BALANCE, MARCH 31, 2021	\$ 8,427	\$ 5	\$ 28	\$ 8,460	\$ 23,217
Changes in the fiscal year:					
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)
BALANCE, MARCH 31, 2022	\$ 7,139	\$ —	\$ 23	\$ 7,162	\$ 19,782

CASH FLOWS FROM OPERATING ACTIVITIES:

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2022	2021	2022
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.

See accompanying notes to consolidated financial statements.

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2022	2021	2022
CASH FLOWS FROM INVESTING ACTIVITIES:			
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
CASH FLOWS FROM FINANCING ACTIVITIES:			
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 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.

(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
March 31			
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
March 31			
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
March 31			
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
March 31			
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 balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31						
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 balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31						
Bonds		¥ 35,327,980	¥ 40,512,921	¥ 5,184,940	¥ 5,225,937	¥ (40,996)
Japanese government bonds		29,111,354	33,971,068	4,859,713	4,893,310	(33,597)
Japanese local government bonds		4,159,058	4,374,098	215,039	218,181	(3,142)
Japanese corporate bonds		2,057,566	2,167,755	110,188	114,445	(4,256)
Total		¥ 35,327,980	¥ 40,512,921	¥ 5,184,940	¥ 5,225,937	¥ (40,996)

(Millions of U.S. Dollars)

		2022				
		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31						
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)

		2022				
		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31						
Bonds		¥ 8,604,735	¥ 9,106,029	¥ 501,294	¥ 593,102	¥ (91,808)
Japanese government bonds		6,867,049	7,378,646	511,597	570,710	(59,113)
Japanese local government bonds		545,525	556,796	11,271	14,280	(3,008)
Japanese corporate bonds		1,192,160	1,170,585	(21,574)	8,111	(29,686)
Total		¥ 8,604,735	¥ 9,106,029	¥ 501,294	¥ 593,102	¥ (91,808)

(Millions of Yen)

		2021				
		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31						
Bonds		¥ 9,382,446	¥ 10,158,590	¥ 776,143	¥ 798,498	¥ (22,355)
Japanese government bonds		7,806,263	8,547,628	741,365	754,653	(13,288)
Japanese local government bonds		558,247	577,868	19,621	20,007	(385)
Japanese corporate bonds		1,017,936	1,033,093	15,157	23,837	(8,680)
Total		¥ 9,382,446	¥ 10,158,590	¥ 776,143	¥ 798,498	¥ (22,355)

(Millions of U.S. Dollars)

		2022				
		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
March 31						
Bonds		\$ 70,306	\$ 74,402	\$ 4,096	\$ 4,846	\$ (750)
Japanese government bonds		56,108	60,288	4,180	4,663	(483)
Japanese local government bonds		4,457	4,549	92	117	(25)
Japanese corporate bonds		9,741	9,564	(176)	66	(243)
Total		\$ 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
March 31					
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 ¹	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
March 31					
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 ²	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
March 31					
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 ¹	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)

	2022		
	Sales	Gains	Losses
March 31			
Bonds	¥ 428,238	¥ 6,800	¥ -
Japanese government bonds	428,238	6,800	-
Total	¥ 428,238	¥ 6,800	¥ -

(Millions of Yen)

	2021		
	Sales	Gains	Losses
March 31			
Bonds	¥ 219,915	¥ 3,006	¥ -
Japanese government bonds	183,831	2,424	-
Japanese local government bonds	18,702	312	-
Japanese corporate bonds	17,381	269	-
Total	¥ 219,915	¥ 3,006	¥ -

(Millions of U.S. Dollars)

	2022		
	Sales	Gains	Losses
March 31			
Bonds	\$ 3,499	\$ 56	\$ -
Japanese government bonds	3,499	56	-
Total	\$ 3,499	\$ 56	\$ -

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

(Millions of Yen)

	2022		
	Sales	Gains	Losses
March 31			
Bonds	¥ 824,713	¥ 1,056	¥ (13,317)
Japanese government bonds	592,415	982	(12,384)
Japanese local government bonds	91,010	32	(119)
Japanese corporate bonds	141,287	41	(813)
Stocks	58,005	8,005	(3,071)
Foreign securities	655,411	11,079	(24,243)
Foreign bonds	654,798	11,079	(24,239)
Foreign other securities	612	-	(4)
Other securities	119,524	-	(10,475)
Total	¥ 1,657,654	¥ 20,142	¥ (51,108)

(Millions of Yen)

	2021		
	Sales	Gains	Losses
March 31			
Bonds	¥ 140,960	¥ 1,869	¥ (1,063)
Japanese government bonds	124,627	1,789	(1,060)
Japanese corporate bonds	16,333	80	(3)
Stocks	136,613	14,692	(13,895)
Foreign securities	127,647	853	(4,326)
Foreign bonds	95,207	853	(1,812)
Foreign other securities	32,440	-	(2,513)
Other securities	136,495	-	(13,504)
Total	¥ 541,718	¥ 17,416	¥ (32,789)

(Millions of U.S. Dollars)

	2022		
	Sales	Gains	Losses
March 31			
Bonds	\$ 6,738	\$ 9	\$ (109)
Japanese government bonds	4,840	8	(101)
Japanese local government bonds	744	0	(1)
Japanese corporate bonds	1,154	0	(7)
Stocks	474	65	(25)
Foreign securities	5,355	91	(198)
Foreign bonds	5,350	91	(198)
Foreign other securities	5	-	(0)
Other securities	977	-	(86)
Total	\$ 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
March 31 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
March 31 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
March 31 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
March 31 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
March 31 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
March 31 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
March 31 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
March 31 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
March 31 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% ¹	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% ²	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	March 2029
Lease obligations	¥ 2,813	¥ 2,068	\$ 23	–	–
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
	Millions of Yen	U.S. Dollars	U.S. Dollars
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
March 31			
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:

Years ended March 31	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
March 31			
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
March 31			
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:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
March 31			
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			
	April 1, 2021	Increase	Decrease	March 31, 2022
Year ended 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.

	Thousands of shares			
	April 1, 2020	Increase	Decrease	March 31, 2021
Year ended 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 (Millions of Yen)	Total amount (Millions of U.S. Dollars)	Per share amount (Yen)	Per share amount (U.S. Dollars)	Record date	Effective date
Board of Directors' meeting held on May 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 (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 (Millions of Yen)	Total amount (Millions of U.S. Dollars)	Source of dividends	Per share amount (Yen)	Per share amount (U.S. Dollars)	Record date	Effective date
Board of Directors' meeting held on May 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:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Years ended March 31			
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.

March 31

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

Consolidated balance sheet amount	2022	
	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 balance sheet amount	Fair value	Net unrealized gains (losses)
March 31			
Monetary claims bought	¥ 276,772	¥ 276,772	¥ -
Available-for-sale securities	276,772	276,772	-
Money held in trust ¹	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 ²	996,127	1,039,595	43,503
Loans to the Management Network ²	3,806,540	4,075,252	268,711
Reserve for possible loan losses ³	(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 ⁴			
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 balance sheet amount	Fair value	Net unrealized gains (losses)
March 31			
Monetary claims bought	\$ 323	\$ 323	\$ -
Available-for-sale securities	323	323	-
Money held in trust ¹	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 ²	7,892	8,120	228
Loans to the Management Network ²	25,697	27,322	1,625
Reserve for possible loan losses ³	(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 ⁴			
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	
	2022	2022	2022	2022
March 31				
Money held in trust ¹	¥ 701,479	\$ 5,732		
Securities	27,364	224		
Unlisted stocks ²	4,755	39		
Investments in partnership ³	22,608	185		
Total	¥ 728,844	\$ 5,955		

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	
	2021	2021
March 31		
Money held in trust ¹	¥ 492,384	
Securities	22,102	
Unlisted stocks ²	4,735	
Investments in partnership ²	17,366	
Total	¥ 514,487	

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
March 31				
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
Total	¥ 2,796,765	¥ 10,135,367	¥ 16,757,449	¥ 25,053,893

(Millions of Yen)

	2021			
	Within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
March 31				
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
Total	¥ 3,971,313	¥ 10,371,484	¥ 16,655,979	¥ 26,051,727

(Millions of U.S. Dollars)

March 31

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
Total	\$ 22,851	\$ 82,812	\$ 136,918	\$ 204,705

(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
March 31						
Bonds payable	¥ -	¥ -	¥ -	¥ -	¥ -	¥ 300,000
Total	¥ -	¥ -	¥ -	¥ -	¥ -	¥ 300,000

(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
March 31						
Bonds payable	¥ -	¥ -	¥ -	¥ -	¥ -	¥ 300,000
Total	¥ -	¥ -	¥ -	¥ -	¥ -	¥ 300,000

(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
March 31						
Bonds payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,451
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,451

(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
March 31				
Monetary claims bought	¥ -	¥ 19,999	¥ 19,544	¥ 39,543
Money held in trust ¹	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 ¹	1,080,230	3,068,946	32,350	4,181,527
Other securities ¹	-	-	12,551	12,551
Total assets	¥ 5,090,486	¥ 5,675,576	¥ 99,089	¥ 10,865,151
Derivative transactions ²				
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
March 31				
Monetary claims bought	\$ -	\$ 163	\$ 160	\$ 323
Money held in trust ¹	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 ¹	8,826	25,075	264	34,166
Other securities ¹	-	-	103	103
Total assets	\$ 41,592	\$ 46,373	\$ 810	\$ 88,775
Derivative transactions ²				
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
March 31				
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

	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Money held in trust	\$ -	\$ 693	\$ -	\$ 693
Securities				
Held-to-maturity bonds				
Japanese government bonds	269,223	-	-	269,223
Japanese local government bonds	-	27,591	34	27,624
Japanese corporate bonds	-	14,806	-	14,806
Policy-reserve-matching bonds				
Japanese government bonds	60,288	-	-	60,288
Japanese local government bonds	-	4,340	209	4,549
Japanese corporate bonds	-	9,564	-	9,564
Loans	-	-	36,594	36,594
Total assets	\$ 329,511	\$ 56,994	\$ 36,837	\$ 423,342
Bonds payable	\$ -	\$ 2,449	\$ -	\$ 2,449
Total liabilities	\$ -	\$ 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:

Assets

Monetary 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.

Liabilities

Bonds 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 ³	Transfer from Level 3 fair value ⁴	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 ¹
		Recorded in gain/loss ¹	Recorded in Other comprehensive income (loss) ²					
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	1,105
Foreign securities	27,126	2,286	(2,824)	10,816	-	(5,054)	32,350	2,286
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	¥ 3,392

(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 ³	Transfer from Level 3 fair value ⁴	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 ¹
		Recorded in gain/loss ¹	Recorded in Other comprehensive income (loss) ²					
Monetary claims bought	\$ 178	\$ -	\$ (4)	\$ (15)	\$ -	\$ -	\$ 160	\$ -
Securities								
Available-for-sale securities								
Japanese local government bonds	239	9	(8)	(6)	49	-	283	9
Foreign securities	222	19	(23)	88	-	(41)	264	19
Other securities	117	-	(1)	(13)	-	-	103	-
Total assets	\$ 755	\$ 28	\$ (36)	\$ 54	\$ 49	\$ (41)	\$ 810	\$ 28

- Notes:
1. Included in "Investment income" and "Investment expenses" in the consolidated statements of income.
 2. Included in "Net unrealized gains (losses) on available-for-sale securities" of "Other comprehensive income (loss)" in the consolidated statements of comprehensive income.
 3. 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.
 4. 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	Category	Type of derivative	2022		
			Contract amount	Contract amount due after 1 year	Net valuation gains (losses)
Over-the-counter transactions		Forward foreign exchange			
		Sold	¥ 4,064	¥ -	¥ (226)
		U.S. dollars	4,064	-	(226)
		Bought	25,737	-	(30)
		U.S. dollars	5,676	-	(49)
		Euros	20,061	-	19
		Total			¥ (256)

(Millions of Yen)

March 31	Category	Type of derivative	2021		
			Contract amount	Contract amount due after 1 year	Net valuation gains (losses)
Over-the-counter transactions		Forward foreign exchange			
		Sold	¥ 16,771	¥ -	¥ (889)
		U.S. dollars	16,771	-	(889)
		Bought	8,552	-	33
		U.S. dollars	8,552	-	33
		Total			¥ (855)

(Millions of U.S. dollars)

March 31	Category	Type of derivative	2022		
			Contract amount	Contract amount due after 1 year	Net valuation gains (losses)
Over-the-counter transactions		Forward foreign exchange			
		Sold	\$ 33	\$ -	\$ (2)
		U.S. dollars	33	-	(2)
		Bought	210	-	(0)
		U.S. dollars	46	-	(0)
		Euros	164	-	0
		Total			\$ (2)

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

(Millions of Yen)

March 31	Hedge accounting method	Type of derivative	Major hedged item	2022		
				Contract amount	Contract amount due after 1 year	Fair value
Fair value hedge accounting		Forward foreign exchange				
		Sold	¥ 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		
			Contract amount	Contract amount due after 1 year	Fair value
Hedge accounting method	Type of derivative	Major hedged item			
Fair value hedge accounting	Forward foreign exchange				
	Sold		¥ 3,467,449	¥ -	¥ (155,809)
	U.S. dollars	Foreign-currency-denominated bonds	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		
			Contract amount	Contract amount due after 1 year	Fair value
Hedge accounting method	Type of derivative	Major hedged item			
Fair value hedge accounting	Forward foreign exchange				
	Sold		\$ 26,915	\$ -	\$ (1,954)
	U.S. dollars	Foreign-currency-denominated bonds	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 Interlocking officers	Payments of brand royalty fees ¹	¥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 Post office business	-	Insurance agency Interlocking officers	Payments for commission of agency services ²	¥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 Interlocking officers	Payments of brand royalty fees ¹	¥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 Post office business	-	Insurance agency Interlocking officers	Payments for commission of agency services ²	¥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	Yen		U.S. Dollars
	2022	2021	2022
Net assets per share	¥ 6,059.59	¥ 5,052.12	\$ 49.51

Years ended March 31	Yen		U.S. Dollars
	2022	2021	2022
Net income per share	¥ 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)
(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: (1) Internal control testing We tested the design and operating effectiveness of

<p>As described in Note 2, “SIGNIFICANT ACCOUNTING POLICIES, (7) Policy Reserves”, policy reserves are set aside for the fulfillment of future obligations under the insurance contracts pursuant to the Insurance Business Act and other applicable laws and regulations (hereinafter collectively referred to as the “Act”).</p> <p>Pursuant to the Act, policy reserves, which represent a large portion of total liabilities of an insurance company, are required to be accumulated each accounting period in accordance with the statements of calculation 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.</p> <p>Policy reserves are calculated based on certain calculation assumptions affecting long-term future cash flows, such as assumed mortality rates, assumed interest rates, and expected operating expense ratios. The calculation formula for policy reserves stipulated in the statements of calculation 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.</p> <p>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.</p>	<p>certain of the Company’s internal controls over the processes to ensure the accuracy of the calculation and sufficiency of policy reserves. In the assessment, special attention was given to the following controls:</p> <ul style="list-style-type: none"> • IT controls over the policy reserve calculation system to ensure the accuracy of the calculation of policy reserves; • controls that the actuarial-related departments ensure that policy reserves are recognized completely for all of the Company’s insurance contracts; • controls that the actuarial-related departments ensure the accuracy of the calculation of policy reserves by reperforming the calculation of policy reserves on a sample basis, and assessing the consistency with the amount of policy reserves calculated by a system other than the policy reserve calculation system used for financial reporting purpose; and • controls that the Company’s management receives the opinion report of the chief actuary to evaluate the sufficiency of policy reserves. <p>(2) Assessment of the accuracy of the calculation of policy reserves</p> <ul style="list-style-type: none"> • We confirmed that the policy reserves for 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. <p>(3) Assessment of the sufficiency of the amount of policy reserves</p> <ul style="list-style-type: none"> • 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.
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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"> • 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; • 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 • We confirmed the consistency between the estimated future taxable income and the business plan.

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.

3 Non-Consolidated Financial Statements

JAPAN POST INSURANCE CO., LTD.
NON-CONSOLIDATED BALANCE SHEETS

MARCH 31, 2022 AND 2021

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.

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2022	2021	2022
ASSETS:			
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)
Total assets	¥ 67,174,848	¥ 70,173,857	\$ 548,859

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. Dollars (Note 1)
	2022	2021	2022
LIABILITIES:			
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
Total liabilities	¥ 64,756,105	¥ 67,335,219	\$ 529,096
NET ASSETS:			
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
Total net assets	2,418,743	2,838,638	19,763
Total liabilities and net assets	¥ 67,174,848	¥ 70,173,857	\$ 548,859

See accompanying notes to non-consolidated financial statements.

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2022	2021	2022
ORDINARY INCOME:			
Insurance premiums and others:			
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
Investment income:			
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
Other ordinary income:			
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
ORDINARY EXPENSES:			
Insurance claims and others:			
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
Provision for interest on policyholder dividends	9	8	0
Investment expenses:			
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
Operating expenses (Note 25)	384,598	402,065	3,142
Other ordinary expenses:			
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
Ordinary profit	355,762	345,022	2,907
EXTRAORDINARY GAINS (Note 20)	5,696	–	47
EXTRAORDINARY LOSSES (Note 21)	68,108	46,732	556
Provision for reserve for policyholder dividends (Note 22)	73,113	65,465	597
Income before income taxes	220,236	232,824	1,799
Income taxes (Note 12):			
Current	101,617	91,510	830
Deferred	(39,266)	(24,272)	(321)
Total income taxes	62,351	67,238	509
Net income	¥ 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									
	Capital surplus			Shareholders' equity						
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Retained earnings			Total retained earnings	Treasury stock	Total shareholders' equity
					Legal retained earnings	Reserve for reduction entry of real estate	Retained earnings brought forward			
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	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	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)

	Millions of U.S. Dollars (Note 1)									
	Capital surplus			Shareholders' equity						
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Retained earnings			Total retained earnings	Treasury stock	Total shareholders' equity
					Legal retained earnings	Reserve for reduction entry of real estate	Retained earnings brought forward			
BALANCE, MARCH 31, 2021	\$ 4,085	\$ 3,309	\$ -	\$ 3,309	\$ 529	\$ 43	\$ 6,798	\$ 7,370	\$ (3)	\$ 14,762
Changes in the fiscal year:										
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				-	99	(2)	(2,236)	(2,139)	0	(2,138)
Net changes in the fiscal year	-	-	-	-	99	(2)	(2,236)	(2,139)	0	(2,138)
BALANCE, MARCH 31, 2022	\$ 4,085	\$ 3,309	\$ -	\$ 3,309	\$ 628	\$ 41	\$ 4,562	\$ 5,232	\$ (3)	\$ 12,623

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
BALANCE, MARCH 31, 2021	\$ 8,427	\$ 5	\$ 8,432	\$ 23,193
Changes in the fiscal year:				
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)
BALANCE, MARCH 31, 2022	\$ 7,139	\$ -	\$ 7,139	\$ 19,763

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
March 31			
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
	2022	2021	2022
March 31			
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
	2022	2021	2022
March 31			
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
March 31			
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
	2022	2021	2022
March 31			
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
	2022	2021	2022
March 31			
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
March 31			
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
	2022	2021	2022
Years ended March 31			
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
	2022	2021	2022
March 31			
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
March 31			
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
March 31			
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
Years ended March 31			
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

Monetary claims
Monetary obligations

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)
(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

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
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
Total	¥ 384,598	¥ 402,065	\$ 3,142

Notes:
 1. "Property expenses" include consignment costs related to the maintenance and control of insurance policies, IT-system-related costs and contributions based on Article 18-3 of the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network.
 2. "Obligations" are obligations paid to Life Insurance Policyholders Protection Corporation based on the provision of Article 259 of the Insurance Business Act.

Schedule of Tangible and Intangible Fixed Assets

Type of assets	Millions of Yen						
	Year ended March 31, 2022						
	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation and amortization at the end of the year	Depreciation and amortization for the year	Net ending balance
Tangible fixed assets:							
Land	¥ -	¥ -	¥ -	¥ 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
Total tangible fixed assets	-	-	-	149,698	55,533	8,099	94,165
Intangible fixed assets:							
Software	-	-	-	546,913	448,637	48,287	98,276
Other	-	-	-	33	19	2	14
Total intangible fixed assets	-	-	-	546,947	448,656	48,290	98,291
Long-term prepaid expenses	709	-	-	709	466	31	243
Deferred assets	-	-	-	-	-	-	-

Type of assets	Millions of Yen						
	Year ended March 31, 2021						
	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation and amortization at the end of the year	Depreciation and amortization for the year	Net ending balance
Tangible fixed assets:							
Land	¥ -	¥ -	¥ -	¥ 47,828	¥ -	¥ -	¥ 47,828
Buildings	-	-	-	65,924	25,624	3,206	40,299
Leased assets	-	-	-	4,298	2,458	637	1,839
Construction in progress	-	-	-	579	-	-	579
Other	-	-	-	39,669	25,239	4,944	14,429
Total tangible fixed assets	-	-	-	158,300	53,323	8,788	104,977
Intangible fixed assets:							
Software	-	-	-	520,566	401,831	52,368	118,734
Other	-	-	-	30	16	2	14
Total intangible fixed assets	-	-	-	520,596	401,847	52,371	118,748
Long-term prepaid expenses	709	-	-	709	434	54	275
Deferred assets	-	-	-	-	-	-	-

Type of assets	Millions of U.S. Dollars						
	Year ended March 31, 2022						
	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation and amortization at the end of the year	Depreciation and amortization for the year	Net ending balance
Tangible fixed assets:							
Land	\$ -	\$ -	\$ -	\$ 352	\$ -	\$ -	\$ 352
Buildings	-	-	-	515	212	25	303
Leased assets	-	-	-	38	17	5	21
Construction in progress	-	-	-	4	-	-	4
Other	-	-	-	315	224	36	90
Total tangible fixed assets	-	-	-	1,223	454	66	769
Intangible fixed assets:							
Software	-	-	-	4,469	3,666	395	803
Other	-	-	-	0	0	0	0
Total intangible fixed assets	-	-	-	4,469	3,666	395	803
Long-term prepaid expenses	6	-	-	6	4	0	2
Deferred assets	-	-	-	-	-	-	-

Notes:
 1. "Beginning balance," "Increase" and "Decrease" of tangible fixed assets and intangible fixed assets are omitted because the amounts are less than 1% of total assets.
 2. Long-term prepaid expenses are included in "Prepaid expenses" in the non-consolidated balance sheets.

Schedule of Reserves

Reserve for possible loan losses	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

Reserve for possible loan losses	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

Reserve for possible loan losses	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 R1	130,961	125,154
General insurance risk R5	-	-
Catastrophe risk R6	-	-
Underwriting risk of third-sector insurance R8	49,371	44,708
Small amount and short-term insurance risk R9	-	-
Anticipated yield risk R2	131,404	125,089
Minimum guarantee risk R7	-	-
Investment risk R3	937,296	957,278
Business management risk R4	24,980	25,044
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	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 ₁	130,961	125,154
Underwriting risk of third-sector insurance R ₈	49,371	44,708
Anticipated yield risk R ₂	131,404	125,089
Minimum guarantee risk R ₇	-	-
Investment risk R ₃	942,799	964,350
Business management risk R ₄	25,090	25,186
Solvency margin ratio		
(A)	1,118.1%	1,042.4%
$\frac{(A)}{(1/2) \times (B)} \times 100$		

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	-	-	-	-	-	-	-	-	-	-
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:

- 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:

- 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.
- 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:

- Fair value is calculated using forward foreign exchange rates at the fiscal year-end.
- 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:

- "Investment income" and "investment expenses" exclude the amount regarding net capital gains (losses).
- "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).
- 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."
- "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:

$$\text{Positive spread} = [\text{investment return on core profit} - \text{average assumed rate of return}] \times \text{general account policy reserves}$$

[¥140.7 billion] [1.94%] [1.68%] [¥55,844.2 billion]

- 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:

- 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.
- "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:

- 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).
- 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	¥ 390,355	173,280	¥ 577,413
	[124,933]	[390,355]	[173,370]	[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:

- 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.
- 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.
- 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		[–]	[–]	
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:
 1. Figures within brackets "[]" are supplementary benefits of the basic policy and rider benefits.
 2. 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.
 3. Policy amounts of "annuities" in survival benefit are the amounts of annuities to be paid annually.
 4. Policy amounts of "others" in survival benefit are the amounts of policy reserves for individual annuities (the annuity after payments have commenced).
 5. 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) 156,619	(Number of policies) 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”)

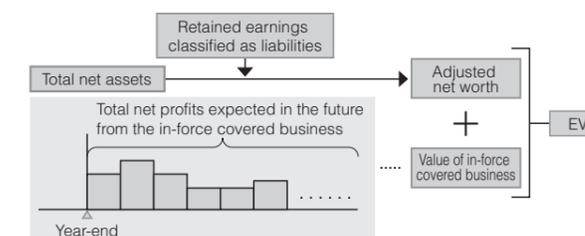
Embedded value (“EV”) is one of the corporate value indicators for life insurance companies.

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)
EV	¥ 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)
Value of new business (Note 4)	¥ (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	
	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:

- 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.
- 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 (Years)	For calculation of the value of in-force covered business		For calculation of the value of new business	
	March 31, 2021	March 31, 2022	Fiscal year ended March 31, 2021 (Rate at June 30, 2020)	Fiscal year ended March 31, 2022 (Rate at December 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

- 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.
- 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.
- 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).

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:
(Number of/policy amount for policies in force at the beginning of fiscal year + number of/policy amount for policies in force at the end of fiscal year + the number of/policy amount for policies filing death claim) ÷ 2

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

For the years ended March 31		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:
 1. 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.
 2. Number of/policy amount for policies exposed to risk is calculated by the formula as follows:
 (Number of/policy amount for policies in force at the beginning of fiscal year + number of/policy amount for policies in force at the end of fiscal year + the number of/policy amount for policies filing full-paid rider claim) ÷ 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

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:
 1. 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-.
 2. 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

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

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 [excluding contingency 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:
 1. 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.
 2. 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:
 1. Balance of policy reserves includes policy reserves for individual insurance and individual annuities (excluding policy reserves in the separate account and the contingency reserve).
 2. 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 Asset-formation annuities	Other insurance	Total
For the year ended March 31, 2021							
Balance at the beginning of the fiscal year	¥ 101,905	¥ 1,234	¥ -	¥ -	¥ -	¥ 1,334,395	¥ 1,437,535
Interest accrual	8	0	-	-	-	-	8
Reduction due to policyholder dividends paid	12,497	8	-	-	-	147,311	159,817
Reduction due to the acquisition of additional annuity	-	4	-	-	-	332	336
Provision for reserve for policyholder dividends	18,751	2	-	-	-	46,710	65,465
Balance at the end of the fiscal year	108,168	1,225	-	-	-	1,233,462	1,342,855
	[88,323]	[1,222]	[-]	[-]	[-]	[-]	[89,545]
For the year ended March 31, 2022							
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 of the year ended March 31, 2022	Increase in the fiscal year	Decrease in the fiscal year	Balance at the end of the year ended March 31, 2022	Remarks
Capital stock	¥ 500,000	¥ -	¥ -	¥ 500,000	
Of which shares issued	[562,600 thousand shares]	-	[162,906 thousand shares]	[399,693 thousand shares]	Decrease due to cancellation of treasury stock
[Common stock]	500,000	-	-	500,000	
Total	500,000	-	-	500,000	
Capital surplus	[Legal capital surplus]	-	-	405,044	
[Other capital surplus]	-	358,887	358,887	-	Increase due to transfer from retained earnings to capital surplus Decrease due to cancellation of 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
Premiums for the following years	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 benefits	Accidental benefits	Serious disability 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 insurance, asset-formation annuities	-	-	-	17	-	17
Other insurance	-	-	-	-	2,941,912	2,941,912
Total	84,533	5,735	2,207	1,646,717	2,941,912	4,681,106
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 insurance, asset-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
For the year ended March 31, 2021						
Individual insurance	35,578	2,704	825	783,938	-	823,045
Individual annuities	-	-	-	-	-	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-
Asset-formation insurance, asset-formation annuities	-	-	-	13	-	13
Other insurance	-	-	-	-	10,405,665	10,405,665
Total	35,578	2,704	825	783,951	10,405,665	11,228,723
For the year ended March 31, 2022						
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
Total	36,848	3,003	768	819,845	9,825,086	10,685,550

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 benefits	Hospitalization benefits	Surgery benefits	Disability benefits	Living benefits	Other	Total
For the year ended March 31, 2021							
Individual insurance	¥ 56	¥ 36,778	¥ 26,149	¥ 2,045	¥ 54,203	¥ 1,061	¥ 120,295
Individual annuities	–	15	8	3	–	0	28
Group insurance	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–
Asset-formation insurance, asset-formation annuities	–	–	–	–	–	–	–
Other insurance	–	–	–	–	–	–	–
Total	56	36,794	26,158	2,049	54,203	1,062	120,324
For the year ended March 31, 2022							
Individual insurance	79	39,064	25,959	1,923	70,046	881	137,954
Individual annuities	–	17	8	1	–	0	28
Group insurance	–	–	–	–	–	–	–
Group annuities	–	–	–	–	–	–	–
Asset-formation insurance, asset-formation annuities	–	–	–	–	–	–	–
Other insurance	–	–	–	–	–	–	–
Total	79	39,082	25,967	1,925	70,046	881	137,982

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

(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
For the year ended March 31, 2021					
Tangible fixed assets	¥ 109,892	¥ 8,788	¥ 53,323	¥ 56,569	48.5
Buildings	65,924	3,206	25,624	40,299	38.9
Leased assets	4,298	637	2,458	1,839	57.2
Other tangible fixed assets	39,669	4,944	25,239	14,429	63.6
Intangible fixed assets	520,596	52,371	401,847	118,748	77.2
Others	709	54	434	275	61.3
Total	631,198	61,214	455,605	175,593	72.2
For the year ended March 31, 2022					
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
Total	653,811	56,421	504,656	149,155	77.2

Notes:

1. "Buildings" includes all buildings, facilities and structures.
2. "Intangible fixed assets" includes software in progress.

(17) Operating Expenses

(Millions of yen)		
For the years ended March 31	2021	2022
Sales activity expenses	¥ 51,416	¥ 39,131
Sales administration expenses	10,917	13,137
General administration expenses	339,731	332,329
Total	402,065	384,598

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
As of March 31, 2021							
Bonds payable	¥ –	¥ –	¥ –	¥ –	¥ –	¥ 300,000	¥ 300,000
Payables under securities lending transactions	4,587,469	–	–	–	–	–	4,587,469
Total	4,587,469	–	–	–	–	300,000	4,887,469
As of March 31, 2022							
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:

- "Loans to the Management Network" includes lending to the Management Network (Postal Life Insurance Account).
- "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:

- Yields are calculated by dividing investment income less investment expenses by the daily average balance based on book value.
- "General account total" includes assets related to securities trusts.
- "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:

- "General account total" includes assets related to securities trusts.
- "Real estate" is booked as the sum total of land, buildings and construction in progress.
- "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
As of March 31, 2021	¥ 3,426,249	¥ 4,688,622	¥ 3,720,570	¥ 5,920,893	¥ 9,769,118	¥28,505,912	¥56,031,366
Securities	2,691,256	4,688,622	3,720,570	5,920,893	9,769,118	28,484,133	55,274,594
Japanese government bonds	1,038,615	1,745,328	1,947,364	4,168,507	7,457,485	20,988,368	37,345,671
Japanese local government bonds	1,062,081	1,610,124	660,103	470,617	322,756	1,467,825	5,593,508
Japanese corporate bonds	464,276	796,006	428,791	403,942	614,823	2,617,436	5,325,276
Domestic stocks	-	-	-	-	-	404,577	404,577
Foreign securities	126,282	537,163	684,310	877,826	1,374,052	1,032,741	4,632,376
Foreign corporate and government bonds	126,282	537,163	684,310	877,826	1,374,052	880,188	4,479,823
Foreign stocks and other securities	-	-	-	-	-	152,552	152,552
Other securities	-	-	-	-	-	1,973,184	1,973,184
Monetary claims bought	254,992	-	-	-	-	21,779	276,772
Negotiable certificates of deposit	480,000	-	-	-	-	-	480,000
Other	-	-	-	-	-	-	-
As of March 31, 2022	2,294,627	4,533,674	3,861,599	7,748,943	8,037,366	27,386,897	53,863,108
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

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

(Millions of yen)

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

(16) Shareholdings by Industry Sector

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
Total	404,577	100.0	425,553	100.0

(Millions of yen, %)

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 (Loans to non-residents)	4,802,668 (-)	4,110,975 (-)
Loans to companies (Loans to domestic corporations)	3,958,194 (3,958,194)	3,292,761 (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	-	-
Total	4,964,087	4,251,956

Note: Loans to the Management Network (Postal Life Insurance account) are recorded as loans to companies, as they are classified into loans to companies in "finance and insurance" in the Loans Questionnaire by Industrial Type in the "Guideline of Entry Statistics Questionnaire" as specified by the Research and Statistics Department, the Bank of Japan.

(18) Loans by Contractual Maturity Date

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
Total industrial and commercial loans as of March 31, 2021	¥ 715,402	¥ 1,349,925	¥ 881,802	¥ 597,462	¥ 584,367	¥ 673,708	¥ 4,802,668
Floating rate loans	5,700	12,150	5,000	5,000	-	-	27,850
Fixed rate loans	709,702	1,337,775	876,802	592,462	584,367	673,708	4,774,818
Total industrial and commercial loans as of March 31, 2022	660,638	1,180,049	717,401	497,171	479,275	576,439	4,110,975
Floating rate loans	2,900	14,250	-	-	-	-	17,150
Fixed rate loans	657,738	1,165,799	717,401	497,171	479,275	576,439	4,093,825

Notes:

- "Fixed rate loans" includes loans to the Management Network (Postal Life Insurance Account).
- 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	
	Number of borrowers	Percentage	Number of borrowers	Percentage
Large companies	21	61.8	16	47.1
	Amount of loans	¥ 115,620	¥ 88,220	2.7
Medium-sized companies	-	-	-	-
	Amount of loans	¥ -	¥ -	-
Small companies	13	38.2	18	52.9
	Amount of loans	¥ 3,842,574	¥ 3,204,541	97.3
Total loans to domestic companies	34	100.0	34	100.0
	Amount of loans	¥ 3,958,194	¥ 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	
	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
Large companies								
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
Domestic				
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)	—	—	—	—
Total	4,802,668	100.0	4,110,975	100.0
Overseas				
Governments and public entities	—	—	—	—
Financial institutions	—	—	—	—
Commerce and industry, etc.	—	—	—	—
Total	—	—	—	—
Total industrial and commercial loans	4,802,668	100.0	4,110,975	100.0

Notes:

- Domestic classification is based on the industrial classification of the Bank of Japan's rental payment previous to loans (by industry and new loans for equipment rentals).
- Loans to the Management Network (Postal Life Insurance Account) are classified as "financing and insurance" in the Loans Questionnaire by Industrial Type in the "Guideline of Entry Statistics Questionnaire" as specified by the Research and Statistics Department, the Bank of Japan.

(21) Breakdown of Industrial Loans by Use

(Millions of yen, %)

As of March 31	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
Total	109,704	6,391	2,330	8,788	104,977	53,323	–
(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
Total	104,977	7,992	10,705	8,099	94,165	55,533	–
(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	–	–
Total	–	8,418
(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, Movables 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	20,627
	Subtotal	66,757	20,627
Total		66,761	20,627

(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
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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.

• 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) 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:

- 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) Balances of Securities in Money Held in Trust

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years or having no maturity date	Total
As of March 31, 2021							
Domestic stocks						¥ 2,115,438	
Foreign securities						1,094,023	
Foreign corporate and government bonds						–	
Foreign stocks and other securities						1,094,023	
Other securities						805,385	4,014,847
As of March 31, 2022							
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)	¥ -	¥ -	¥ -
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:

- 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.
- 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 Type	2021			2022				
		Contract amount, etc. Over one year	Fair value	Net gain/loss	Contract amount, etc. Over one year	Fair value	Net gain/loss		
Over-the-counter	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:

- Fair value is calculated using forward foreign exchange rates at the fiscal year-end.
- 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.

Annual Report 2022

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The information in this Annual Report is as of March 31, 2022, unless expressly stated otherwise.

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