

UNOFFICIAL TRANSLATION

Although the Company pays close attention to provide English translation of the information disclosed in Japanese, the Japanese original prevails over its English translation in the case of any discrepancy.

May 13, 2022

JAPAN POST INSURANCE Co., Ltd.

**Announcement of Financial Results for
the Fiscal Year Ended March 31, 2022**

JAPAN POST INSURANCE Co., Ltd. (the “Company”; SENDA Tetsuya, Director and President, CEO, Representative Executive Officer) hereby announces its financial results for the fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022).

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1. Business Highlights

(1) Policies in Force and New Policies

▪ Policies in Force

(Thousands of policies, billions of yen, %)

As of March 31	2021				2022			
	Number of policies		Policy amount		Number of policies		Policy amount	
		% of March 31, 2020 total		% of March 31, 2020 total		% of March 31, 2021 total		% of March 31, 2021 total
Individual insurance	15,893	92.6	45,912.2	92.0	14,740	92.7	42,283.8	92.1
Individual annuities	1,009	86.8	1,563.8	81.0	850	84.2	1,242.7	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.

▪ New Policies

(Thousands of policies, billions of yen, %)

Fiscal years ended March 31	2021						2022					
	Number of policies		Policy amount				Number of policies		Policy amount			
		% of March 31, 2020 total		% of March 31, 2020 total	New policies	Net increase by conversion		% of March 31, 2021 total		% of March 31, 2021 total	New policies	Net increase by conversion
Individual insurance	124	19.4	390.3	20.6	390.3	-	173	138.8	577.4	147.9	577.4	0.0
Individual annuities	0	5.5	0.1	5.0	0.1	-	0	140.0	0.2	114.8	0.2	-
Group insurance	-	-	-	-	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-	-	-	-	-

Notes: 1. Number of policies includes policies after conversion.

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

(2) Annualized Premiums

▪ Policies in Force

(Billions of yen, %)

As of March 31	2021		2022	
		% of March 31, 2020 total		% of March 31, 2021 total
Individual insurance	2,840.0	90.3	2,584.3	91.0
Individual annuities	357.1	86.7	301.8	84.5
Total	3,197.2	89.9	2,886.2	90.3
Medical coverage, living benefits and other	364.6	92.6	339.8	93.2

▪ New Policies

(Billions of yen, %)

Fiscal years ended March 31	2021		2022	
		% of March 31, 2020 total		% of March 31, 2021 total
Individual insurance	30.6	20.9	46.1	150.7
Individual annuities	0.0	5.1	0.0	105.8
Total	30.6	20.8	46.1	150.7
Medical coverage, living benefits and other	1.4	6.6	2.1	149.0

- Notes: 1. Annualized premiums are calculated by multiplying the amount of a single premium installment payment by a multiplier determined according to the relevant payment method to arrive at a single annualized amount. For lump-sum payments, annualized premiums are calculated by dividing the total premium by the insured period.
2. Medical coverage, living benefits and other includes medical benefits (including hospitalization and surgery benefits), living benefits (including limited illness and nursing care benefits), and premium payment waivers benefits (excluding disability and including specified diseases and nursing benefits).
3. New policies include net increase by conversion.

2. Policy in Force by Benefit Type as of March 31, 2022

(Thousands of policies, billions of yen)

Items		Individual insurance		Individual annuities		Group insurance		Total	
		Number of policies	Policy amount	Number of policies	Policy amount	Number of policies	Policy amount	Number of policies	Policy amount
Death benefit	General death	13,114	38,860.3	-	-	-	-	13,114	38,860.3
	Accidental death	21,614	50,679.6	2	9.0	-	-	21,617	50,688.6
	Other conditional death	-	-	-	-	-	-	-	-
Survival benefit		1,625	3,423.5	850	1,242.7	-	-	2,476	4,666.2
Hospitalization benefit	Hospitalization due to accident	10,855	42.0	3	0.0	-	-	10,859	42.0
	Hospitalization due to illness	10,759	41.7	1	0.0	-	-	10,760	41.7
	Other conditional hospitalization	8,124	5.2	3	0.0	-	-	8,128	5.2
Disability benefit		8,710	-	2	-	-	-	8,712	-
Surgery benefit		11,031	-	3	-	-	-	11,035	-

Items	Group annuities		Asset-formation insurance / asset-formation annuities		Total	
	Number of policies	Policy amount	Number of policies	Policy amount	Number of policies	Policy amount
Survival benefit	-	-	0	0.0	0	0.0

Items	Medical benefit insurance		Items	Occupational disability insurance	
	Number of policies	Policy amount		Number of policies	Policy amount
Hospitalization benefit	-	-	Occupational disability benefit	-	-

- Notes: 1. Figures for number of policies for asset-formation insurance and asset-formation annuities are the number of insured persons.
2. For survival benefit, 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, and the policy amount for asset-formation insurance is the amount of policy reserves.
3. Amount for hospitalization benefit is the amount of daily hospitalization benefits.
4. As reinsurance from the Organization for Postal Savings, Postal Life Insurance and Post Office Network (hereinafter referred to as the "Management Network"), which is an independent administrative institution, the Company holds 8,061 thousand policies or ¥21,261.3 billion for insurance, and 1,327 thousand policies or ¥440.4 billion for annuities.

3. Policyholder Dividends Based on the Financial Results for the Fiscal Year Ended March 31, 2022

(1) The overview of policyholder dividends based on the financial results for the fiscal year ended March 31, 2022 is as follows:

1. Japan Post Insurance Policies (individual insurance / individual annuities, etc. purchased on and after October 1, 2007)
The payout ratio of policyholder dividends remains unchanged from the previous fiscal year.
2. Former Postal Life Insurance Policies (Postal Life Insurance Policies concluded by September 30, 2007)
The Company posted provision for reserve for policyholder dividends of ¥54,849 million under the reinsurance contract concluded with the Management Network based on the performance of the category of the reinsurance.

(2) Policyholder dividends on Japan Post Insurance policies based on the financial results for the fiscal year ended March 31, 2022 are as detailed below. Each example shows the case of the insurance concluded in July:

Ex. 1 Ordinary endowment insurance

[Concluded at age of 40 and matured at 50; monthly premium by direct debit; ¥1 million maturity benefit]

Fiscal year of purchase <number of years since purchase>	Sex	Insurance premium (on an annual basis)	Dividends for the fiscal year
Fiscal year ended March 31, 2013 <ten years>	Male Female	¥103,320 ¥102,840	¥0 ¥0
Fiscal year ended March 31, 2018 <five years>	Male Female	¥108,480 ¥108,240	¥0 ¥0

Ex. 2 Special endowment insurance

[Concluded at age of 40 and matured at 60; monthly premium by direct debit; ¥2 million death benefit; ¥1 million maturity benefit]

Fiscal year of purchase <number of years since purchase>	Sex	Insurance premium (on an annual basis)	Dividends for the fiscal year
Fiscal year ended March 31, 2013 <ten years>	Male Female	¥55,440 ¥52,800	¥0 ¥0
Fiscal year ended March 31, 2018 <five years>	Male Female	¥59,760 ¥58,080	¥576 ¥457

Ex. 3 Ordinary term insurance

[Concluded at age of 40 and matured at 50; monthly premium by direct debit; ¥2 million death benefit]

Fiscal year of purchase <number of years since purchase>	Sex	Insurance premium (on an annual basis)	Dividends for the fiscal year
Fiscal year ended March 31, 2013 <ten years>	Male Female	¥10,080 ¥7,680	¥3,090 ¥1,436
Fiscal year ended March 31, 2018 <five years>	Male Female	¥9,120 ¥7,680	¥892 ¥755

Ex. 4 Educational endowment insurance

[Concluded at when the insured is at age of 0 and the policyholder is at age of 40, and matured at when the insured is at age of 18 (with living benefit); monthly premium by direct debit; ¥1 million insured amount on insurance policy]

Fiscal year of purchase <number of years since purchase>	Sex	Insurance premium (on an annual basis)	Dividends for the fiscal year
Fiscal year ended March 31, 2013 <ten years>	Male Female	¥56,760 ¥56,280	¥0 ¥0

Notes: 1. The sex of the policyholder and the insured are assumed to be the same.

2. The living benefit of ¥100,000 is paid when the insured turns 12 and 15, with a maturity benefit of ¥800,000.

Ex. 5 Educational endowment insurance (H24)

[Concluded at when the insured is at age of 0 and the policyholder is at age of 40, and matured at when the insured is at age of 18 (upon full-term payment of premium); monthly premium by direct debit; ¥1 million insured amount on insurance policy]

Fiscal year of purchase <number of years since purchase>	Sex	Insurance premium (on an annual basis)	Dividends for the fiscal year
Fiscal year ended March 31, 2018 <five years>	Male Female	¥59,040 ¥58,680	¥74 ¥25

Notes: 1. The sex of the policyholder and the insured are assumed to be the same.

2. In the event that the policyholder deceases, the insurance policies stipulate that premium payment thereafter is waived.

Ex. 6 Ordinary whole life insurance

[Concluded at age of 40; premium paid until the age of 60; monthly premium by direct debit; ¥1 million death benefit (¥200,000 after completion of premium payment)]

Fiscal year of purchase <number of years since purchase>	Sex	Insurance premium (on an annual basis)	Dividends for the fiscal year
Fiscal year ended March 31, 2013 <ten years>	Male Female	¥12,600 ¥10,200	¥1,233 ¥492
Fiscal year ended March 31, 2018 <five years>	Male Female	¥13,800 ¥12,480	¥384 ¥323

Ex. 7 Accidental rider

[Concluded at age of 40; monthly premium by direct debit; ¥1 million rider benefit; added to ordinary endowment insurance policy (concluded at the age of 40 and matured at the age of 50)]

Fiscal year of purchase <number of years since purchase>	Sex	Insurance premium (on an annual basis)	Dividends for the fiscal year
Fiscal year ended March 31, 2013 <ten years>	Male Female	¥600 ¥360	¥240 ¥160
Fiscal year ended March 31, 2018 <five years>	Male Female	¥360 ¥240	¥100 ¥70

The dividends are the total of a., b., c., and d., summed up on the basic policy and each rider respectively:

a. Dividends from mortality rate margin [Unchanged]

Calculated by multiplying the amount at risk by a payout ratio for dividends from mortality rate margin according to the insured's age, sex and category in an expected mortality table, etc.

(Ex.) Ordinary endowment insurance, age 40, male

Period of purchase	Payout ratio for dividends from mortality rate margin (per amount at risk of ¥1 million)
October 1, 2007 to August 1, 2016	¥660
August 2, 2016 to March 31, 2019	¥280

b. Dividends from morbidity rate margin [Unchanged]

Calculated by multiplying the rider benefit by a payout ratio for dividends from morbidity rate margin according to the insured's age, sex and category in an expected rider payment rate table, etc.

(Ex.) Accidental rider, age 40, male

Period of purchase	Payout ratio for dividends from morbidity rate margin (per rider benefit of ¥1 million)
October 1, 2007 to April 1, 2017	¥280
April 2, 2017 to February 1, 2018	¥100

c. Dividends from administrative expense margin [Unchanged]

Calculated by multiplying the insured amount on the insurance policy, etc. by a payout ratio for dividends from administrative expense margin

(Ex.) Ordinary endowment insurance

Payout ratio for dividends from administrative expense margin	
Payout ratio for dividends from administrative expense margin in proportion to claim payment (per insured amount of ¥1 million)	¥0
Payout ratio for dividends from administrative expense margin in proportion to premium (per monthly premium by direct debit of ¥10,000)	¥0

d. Dividends from spread [Unchanged]

Calculated by multiplying the policy reserve by a payout ratio for dividends from spread

(Ex.) Ordinary endowment insurance

Period of purchase	Payout ratio for dividends from spread
October 2007 to March 2008	1.3% – assumed rates of return
April 2008 to March 2009	1.2% – assumed rates of return
April 2009 to March 2010	1.1% – assumed rates of return
April 2010 to March 2012	1.0% – assumed rates of return
April 2012 to March 2013	0.9% – assumed rates of return
April 2013 to March 2014	0.8% – assumed rates of return
April 2014 to March 2015	0.6% – assumed rates of return
April 2015 to March 2016	0.5% – assumed rates of return
April 2016 to March 2019	0.4% – assumed rates of return

Please note that the dividend is ¥0 if the total of a., b., c., and d. is negative.

The dividend shall be ¥0 for lump-sum payment annuities insurance and their additional riders.

Necessary adjustments will be made to policies after conversion.

(3) Policyholder dividends on Former Postal Life Insurance Policies will be determined by Management Network.

4. Investment Overview for the Fiscal Year Ended March 31, 2022 (General Account)

(1) Investment Environment

1) Investment environment

The Japanese economy was on a recovery trend due to the effects of various policies and improvements in overseas economies amid the gradual resumption of economic activities. However, recovery was moderate due to the intermittent resurgence of the spread of COVID-19. The U.S. economy continued to recover steadily, mainly driven by domestic demand, despite supply constraints along with price inflation putting downward pressure on the economy. In Europe, the economy remained firm in the first half of the fiscal year, particularly in consumer spending, but the recovery slowed down in the second half of the fiscal year due to the adverse effects of the resurgence of the spread of COVID-19 and price inflation.

Under these economic circumstances, the investment environment was as follows.

Domestic Bond Market

The domestic long-term yield moved in a range of around 0% to 0.1% for most of the year under the policy of Monetary Easing with Yield Curve Control by the Bank of Japan. However, the yield started to rise until the end of the fiscal year backed by a rapid increase in overseas interest rates triggered by the start of an interest rate hike in the U.S., and the domestic long-term yield rose to around 0.21% at the end of March.

Domestic Stock Market

The Nikkei Stock Average was on a moderate downward trend from the beginning of the fiscal year amid the resurgence of COVID-19 in Japan. In September, the index surpassed ¥30,000 due to growing expectations for the new domestic administration and a decrease in the number of newly infected patients, but it again turned downward due to the re-spread of infection by the Omicron strain, and fell to the ¥24,000 level in early March, due to the military invasion of Ukraine by Russia. The index subsequently rose to the ¥27,000 level at the end of March, due to a rebound in the U.S. stock market and the yen's depreciation favored by the market.

Foreign Exchange Markets

The USD/JPY exchange rate remained in a range between ¥108 and ¥111 during the first half of the fiscal year, but the dollar appreciated against the yen in the latter half of the fiscal year, amid the market's awareness of the contrast in the direction of monetary policies between Japan and the U.S. In March, the appreciation of the dollar against the yen was exacerbated by the start of interest rate hikes in the U.S. and the sharp rise in U.S. interest rates, reaching the ¥122 level at the end of March.

The EUR/JPY exchange rate remained largely in a range between ¥128 and ¥134 from the beginning of the fiscal year, before the euro started depreciating amid the Russian invasion of Ukraine, declining to the ¥125 level at one point in early March. Subsequently, the euro strengthened against the yen against the backdrop of expectations of a change in monetary policy in the eurozone, and the yen dropped to the ¥136 level at the end of March.

2) Investment Policies

The Company's operations are based on the concept of asset liability management (ALM) in order to maintain sound management and ensure the payment of insurance claims and others. Specifically, the approach is to match assets with liabilities, with a focus on yen-denominated interest-bearing assets with high affinity to the characteristics of liabilities. With this approach the Company aims to earn stable profits while mitigating interest rate risk.

Moreover, the Company makes an effort to increase revenues through the investment of "return-seeking assets" (which we previously referred to as "risk assets") such as foreign securities and stocks under appropriate risk management.

3) Performance Overview

[Assets]

As of March 31, 2022, total assets of the Company amounted to ¥67,174.8 billion, a decrease of ¥2,999.0 billion from ¥70,173.8 billion at the end of the previous fiscal year.

The balance of return-seeking assets including stocks and foreign securities increased, due to continued investment in alternatives and domestic stocks.

For domestic corporate and government bonds, the Company invested primarily in long-term and super long-term bonds, in view of their value as assets that secure stable income. However, the amounts of these bonds decreased due to redemption, etc.

For loans, the Company provided loans including loans to the Management Network, syndicated loans, loans to local governments and policy loans. The amount of loans decreased due to the repayment of loans to the Management Network.

[Investment Income and Expenses]

For the fiscal year ended March 31, 2022, although interest and dividend income reduced primarily by a decrease in total assets, invest income of the Company increased by ¥27.4 billion from the previous corresponding period to ¥1,149.1 billion, mainly due to an increase in gains on money held in trust.

Investment expenses decreased by ¥1.0 billion from the previous corresponding period to ¥69.7 billion mainly due to a decrease in losses on derivative financial instruments for hedging foreign exchange fluctuation risks, despite an increase in losses on sales of securities.

As a result, investment income and expenses amounted to ¥1,079.3 billion, an increase of ¥28.5 billion from the previous corresponding period.

(2) Asset Composition

(Billions of yen, %)

As of March 31	2021		2022	
	Amount	Ratio	Amount	Ratio
Cash, deposits, call loans	1,459.7	2.1	1,305.0	1.9
Receivables under resale agreements	-	-	2,120.1	3.2
Receivables under securities borrowing transactions	2,585.0	3.7	-	-
Monetary claims bought	276.7	0.4	39.5	0.1
Trading account securities	-	-	-	-
Money held in trust	4,189.2	6.0	4,521.9	6.7
Securities	55,274.5	78.8	53,418.5	79.5
Corporate and government bonds	48,264.4	68.8	46,747.9	69.6
Domestic stocks	404.5	0.6	425.5	0.6
Foreign securities	4,632.3	6.6	4,332.5	6.4
Foreign corporate and government bonds	4,479.8	6.4	4,181.5	6.2
Foreign stocks and other securities	152.5	0.2	150.9	0.2
Other securities	1,973.1	2.8	1,912.5	2.8
Loans	4,964.0	7.1	4,251.9	6.3
Real estate	88.7	0.1	80.5	0.1
Deferred tax assets	904.3	1.3	1,005.3	1.5
Other	431.6	0.6	432.1	0.6
Reserve for possible loan losses	(0.3)	(0.0)	(0.3)	(0.0)
Total	70,173.8	100.0	67,174.8	100.0
Foreign currency-denominated assets	5,397.0	7.7	5,466.7	8.1

Note: "Real estate" is booked as the sum total of land, buildings and construction in progress.

(3) Increase/Decrease in Assets

(Billions of yen)

Fiscal years ended March 31	2021	2022
Cash, deposits, call loans	(326.8)	(154.6)
Receivables under resale agreements	-	2,120.1
Receivables under securities borrowing transactions	(606.6)	(2,585.0)
Monetary claims bought	(41.8)	(237.2)
Trading account securities	-	-
Money held in trust	1,133.2	332.6
Securities	(596.9)	(1,856.0)
Corporate and government bonds	(690.0)	(1,516.5)
Domestic stocks	117.6	20.9
Foreign securities	(54.9)	(299.8)
Foreign corporate and government bonds	(42.3)	(298.2)
Foreign stocks and other securities	(12.6)	(1.5)
Other securities	30.4	(60.6)
Loans	(698.6)	(712.1)
Real estate	(0.8)	(8.1)
Deferred tax assets	(269.4)	101.0
Other	(85.6)	0.4
Reserve for possible loan losses	0.0	0.0
Total	(1,493.5)	(2,999.0)
Foreign currency-denominated assets	417.0	69.6

Note: "Real estate" is booked as the sum total of land, buildings and construction in progress.

(4) Investment Income

(Billions of yen)

Fiscal years ended March 31	2021	2022
Interest and dividend income	1,004.6	985.8
Interest on deposits	0.0	0.0
Interest and dividends on securities	898.4	894.5
Interest on loans	13.3	14.3
Interest on loans to the Management Network	86.9	72.8
Rent revenue from real estate	-	-
Other interest and dividend income	5.9	4.1
Gains on trading account securities	-	-
Gains on money held in trust	87.5	114.5
Gains on trading securities	-	-
Gains on sales of securities	20.4	26.9
Gains on sales of Japanese government bonds and other bonds	4.8	7.8
Gains on sales of domestic stocks and other securities	14.6	8.0
Gains on sales of foreign securities	0.8	11.0
Other gains on sales of securities	-	-
Gains on redemption of securities	1.1	0.7
Gains on derivative financial instruments	-	-
Gains on foreign exchanges	7.7	20.8
Reversal of reserve for possible loan losses	0.0	0.0
Other investment income	0.0	0.1
Total	1,121.6	1,149.1

(5) Investment Expenses

(Billions of yen)

Fiscal years ended March 31	2021	2022
Interest expenses	2.3	2.3
Losses on trading account securities	-	-
Losses on money held in trust	-	-
Losses on trading securities	-	-
Losses on sales of securities	32.7	51.1
Losses on sales of Japanese government bonds and other bonds	1.0	13.3
Losses on sales of domestic stocks and other securities	13.8	3.0
Losses on sales of foreign securities	4.3	24.2
Other losses on sales of securities	13.5	10.4
Losses on valuation of securities	-	-
Losses on valuation of Japanese government bonds and other bonds	-	-
Losses on valuation of domestic stocks and other securities	-	-
Losses on valuation of foreign securities	-	-
Other losses on valuation of securities	-	-
Losses on redemption of securities	10.9	6.0
Losses on derivative financial instruments	21.6	7.3
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	3.2	2.8
Total	70.8	69.7

(6) Investment Related Efficiency

1) Yield by Asset Type

(%)

Fiscal 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
Real estate	-	-
General account total	1.51	1.61
Overseas loans and investments	2.15	2.95

- Notes: 1. Yields are calculated by dividing investment income less investment expenses by the daily average balance based on book value.
2. General account total includes assets related securities trust.
3. "Overseas loans and investments" is the total of assets denominated in foreign-currencies and yen-denominated assets.

2) Net Valuation Gain/Loss of Trading Securities

The Company does not hold securities for trading.

3) Fair Value Information of Securities (Other Than Trading Securities)

(Billions of yen)

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Note: 1. This table includes money held in trust other than trading securities and its book value is ¥2,647.0 billion with net unrealized gains of ¥920.1 billion as of March 31, 2021 and ¥2,682.2 billion with net unrealized gains of ¥1,026.6 billion as of March 31, 2022.

2. Stocks, etc. with no market price and investments in partnerships, etc. are not included in this table.

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

(Billions of yen)

As of March 31	2021	2022
Equities of subsidiaries and affiliates	18.8	24.0
Available-for-sale securities	445.1	635.2
Domestic stocks	4.2	4.2
Foreign stocks	-	-
Other	440.9	630.9
Total	464.0	659.3

Notes: 1. This table includes money held in trust other than trading securities (¥440.9 billion as of March 31, 2021 and ¥630.9 billion as of March 31, 2022).

2. Net unrealized gains (losses) based on foreign exchange valuation of the foreign currency-denominated assets classified as stocks, etc. with no market price and investments in partnerships, etc. are ¥6.7 billion as of March 31, 2021 and ¥51.8 billion as of March 31, 2022.

Note: Fair value information of securities includes the handling of securities under the Financial Instruments and Exchange Act.

4) Fair Value of Money Held in Trust

(Billions 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	3,696.9	3,696.9	-	-	-	3,820.4	3,820.4	-	-	-

- Money held in trust for trading purposes

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

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

(Billions of yen)

As of March 31	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	2,776.7	3,696.9	920.1	970.0	49.8	2,793.7	3,820.4	1,026.6	1,100.9	74.2

Note: Other money held in trust, which is not subject to fair value disclosure, is ¥492.3 billion as of March 31, 2021 and ¥701.4 billion as of March 31, 2022.

5. Unaudited Non-Consolidated Balance Sheets

(Millions of yen)

Items	Year	As of March 31, 2021	As of March 31, 2022	Items	Year	As of March 31, 2021	As of March 31, 2022
	Amount	Amount	Amount		Amount	Amount	Amount
ASSETS:				LIABILITIES:			
Cash and deposits		1,329,749	1,265,070	Policy reserves and others		61,159,597	58,196,072
Cash		662	766	Reserve for outstanding claims		419,021	402,608
Deposits		1,329,087	1,264,304	Policy reserves		59,397,720	56,533,454
Call loans		130,000	40,000	Reserve for policyholder dividends		1,342,855	1,260,009
Receivables under resale agreements		-	2,120,137	Reinsurance payables		6,394	6,256
Receivables under securities borrowing transactions		2,585,087	-	Bonds payable		300,000	300,000
Monetary claims bought		276,772	39,543	Other liabilities		4,891,788	5,210,469
Money held in trust		4,189,294	4,521,912	Payables under repurchase agreements		-	2,570,899
Securities		55,274,594	53,418,564	Payables under securities lending transactions		4,587,469	2,236,696
Japanese government bonds		37,345,671	37,408,974	Income taxes payable		42,915	39,068
Japanese local government bonds		5,593,508	4,472,466	Accounts payable		20,468	38,447
Japanese corporate bonds		5,325,276	4,866,504	Accrued expenses		28,488	32,026
Stocks		404,577	425,553	Deposits received		2,520	2,295
Foreign securities		4,632,376	4,332,519	Deposits from the Management Network		41,143	39,991
Other securities		1,973,184	1,912,544	Guarantee deposits received		73	73
Loans		4,964,087	4,251,956	Derivative financial instruments		157,418	239,517
Policy loans		161,419	140,980	Lease obligations		1,950	2,734
Industrial and commercial loans		996,127	965,872	Asset retirement obligation		5	-
Loans to the Management Network		3,806,540	3,145,103	Suspense receipt		2,491	2,732
Tangible fixed assets		104,977	94,165	Other liabilities		6,842	5,987
Land		47,828	43,112	Reserve for insurance claims and others		2,851	-
Buildings		40,299	37,027	Reserve for employees' retirement benefits		69,659	70,470
Leased assets		1,839	2,518	Reserve for management board benefit trust		110	230
Construction in progress		579	432	Reserve for price fluctuations		904,816	972,606
Other tangible fixed assets		14,429	11,074	Total liabilities		67,335,219	64,756,105
Intangible fixed assets		118,748	98,291	NET ASSETS:			
Software		118,734	98,276	Capital stock		500,000	500,000
Other intangible fixed assets		14	14	Capital surplus		405,044	405,044
Agency accounts receivable		53,250	47,287	Legal capital surplus		405,044	405,044
Reinsurance receivables		3,938	3,914	Retained earnings		902,034	640,289
Other assets		239,407	269,025	Legal retained earnings		64,761	76,909
Accounts receivable		67,545	70,950	Other retained earnings		837,272	563,379
Prepaid expenses		2,473	3,011	Reserve for reduction entry of real estate		5,286	5,026
Accrued income		144,746	141,542	Retained earnings brought forward		831,986	558,353
Money on deposit		7,863	7,901	Treasury stock		(397)	(355)
Margin deposits for futures transactions		1,105	3,674	Total shareholders' equity		1,806,680	1,544,978
Derivative financial instruments		752	68	Net unrealized gains (losses) on available-for-sale securities		1,031,384	873,764
Cash collateral paid for financial instruments		11,286	36,850	Net deferred gains (losses) on hedges		573	-
Suspense payments		1,771	2,473	Total valuation and translation adjustments		1,031,957	873,764
Other assets		1,863	2,552	Total net assets		2,838,638	2,418,743
Deferred tax assets		904,333	1,005,357	Total liabilities and net assets		70,173,857	67,174,848
Reserve for possible loan losses		(384)	(379)				
Total assets		70,173,857	67,174,848				

6. Unaudited Non-Consolidated Statements of Income

(Millions of yen)

Items	Year	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
		Amount	Amount
ORDINARY INCOME		6,786,210	6,454,192
Insurance premiums and others		2,697,936	2,418,979
Insurance premiums		2,682,067	2,403,387
Reinsurance income		15,868	15,591
Investment income		1,121,668	1,149,145
Interest and dividend income		1,004,635	985,879
Interest on deposits		29	30
Interest and dividends on securities		898,429	894,502
Interest on loans		13,314	14,312
Interest on loans to the Management Network		86,934	72,874
Other interest and dividend income		5,926	4,160
Gains on money held in trust		87,593	114,553
Gains on sales of securities		20,422	26,942
Gains on redemption of securities		1,170	779
Gains on foreign exchanges		7,759	20,879
Reversal of reserve for possible loan losses		0	3
Other investment income		86	107
Other ordinary income		2,966,604	2,886,068
Reversal of reserve for outstanding claims		42,203	16,412
Reversal of policy reserves		2,895,445	2,864,265
Reversal of reserve for insurance claims and others		26,870	2,851
Other ordinary income		2,084	2,538
ORDINARY EXPENSES		6,441,187	6,098,430
Insurance claims and others		5,866,091	5,549,315
Insurance claims		4,681,106	4,477,034
Annuity payments		359,821	317,508
Benefits		120,324	137,982
Surrender benefits		480,477	483,773
Other refunds		201,420	110,798
Reinsurance premiums		22,940	22,217
Provision for policy reserves and others		8	9
Provision for interest on policyholder dividends		8	9
Investment expenses		70,863	69,768
Interest expenses		2,311	2,351
Losses on sales of securities		32,789	51,108
Losses on redemption of securities		10,950	6,046
Losses on derivative financial instruments		21,604	7,398
Other investment expenses		3,207	2,863
Operating expenses		402,065	384,598
Other ordinary expenses		102,158	94,738
Taxes		38,402	36,603
Depreciation and amortization		61,214	56,421
Provision for reserve for employees' retirement benefits		716	690
Other ordinary expenses		1,825	1,023
ORDINARY PROFIT		345,022	355,762
EXTRAORDINARY GAINS		-	5,696
Gains on sales of fixed assets		-	5,696
EXTRAORDINARY LOSSES		46,732	68,108
Losses on sales and disposal of fixed assets		255	318
Provision for reserve for price fluctuations		46,477	67,789
Provision for reserve for policyholder dividends		65,465	73,113
Income before income taxes		232,824	220,236
Income taxes - Current		91,510	101,617
Income taxes - Deferred		(24,272)	(39,266)
Total income taxes		67,238	62,351
Net income		165,586	157,885

7. Unaudited Non-Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Millions of yen)

(millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						Reserve for reduction entry of real estate	Retained earnings brought forward	
Balance at the beginning of the fiscal year	500,000	405,044	-	405,044	60,485	5,545	691,794	757,826
Changes in the fiscal year								
Cash dividends					4,275		(25,654)	(21,378)
Net income							165,586	165,586
Purchases of treasury stock								
Disposals of treasury stock								
Reversal of reserve for reduction entry of real estate						(259)	259	-
Net changes in items other than shareholders' equity in the fiscal year								
Net changes in the fiscal year	-	-	-	-	4,275	(259)	140,191	144,207
Balance at the end of the fiscal year	500,000	405,044	-	405,044	64,761	5,286	831,986	902,034

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	(422)	1,662,447	264,009	16	264,026	1,926,474
Changes in the fiscal year						
Cash dividends		(21,378)				(21,378)
Net income		165,586				165,586
Purchases of treasury stock	(0)	(0)				(0)
Disposals of treasury stock	25	25				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	25	144,233	767,374	556	767,931	912,164
Balance at the end of the fiscal year	(397)	1,806,680	1,031,384	573	1,031,957	2,838,638

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						Reserve for reduction entry of real estate	Retained earnings brought forward	
Balance at the beginning of the fiscal year	500,000	405,044	-	405,044	64,761	5,286	831,986	902,034
Changes in the fiscal year								
Cash dividends					12,148		(72,890)	(60,742)
Net income							157,885	157,885
Purchases of treasury stock								
Disposals of treasury stock								
Cancellation of treasury stock			(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								
Net changes in the fiscal year	-	-	-	-	12,148	(259)	(273,633)	(261,744)
Balance at the end of the fiscal year	500,000	405,044	-	405,044	76,909	5,026	558,353	640,289

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	(397)	1,806,680	1,031,384	573	1,031,957	2,838,638
Changes in the fiscal year						
Cash dividends		(60,742)				(60,742)
Net income		157,885				157,885
Purchases of treasury stock	(358,882)	(358,882)				(358,882)
Disposals of treasury stock	37	37				37
Cancellation of treasury stock	358,887	-				-
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	42	(261,701)	(157,619)	(573)	(158,193)	(419,894)
Balance at the end of the fiscal year	(355)	1,544,978	873,764	-	873,764	2,418,743

NOTES TO THE UNAUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE FISCAL YEAR ENDED MARCH 31, 2022

(Notes to the Unaudited Non-Consolidated Balance Sheet)

1. Significant Accounting Policies

(1) Valuation Criteria and Methods for 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 “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 (stocks issued by subsidiaries as defined in Article 2, Paragraph 12 of the Insurance Business Act and closely related parties (excluding subsidiaries) and affiliates as defined in Article 13-5-2, Paragraph 3 and affiliates as defined in Paragraph 4 of the same Article of the Order for Enforcement of the Insurance Business Act)

Carried at cost and the cost of these securities sold is calculated using the moving-average method.

4) Available-for-sale Securities

(i) 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.

(ii) 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.

(2) Valuation Criteria and Methods for Derivative Transactions

All derivative transactions are valued at fair value.

(3) Depreciation Method for Fixed Assets

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:

(i) Buildings: 2-60 years

(ii) 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

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.

(4) Recognition of Reserves

1) 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 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 also 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. Reserve for possible loan losses also includes amounts set aside for other assets subject to valuation allowance. The amount written off for loans and other assets during the fiscal year ended March 31, 2022 was ¥37 million.

2) 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 was 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.

3) 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.

(i) Method for Attributing Expected Benefits to Periods

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

(ii) Method for Recognizing Actuarial Differences and Prior Service Cost

The actuarial difference is amortized using the straight-line method over a period of 14 years, which is less than the estimated average remaining service period for employees from the fiscal year following the respective fiscal year in which the difference is incurred.

Prior service cost is amortized using the straight-line method over a period of 14 years, which is less than the estimated average remaining service lives for employees in the fiscal year of incurrence.

4) Reserve for Management Board Benefit Trust

To provide for the granting of shares 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.

(5) Reserve for Price Fluctuations

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

(6) 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.

(7) 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 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 "Financial Instruments Accounting Standard").

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 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.

(8) Policy Reserves

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

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

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

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

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

(9) Employees' Retirement Benefits Accounting

Unrecognized actuarial differences and unrecognized prior service cost related to retirement benefits are treated differently from the consolidated financial statements.

2. Changes in Accounting Policies

The Company has applied the "Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan ("ASBJ") Statement No. 30, July 4, 2019; hereinafter referred to as "Fair Value Measurement Accounting Standard"), etc. from the beginning of the fiscal 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 a new accounting policy prescribed in the Fair Value Measurement Accounting Standard, etc. into the future. Accordingly, while the fair value method based on the average market price over the month preceding the non-consolidated balance sheet date was previously adopted for stocks with market price included in available-for-sale securities, from the fiscal year ended March 31, 2022, the fair value method based on the market price as of the non-consolidated balance sheet date is adopted.

3. Transactions for Granting Shares and Others of the Company to Executive Officers of the Company through Trust

Notes to the transactions for granting shares and others of the Company to Executive Officers of the Company through trust are omitted as they are presented in NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE FISCAL YEAR ENDED MARCH 31, 2022 (Notes to the Unaudited Consolidated Balance Sheet).

4. The balance sheet amount, fair value and the outline of the risk management policy of policy-reserve-matching bonds were as follows:

- (1) The balance sheet amount and fair value of policy-reserve-matching bonds amount to ¥8,604,735 million and ¥9,106,029 million, respectively.
- (2) The outline of the risk management policy of policy-reserve-matching bonds is 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 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 are reconciled within a certain range and the duration gap is 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)

The remaining period of insurance contracts comprising the sub-group Postal Life Insurance Contracts used to be within 30 years, but has been eliminated from the beginning of the fiscal year ended March 31, 2022, as the issuance of 30- and 40-year Japanese government bonds has stably expanded to facilitate possession of super long-term bonds and duration gap adjustment of longer-term insurance contracts. This change has no impact on profit or loss.

5. Securities lent under lending agreements in the amount of ¥3,172,477 million were included in “Securities” in the balance sheet as of March 31, 2022.
6. 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.
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.
7. The balance of the unused credit under loan commitment line agreements as of March 31, 2022 was ¥25,367 million.
8. Accumulated depreciation for tangible fixed assets as of March 31, 2022 was ¥55,533 million.
9. Total monetary claims and total monetary obligations with respect to subsidiaries and affiliates amounted to ¥263 million and ¥14,882 million, respectively.
10. Total deferred tax assets and total deferred tax liabilities were ¥1,438,585 million and ¥419,106 million, respectively. A deduction from deferred tax assets as valuation allowance was ¥14,120 million.
Significant components of deferred tax assets include ¥1,026,908 million of policy reserves, ¥248,305 million of reserve for price fluctuations, ¥38,057 million of reserve for outstanding claims, ¥19,733 million of reserve for employees’ retirement benefits, and ¥74,964 million of unrealized losses on available-for-sale securities.
Significant components of deferred tax liabilities include ¥408,207 million of unrealized gains on available-for-sale securities.
Deferred tax assets associated with policy reserves and reserve for price fluctuations have the effect of reducing the amount of tax burden through future taxable income over the long term.
11. Changes in reserve for policyholder dividends for the fiscal year ended March 31, 2022 were as follows:

Balance at the beginning of the fiscal year	¥1,342,855 million
Policyholder dividends paid	¥155,691 million
Interest accrual	¥9 million
Reduction due to the acquisition of additional annuity	¥278 million
Provision for reserve for policyholder dividends	¥73,113 million
Balance at the end of the fiscal year	¥1,260,009 million
12. Equities, etc. of subsidiaries and affiliates were ¥24,088 million.

13. Assets pledged as collateral consisted of the following:

Securities	¥4,253,107 million
Liabilities corresponding to assets pledged as collateral consisted of the following:	
Payables under repurchase agreements	¥2,570,899 million
Payables under securities lending transactions	¥2,236,696 million

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.

Securities	¥498,437 million
Margin deposits for futures transactions	¥3,674 million
Cash collateral paid for financial instruments	¥36,850 million

14. 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 referred to as “reserve for outstanding claims-ceded”), as of March 31, 2022 was ¥525 million. Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance (hereinafter referred to as “policy reserves-ceded”) as of March 31, 2022 were ¥907 million.

15. Net assets per share were ¥6,053.79.

The Company has established a Board Benefit Trust (BBT) and shares of the Company held by 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 total number of shares issued at the end of the fiscal year, for the purpose of calculating net assets per share.

Total number of treasury stock at the end of the fiscal year which was deducted from the calculation of net assets per share for the fiscal year ended March 31, 2022 was 140,300 shares.

16. 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 as of March 31, 2022.

17. Bonds payable are subordinated bonds stipulating that their priorities are ranked behind other obligations.

18. The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥33,449 million as of March 31, 2022 pursuant to Article 259 of the Insurance Business Act.

This obligation is recognized as operating expenses when it is made.

19. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Network, amounted to ¥29,331,229 million and 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 in the amount of ¥1,203,243 million and ¥695,157 million, respectively, for the category of the reinsurance.

20. Deposits from the Management Network in the balance sheet 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 as of the fiscal year ended March 31, 2022.

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

1. Significant Accounting Policies

(1) Recognition of insurance premiums

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

Portions of collected insurance premiums corresponding to the unearned 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.

(2) Recognition of 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 recognized in the amount of such payment.

Reserve for outstanding claims has been accumulated for insurance claims, etc. for which payment is due but has not been paid at the fiscal year-end, or insurance claims, etc. 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, pursuant to Article 117 of the Insurance Business Act and Article 72 of the Ordinance for Enforcement of the Insurance Business Act.

2. Total income from transactions with subsidiaries and affiliates amounted to ¥0 million, and total expenses amounted to ¥17,480 million.

3. Gains on sales of securities comprise domestic bonds of ¥7,857 million, domestic stocks of ¥8,005 million and foreign securities of ¥11,079 million.

4. Losses on sales of securities comprise domestic bonds of ¥13,317 million, domestic stocks of ¥3,071 million, foreign securities of ¥24,243 million and other securities of ¥10,475 million.

5. Gains on money held in trust include losses on valuation of ¥8,168 million.

6. Losses on derivative financial instruments include losses on valuation of ¥239,449 million.

7. 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 fiscal year ended March 31, 2022 was ¥106 million. The amount of reversal of policy reserves-ceded that is deducted from the calculation of reversal of policy reserves for the fiscal year ended March 31, 2022 was ¥27 million.

8. Net income per share was ¥374.72.

The Company has established a Board Benefit Trust (BBT) and shares of the Company held by 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 period, for the purpose of calculating net income per share.

Average number of treasury stock during the fiscal year which was deducted from the calculation of net income per share for the fiscal year ended March 31, 2022 was 143,901 shares.

9. Insurance premiums assumed based on reinsurance contracts with the Management Network included in insurance premiums and others for the fiscal year ended March 31, 2022 were ¥286,840 million.

10. Insurance claims based on reinsurance contracts with the Management Network included in insurance claims for the fiscal year ended March 31, 2022 were ¥2,717,586 million.

11. 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 the reinsurance due to the reinsurance contracts with the Management Network, was ¥54,849 million for the fiscal year ended March 31, 2022.

12. Transactions of the Company with related parties are as follows:

(1) Parent company, major shareholders (limited only to companies), and others

Type	Company name	Percentage of voting rights	Relationship	Transaction	Transaction amount	Account	Year-end balance
Parent company	Japan Post Holdings Co., Ltd.	Directly owned 49.90%	Group management Interlocking officers	Payment of brand royalty fees (*)	¥2,504 million	Accounts Payable	¥229 million

Conditions of transactions and policies to decide the conditions

- (*) Based on the concept that the benefits of brand value enjoyed by the Company from maintaining its membership in Japan Post Group is 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.

(2) Companies, etc. sharing the same parent company and subsidiaries, etc. of other related companies

Type	Company name	Percentage of voting rights	Relationship	Transaction	Transaction amount	Account	Year-end balance
Subsidiary of parent company	Japan Post Co., Ltd.	None	Insurance agency Interlocking officers	Payments for commission of agency services (*1)	¥178,630 million	Agency accounts payable	¥4,295 million

Conditions of transactions and policies to decide the conditions

- (*1) The Company makes payments including commission of insurance solicitation calculated by multiplying the insurance amounts and insurance premiums of each contract by commission rates set for each class of insurance, and commission of maintenance and collection calculated by multiplying unit prices set for each type of outsourcing services, such as collection of insurance premiums and payments for insurance money, by the volume of work.
- (*2) In addition to the above, from the fiscal 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 fiscal year ended March 31, 2022, the contributions paid by the Company to the Management Network amounted to ¥54,005 million.

(Notes to the Unaudited Non-Consolidated Statement of Changes in Net Assets)

Type and Number of Treasury Stock

(Thousands of shares)

	April 1, 2021	Increase	Decrease	March 31, 2022
Treasury stock				
Common stock	167	162,906	162,922	151

- (*1) Numbers of treasury stock at the beginning and the end of the fiscal year ended March 31, 2022 include shares of the Company held in the BBT, and were 156 thousand shares and 140 thousand shares, respectively.
- (*2) The increase of 162,906 thousand shares in the number of treasury stock was attributable to the purchases of shares of treasury stock based on the resolution at the Board of Directors meeting held on May 14, 2021.
- (*3) 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.

8. Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

Fiscal years ended March 31		2021	2022
Core profit	A	421,943	437,123
Capital gains		115,775	162,375
Gains on money held in trust		87,593	114,553
Gains on trading securities		-	-
Gains on sales of securities		20,422	26,942
Gains on derivative financial instruments		-	-
Gains on foreign exchanges		7,759	20,879
Other capital gains		-	-
Capital losses		132,878	164,085
Losses on money held in trust		-	-
Losses on trading securities		-	-
Losses on sales of securities		32,789	51,108
Losses on valuation of securities		-	-
Losses on derivative financial instruments		21,604	7,398
Losses on foreign exchanges		-	-
Other capital losses		78,484	105,578
Net capital gains (losses)	B	(17,102)	(1,710)
Core profit including net capital gains (losses)	A+B	404,840	435,413
Other one-time gains		186,023	-
Reinsurance income		-	-
Reversal of contingency reserve		186,023	-
Reversal of specific reserve for possible loan losses		-	-
Other		-	-
Other one-time losses		245,841	79,651
Reinsurance premiums		-	-
Provision for contingency reserve		-	79,651
Provision for specific reserve for possible loan losses		-	-
Provision for reserve for specific foreign loans		-	-
Write-off of loans		-	-
Other		245,841	-
Other one-time profits (losses)	C	(59,818)	(79,651)
Ordinary profit	A+B+C	345,022	355,762

- Notes: 1. The amount equivalent to income gains associated with money held in trust (¥78,484 million for the fiscal year ended March 31, 2021 and ¥105,578 million for the fiscal year ended March 31, 2022) is recognized as “other capital losses” and included in core profit.
2. “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 the fiscal year ended March 31, 2021).

9. 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 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 is 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.

10. 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			
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	(B)	1,114,326	1,127,788
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			
$\frac{(A)}{(1/2) \times (B)} \times 100$		1,118.1 %	1,042.4 %

Note: These figures are calculated based on the provisions set forth in the Public Notice 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.

11. Separate Account for the Fiscal Year Ended March 31, 2022

Not applicable.

12. Consolidated Financial Summary**(1) Selected Financial Data and Other Information**

(Millions of yen)

Fiscal year ended March 31	2021	2022
Ordinary income	6,786,226	6,454,208
Ordinary profit	345,736	356,113
Net income attributable to Japan Post Insurance	166,103	158,062
Comprehensive income (loss)	934,447	(824)

As of March 31	2021	2022
Total assets	70,172,982	67,174,796
Consolidated solvency margin ratio	1,121.2 %	1,045.5 %

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

- Number of consolidated subsidiaries: 1
- Number of non-consolidated subsidiaries accounted for under the equity method: 0
- Number of affiliates accounted for under the equity method: 0
- Changes in significant subsidiaries during the period: None

(3) Unaudited Consolidated Balance Sheets

(Millions of yen)

Year Items	As of March 31, 2021	As of March 31, 2022	Year Items	As of March 31, 2021	As of March 31, 2022
	Amount	Amount		Amount	Amount
ASSETS:			LIABILITIES:		
Cash and deposits	1,335,014	1,270,762	Policy reserves and others	61,159,597	58,196,072
Call loans	130,000	40,000	Reserve for outstanding claims	419,021	402,608
Receivables under resale agreements	-	2,120,137	Policy reserves	59,397,720	56,533,454
Receivables under securities borrowing transactions	2,585,087	-	Reserve for policyholder dividends	1,342,855	1,260,009
Monetary claims bought	276,772	39,543	Reinsurance payables	6,394	6,256
Money held in trust	4,189,294	4,521,912	Bonds payable	300,000	300,000
Securities	55,273,610	53,417,580	Payables under repurchase agreements	-	2,570,899
Loans	4,964,087	4,251,956	Payables under securities lending transactions	4,587,469	2,236,696
Tangible fixed assets	105,399	94,497	Other liabilities	303,851	402,658
Land	47,828	43,112	Reserve for insurance claims and others	2,851	-
Buildings	40,439	37,152	Liability for retirement benefits	66,414	68,313
Leased assets	1,978	2,606	Reserve for management board benefit trust	110	230
Construction in progress	579	432	Reserve for price fluctuations	904,816	972,606
Other tangible fixed assets	14,573	11,193	Total liabilities	67,331,506	64,753,732
Intangible fixed assets	113,420	93,609	NET ASSETS:		
Software	113,405	93,594	Capital stock	500,000	500,000
Other intangible fixed assets	14	14	Capital surplus	405,044	405,044
Agency accounts receivable	53,250	47,287	Retained earnings	901,390	639,822
Reinsurance receivables	3,938	3,914	Treasury stock	(397)	(355)
Other assets	239,354	268,626	Total shareholders' equity	1,806,036	1,544,511
Deferred tax assets	904,135	1,005,346	Net unrealized gains (losses) on available-for-sale securities	1,031,384	873,764
Reserve for possible loan losses	(384)	(379)	Net deferred gains (losses) on hedges	573	-
			Accumulated adjustments for retirement benefits	3,480	2,786
			Total accumulated other comprehensive income	1,035,438	876,551
			Total net assets	2,841,475	2,421,063
Total assets	70,172,982	67,174,796	Total liabilities and net assets	70,172,982	67,174,796

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

(Unaudited Consolidated Statements of Income)

(Millions of yen)

Items	Year	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
		Amount	Amount
ORDINARY INCOME		6,786,226	6,454,208
Insurance premiums and others		2,697,936	2,418,979
Investment income		1,121,668	1,149,145
Interest and dividend income		1,004,635	985,879
Gains on money held in trust		87,593	114,553
Gains on sales of securities		20,422	26,942
Gains on redemption of securities		1,170	779
Gains on foreign exchanges		7,759	20,879
Reversal of reserve for possible loan losses		0	3
Other investment income		86	107
Other ordinary income		2,966,621	2,886,083
Reversal of reserve for outstanding claims		42,203	16,412
Reversal of policy reserves		2,895,445	2,864,265
Other ordinary income		28,971	5,405
ORDINARY EXPENSES		6,440,490	6,098,095
Insurance claims and others		5,866,091	5,549,315
Insurance claims		4,681,106	4,477,034
Annuity payments		359,821	317,508
Benefits		120,324	137,982
Surrender benefits		480,477	483,773
Other refunds		201,420	110,798
Reinsurance premiums		22,940	22,217
Provision for policy reserves and others		8	9
Provision for interest on policyholder dividends		8	9
Investment expenses		70,865	69,769
Interest expenses		2,312	2,352
Losses on sales of securities		32,789	51,108
Losses on redemption of securities		10,950	6,046
Losses on derivative financial instruments		21,604	7,398
Other investment expenses		3,207	2,863
Operating expenses		403,033	385,928
Other ordinary expenses		100,492	93,073
ORDINARY PROFIT		345,736	356,113
EXTRAORDINARY GAINS		-	5,696
Gains on sales of fixed assets		-	5,696
EXTRAORDINARY LOSSES		46,732	68,116
Losses on sales and disposal of fixed assets		255	326
Provision for reserve for price fluctuations		46,477	67,789
Provision for reserve for policyholder dividends		65,465	73,113
Income before income taxes		233,537	220,579
Income taxes - Current		91,632	101,702
Income taxes - Deferred		(24,197)	(39,184)
Total income taxes		67,434	62,517
Net income		166,103	158,062
Net income attributable to non-controlling interests		-	-
Net income attributable to Japan Post Insurance		166,103	158,062

(Unaudited Consolidated Statements of Comprehensive Income)

(Millions of yen)

Items	Year	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
		Amount	Amount
Net income		166,103	158,062
Other comprehensive income (loss)		768,344	(158,887)
Net unrealized gains (losses) on available-for-sale securities		767,374	(157,619)
Net deferred gains (losses) on hedges		556	(573)
Adjustments for retirement benefits		413	(693)
Total comprehensive income (loss)		934,447	(824)
Comprehensive income (loss) attributable to Japan Post Insurance		934,447	(824)
Comprehensive income (loss) attributable to non-controlling interests		-	-

(5) Unaudited Consolidated Statements of Cash Flows

(Millions of yen)

Items	Year	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
		Amount	Amount
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income taxes		233,537	220,579
Depreciation and amortization		59,387	54,562
Net change in reserve for outstanding claims		(42,203)	(16,412)
Net change in policy reserves		(2,895,445)	(2,864,265)
Provision for interest on policyholder dividends		8	9
Provision for reserve for policyholder dividends		65,465	73,113
Net change in reserve for possible loan losses		(64)	(4)
Net change in reserve for insurance claims and others		(26,870)	(2,851)
Net change in liability for retirement benefits		353	1,898
Net change in reserve for management board benefit trust		(53)	119
Net change in reserve for price fluctuations		46,477	67,789
Interest and dividend income (accrual basis)		(1,004,635)	(985,879)
Net (gains) losses on securities		22,147	29,432
Interest expenses (accrual basis)		2,312	2,352
Net (gains) losses on foreign exchanges		(7,759)	(20,879)
Net (gains) losses on tangible fixed assets		119	(5,440)
Net change in agency accounts receivable		(7,662)	5,962
Net change in reinsurance receivables		118	23
Net change in other assets (excluding those related to investing activities and financing activities)		2,584	(4,270)
Net change in reinsurance payables		(201)	(138)
Net change in other liabilities (excluding those related to investing activities and financing activities)		(1,108)	1,918
Other, net		(61,457)	(105,111)
Subtotal		(3,614,951)	(3,547,490)
Interest and dividend received (cash basis)		1,059,143	1,029,437
Interest paid (cash basis)		(2,041)	(2,457)
Policyholder dividends paid		(159,817)	(155,691)
Income taxes paid		(88,635)	(79,482)
Net cash used in operating activities		(2,806,302)	(2,755,684)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of call loans		(7,660,000)	(7,600,000)
Proceeds from redemption of call loans		7,910,000	7,690,000
Net change in receivables under resale agreements		-	(2,120,137)
Net change in receivables under securities borrowing transactions		606,623	2,585,087
Purchases of monetary claims bought		(1,434,928)	(384,982)
Proceeds from sale and redemption of monetary claims bought		1,476,386	621,790
Purchases of money held in trust		(234,480)	(192,625)
Proceeds from decrease in money held in trust		34,428	109,700
Purchases of securities		(2,702,286)	(3,335,435)
Proceeds from sale and redemption of securities		3,659,771	5,087,083
Payments for loans		(571,239)	(433,954)
Proceeds from collection of loans		1,269,894	1,146,082
Net change in payables under repurchase agreements		-	2,570,899
Net change in payables under securities lending transactions		297,328	(2,350,772)
Other, net		(63,911)	(264,496)
Total of net cash provided by investment transactions		2,587,587	3,128,238
Total of net cash provided by (used in) operating activities and investment transactions		(218,714)	372,554
Purchases of tangible fixed assets		(3,838)	(3,772)
Proceeds from sales of tangible fixed assets		-	13,162
Purchases of intangible fixed assets		(28,487)	(25,884)
Other, net		(986)	(43)
Net cash provided by investing activities		2,554,274	3,111,700
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease obligations		(669)	(712)
Proceeds from issuance of bonds		198,798	-
Purchases of treasury stock		(0)	(358,882)
Dividends paid		(21,385)	(60,673)
Net cash provided by (used in) financing activities		176,743	(420,268)
Effect of exchange rate changes on cash and cash equivalents		-	-
Net change in cash and cash equivalents		(75,283)	(64,252)
Cash and cash equivalents at the beginning of the fiscal year		1,410,298	1,335,014
Cash and cash equivalents at the end of the fiscal year		1,335,014	1,270,762

(6) Unaudited Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	500,000	405,044	756,665	(422)	1,661,286
Changes in the fiscal year					
Cash dividends			(21,378)		(21,378)
Net income attributable to Japan Post Insurance			166,103		166,103
Purchases of treasury stock				(0)	(0)
Disposals of treasury stock				25	25
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	-	-	144,724	25	144,750
Balance at the end of the fiscal year	500,000	405,044	901,390	(397)	1,806,036

	Accumulated other comprehensive income				Total net assets
	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	
Balance at the beginning of the fiscal year	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 at the end of the fiscal year	1,031,384	573	3,480	1,035,438	2,841,475

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	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					
Net changes in the fiscal year	-	-	(261,567)	42	(261,524)
Balance at the end of the fiscal year	500,000	405,044	639,822	(355)	1,544,511

	Accumulated other comprehensive income				Total net assets
	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	
Balance at the beginning of the fiscal year	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 at the end of the fiscal year	873,764	-	2,786	876,551	2,421,063

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE FISCAL YEAR ENDED MARCH 31, 2022

(Basis for Preparation of the Unaudited Consolidated Financial Statements)

1. Scope of Consolidation
 - (1) Number of consolidated subsidiaries: 1
Name of consolidated subsidiary: JAPAN POST INSURANCE SYSTEM SOLUTIONS Co., Ltd.
 - (2) Number of non-consolidated subsidiaries: 0
2. Application of the Equity Method
 - (1) Number of non-consolidated subsidiaries and affiliates accounted for under the equity method: 0
 - (2) Number of affiliates accounted for under the equity method: 0
 - (3) Number of non-consolidated subsidiaries and affiliates not accounted for under the equity method: 0
 - (4) Affiliates not accounted for under the equity method
Japan Post Investment Corporation and four other companies have been excluded from the scope of application of the equity method, as they have become insignificant as a whole, with minimal influence on the consolidated financial statements, in terms of net income or loss (an amount corresponding to ownership), retained earnings (an amount corresponding to ownership) and other items.
3. Fiscal Year-end Date of the Consolidated Subsidiary
The consolidated subsidiary has the same fiscal year-end date as that of consolidated financial statements.

(Notes to the Unaudited Consolidated Balance Sheet)

1. Significant Accounting Policies
 - (1) Valuation Criteria and Methods for 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 “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry” (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) Stocks of subsidiaries and affiliates that are neither consolidated nor accounted for under the equity method
Stocks of subsidiaries and affiliates that are neither consolidated nor accounted for under the equity method are carried at cost using the moving-average method.
 - 4) Available-for-sale Securities
 - (i) 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.
 - (ii) 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.
- (2) Valuation Criteria and Methods for Derivative Transactions
All derivative transactions are valued at fair value.

(3) Depreciation Methods for Significant Depreciable Assets

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:

(i) Buildings: 2-60 years

(ii) 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

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.

(4) Recognition of Significant Reserves

1) 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 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 also 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. Reserve for possible loan losses also includes amounts set aside for other assets subject to valuation allowance. The amount written off for loans and other assets during the fiscal year ended March 31, 2022 was ¥37 million.

2) 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 was 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.

3) Reserve for Management Board Benefit Trust

To provide for the granting of shares 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.

(5) Employees' Retirement Benefits Accounting

1) Method for Attributing Expected Benefits to Periods

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

2) Method for Recognizing Actuarial Differences and Prior Service Cost

The actuarial difference is amortized using the straight-line method over a period of 14 years, which is less than the estimated average remaining service period for employees from the fiscal year following the respective fiscal year in which the difference is incurred.

Prior service cost is amortized using the straight-line method over a period of 14 years, which is less than the estimated average remaining service lives for employees in the fiscal year of incurrence.

(6) Reserve for Price Fluctuations

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

(7) 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.

(8) Significant Hedge Accounting

1) Methods for Hedge Accounting

The Company and its subsidiary (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 Financial Instruments Accounting Standard.

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 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.

(9) Policy Reserves

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

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

1) Reserves for contracts subject to the standard policy reserves are calculated in accordance with the method prescribed by the Commissioner for Financial Services Agency (Public Notice No. 48 issued by the Ministry of Finance in 1996).

2) Reserves for other contracts are calculated based on the net level premium method.

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

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

2. Changes in Accounting Policies

The Company has applied the Fair Value Measurement Accounting Standard, etc. from the beginning of the fiscal 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 a new accounting policy prescribed in the Fair Value Measurement Accounting Standard, etc. into the future. 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 market price included in available-for-sale securities, from the fiscal year ended March 31, 2022, the fair value method based on the market price as of the consolidated balance sheet date is adopted.

3. Unadopted Accounting Standards, etc.

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

(1) Outline

The method of calculation of the fair value of mutual funds and the handling of the notes thereto, and the handling of 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 fiscal year ending March 31, 2023.

(3) Impact of Adoption of the Accounting Standard

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

4. Transactions for Granting Shares and Others of the Company to Executive Officers of the Company through Trust

The Company has introduced a trust-based performance-linked stock compensation system for Executive Officers of the Company.

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 (“PITF”) No. 30, March 26, 2015) with respect to the accounting treatment of the aforementioned trust agreement.

(1) Outline of the Transaction

In accordance with the 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 requirement for eligibility at the time of their retirement a 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.

(2) Shares of the Company Held by Trust

Shares of the Company held by Trust are recorded as treasury stock under the category of net assets at book value in the Trust (excluding accompanying expenses). Book value of such treasury stock at the end of the fiscal year ended March 31, 2022 was ¥330 million, while the number of such treasury stock was 140 thousand shares.

5. Matters Regarding Financial Instruments were as follows:

(1) Matters Regarding Status of 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 yield is expected to be relatively higher than that of Japanese government bonds, as well as in “return-seeking assets” (which we previously referred to as “risk assets”) including foreign bonds and stocks from the perspective of improving profitability as well as to strengthen the risk management system.

Derivative transactions are used mainly as a hedging method against foreign exchange fluctuation 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 the 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 the foreign exchange risk.

Derivative transactions which the Company uses are mainly foreign exchange contracts. Derivative transactions are identified as a key hedging method against foreign exchange fluctuation risk. Other derivative transactions are 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

(i) 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 the 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 quantified risks.

(ii) 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 financial conditions of borrowers and other reasons.

In order 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 concentration of credit risk on a particular borrower, group or industry, the Company establishes credit limits corresponding to internal rating and standards of credit shares by industry.

The results of their activities are reported to the risk management committee regularly.

4) Additional notes concerning the fair value of financial instruments

The fair value of a financial instrument includes prices based on market quotations as well as rationally calculated prices for those whose market prices are not readily available. In calculating prices, certain premises and assumptions are adopted, and the use of different assumptions may lead to changes in pricing.

The contract amounts of derivative transactions in “(6) Derivative Transactions” do not indicate the market risk related to derivative transactions.

(2) Fair Values of Financial Instruments

Amounts carried on the consolidated balance sheets, fair values and the difference between them as of March 31, 2022 were as follows.

Stocks, etc. with no market price and investments in partnership are not included in the following table and are described in the “Note 1” to the table. In addition, cash, as well as deposits, call loans, receivables under resale agreements, 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.

	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Monetary claims bought	39,543	39,543	-
Available-for-sale securities	39,543	39,543	-
Money held in trust (*1)	3,820,432	3,820,432	-
Securities	53,390,216	57,908,456	4,518,240
Held-to-maturity bonds	34,126,248	38,143,194	4,016,945
Policy-reserve-matching bonds	8,604,735	9,106,029	501,294
Available-for-sale securities	10,659,233	10,659,233	-
Loans	4,251,924	4,478,732	226,808
Policy loans	140,980	140,980	-
Industrial and commercial loans (*2)	965,872	993,771	27,931
Loans to the Management Network (*2)	3,145,103	3,343,980	198,876
Reserve for possible loan losses (*3)	(32)	-	-
Total assets	61,502,117	66,247,166	4,745,048
Bonds payable	300,000	299,760	(240)
Total liabilities	300,000	299,760	(240)
Derivative transactions (*4)			
Hedge accounting not applied	[256]	[256]	-
Hedge accounting applied	[239,193]	[239,193]	-
Total derivative transactions	[239,449]	[239,449]	-

(*1) Money held in trust classified as other than trading, held-to-maturities 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 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)

	Consolidated balance sheet amount
Money held in trust (*1)	701,479
Securities	27,364
Unlisted stocks (*2)	4,755
Investments in partnership (*3)	22,608
Total	728,844

- (*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 “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 “Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).
- (*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: Redemption schedule of monetary claims and securities with maturities

(Millions of yen)

	Within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
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

Note 3: Redemption schedule of bonds payable

(Millions of yen)

	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
Japanese corporate bonds	-	-	-	-	-	300,000
Total	-	-	-	-	-	300,000

(3) Breakdown, etc. of the fair value of financial instruments by level

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 sheet

(Millions of yen)

	Fair Value			
	Level 1	Level 2	Level 3	Total
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]

(*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.

(*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 sheet

(Millions of yen)

	Fair Value			
	Level 1	Level 2	Level 3	Total
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

Note 1: Calculation methods for fair values of financial instruments and explanation of inputs used in fair value measurement

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 classed in Level 3, and all others are classed in 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 classed in Level 1 based on the level of its components.

In addition, money held in trust is described in “(5) Money Held in Trust” in accordance with the purpose of the holdings.

Securities

The fair value of stocks is based on the price quoted by the exchange and classed in 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 classed in 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 classed in 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 classed in 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 “(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 classed in Level 3.

Liabilities

Bonds payable

The published quoted prices are used as fair value for bonds issued by the Company, which is classed in 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 classed in 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 classed in Level 3

1) Quantitative information regarding material, unobservable inputs

Not provided, as the Company itself does not estimate unobservable inputs.

2) Changes in net valuation gain/loss recognized in gain/loss for the fiscal year ended March 31, 2022

(Millions of yen)

	Balance at the beginning of the fiscal 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 period	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

(*1) Included in "Investment income" and "Investment expenses" in the consolidated statement of income.

(*2) Included in "Net unrealized gains (losses) on available-for-sale securities" of "Other comprehensive income (loss)" in the consolidated statement 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.

3) Explanation of 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 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 with the fair value of similar financial instruments, the appropriateness of fair value valuation, etc. of financial instruments is ensured.

4) Explanation of impact on fair value of changes to material, unobservable inputs

Not provided, as the Company itself does not estimate unobservable inputs.

(4) Securities

1) Held-to-maturity Bonds

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds the consolidated balance sheet amount			
Bonds	30,524,382	34,742,939	4,218,557
Japanese government bonds	26,227,827	30,204,810	3,976,982
Japanese local government bonds	2,964,780	3,129,782	165,002
Japanese corporate bonds	1,331,774	1,408,346	76,571
Subtotal	30,524,382	34,742,939	4,218,557
Those for which fair value does not exceed the consolidated balance sheet amount			
Bonds	3,601,865	3,400,254	(201,611)
Japanese government bonds	2,918,408	2,745,383	(173,024)
Japanese local government bonds	263,296	251,162	(12,134)
Japanese corporate bonds	420,160	403,708	(16,452)
Subtotal	3,601,865	3,400,254	(201,611)
Total	34,126,248	38,143,194	4,016,945

2) Policy-reserve-matching Bonds

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Those for which fair value exceeds the consolidated balance sheet amount			
Bonds	6,423,179	7,016,281	593,102
Japanese government bonds	5,683,080	6,253,790	570,710
Japanese local government bonds	407,633	421,913	14,280
Japanese corporate bonds	332,465	340,577	8,111
Subtotal	6,423,179	7,016,281	593,102
Those for which fair value does not exceed the consolidated balance sheet amount			
Bonds	2,181,555	2,089,747	(91,808)
Japanese government bonds	1,183,968	1,124,855	(59,113)
Japanese local government bonds	137,892	134,883	(3,008)
Japanese corporate bonds	859,694	830,008	(29,686)
Subtotal	2,181,555	2,089,747	(91,808)
Total	8,604,735	9,106,029	501,294

3) Available-for-sale Securities

(Millions of yen)

	Consolidated balance sheet amount	Cost	Difference
Those for which the consolidated balance sheet amount exceeds cost			
Bonds	1,813,528	1,794,094	19,433
Japanese government bonds	361,077	359,070	2,007
Japanese local government bonds	399,961	399,648	313
Japanese corporate bonds	1,052,488	1,035,375	17,113
Stocks	281,744	206,775	74,969
Foreign securities	2,441,213	2,267,780	173,433
Foreign bonds	2,331,403	2,160,701	170,702
Other foreign securities	109,810	107,078	2,731
Other (*)	872,126	816,649	55,477
Subtotal	5,408,613	5,085,299	323,313
Those for which the consolidated balance sheet amount does not exceed cost			
Bonds	2,203,434	2,249,611	(46,177)
Japanese government bonds	1,034,611	1,063,705	(29,094)
Japanese local government bonds	298,902	300,451	(1,549)
Japanese corporate bonds	869,920	885,454	(15,534)
Stocks	138,069	151,019	(12,950)
Foreign securities	1,891,306	1,979,298	(87,991)
Foreign bonds	1,850,123	1,935,566	(85,442)
Other foreign securities	41,182	43,731	(2,549)
Other (*)	1,462,353	1,510,985	(48,631)
Subtotal	5,695,163	5,890,914	(195,751)
Total	11,103,776	10,976,214	127,562

(*) “Other” includes negotiable certificates of deposit (cost: ¥405,000 million, consolidated balance sheet amount: ¥405,000 million) presented as “Cash and deposits” in the consolidated balance sheets, and monetary claims bought (cost: ¥38,399 million, consolidated balance sheet amount: ¥39,543 million).

4) Policy-reserve-matching Bonds Sold during the Fiscal Year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Sales	Gains	Losses
Bonds	428,238	6,800	-
Japanese government bonds	428,238	6,800	-
Total	428,238	6,800	-

5) Available-for-sale Securities Sold during the Fiscal Year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Sales	Gains	Losses
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
Other foreign securities	612	-	4
Other securities	119,524	-	10,475
Total	1,657,654	20,142	51,108

(5) Money Held in Trust

Money held in trust classified as other than trading, held-to-maturity and policy-reserve-matching

(Millions of yen)

	Consolidated balance sheet amount	Cost	Difference	Those for which the consolidated balance sheet amount exceeds cost	Those for which the consolidated balance sheet amount does not exceed cost
Specified money held in trust	3,820,432	2,793,740	1,026,692	1,100,917	(74,224)

(*) The Group recognized losses on valuation of ¥8,168 million for the fiscal year ended March 31, 2022.

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.

(6) Derivative Transactions

1) Derivative transactions to which the hedge accounting is not applied

Currency-related derivatives

(Millions of yen)

Category	Type of derivative	Contract amount	Contract amount due after 1 year	Fair value	Net Valuation Gain/Loss
OTC	Forward foreign exchange				
	Sold	4,064	-	(226)	(226)
	U.S. dollars	4,064	-	(226)	(226)
	Bought	25,737	-	(30)	(30)
	U.S. dollars	5,676	-	(49)	(49)
	Euros	20,061	-	19	19
Total		-	-	-	(256)

2) Derivative transactions to which the hedge accounting is applied

Currency-related derivatives

(Millions of yen)

Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Fair value hedge accounting	Forward foreign exchange				
	Sold	Foreign currency-denominated bonds	3,294,104	-	(239,193)
	U.S. dollars		1,807,472	-	(127,621)
	Euros		598,999	-	(23,378)
	Australian dollars		428,242	-	(51,987)
	Other		459,390	-	(36,205)
Total			-	-	(239,193)

6. The consolidated balance sheet amount, fair value and the outline of the risk management policy of policy-reserve-matching bonds were as follows:

(1) The consolidated balance sheet amount and fair value of policy-reserve-matching bonds amount to ¥8,604,735 million and ¥9,106,029 million, respectively.

(2) The outline of the risk management policy of policy-reserve-matching bonds is 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 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 are reconciled within a certain range and the duration gap is 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)

The remaining period of insurance contracts comprising the sub-group Postal Life Insurance Contracts used to be within 30 years, but has been eliminated from the beginning of the fiscal year ended March 31, 2022, as the issuance of 30- and 40-year Japanese government bonds has stably expanded to facilitate possession of super long-term bonds and duration gap adjustment of longer-term insurance contracts. This change has no impact on profit or loss.

7. Securities lent under lending agreements in the amount of ¥3,172,477 million were included in “Securities” in the consolidated balance sheets as of March 31, 2022.

8. 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.

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.

9. The balance of the unused credit under loan commitment line agreements, etc. as of March 31, 2022 was ¥25,367 million.

10. Accumulated depreciation for tangible fixed assets as of March 31, 2022 was ¥55,931 million.

11. Total deferred tax assets and total deferred tax liabilities were ¥1,438,593 million and ¥419,113 million, respectively. A deduction from deferred tax assets as valuation allowance was ¥14,133 million.

Significant components of deferred tax assets include ¥1,026,908 million of policy reserves, ¥248,305 million of reserve for price fluctuations, ¥38,057 million of reserve for outstanding claims, ¥19,172 million of liability for retirement benefits, and ¥74,964 million of unrealized losses on available-for-sale securities.

Significant components of deferred tax liabilities include ¥408,207 million of unrealized gains on available-for-sale securities.

Deferred tax assets associated with policy reserves and reserve for price fluctuations have the effect of reducing the amount of tax burden through future taxable income over the long term.

12. Changes in reserve for policyholder dividends for the fiscal year ended March 31, 2022 were as follows:

Balance at the beginning of the fiscal year	¥1,342,855 million
Policyholder dividends paid	¥155,691 million
Interest accrual	¥9 million
Reduction due to the acquisition of additional annuity	¥278 million
Provision for reserve for policyholder dividends	¥73,113 million
Balance at the end of the fiscal year	¥1,260,009 million

13. Equities, etc. of subsidiaries and affiliates was ¥23,104 million.

14. Assets pledged as collateral consisted of the following:

Securities	¥4,253,107 million
Liabilities corresponding to assets pledged as collateral consisted of the following:	
Payables under repurchase agreements	¥2,570,899 million
Payables under securities lending transactions	¥2,236,696 million

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.

Securities	¥498,437 million
Margin deposits for futures transactions	¥3,674 million
Cash collateral paid for financial instruments	¥36,850 million

15. 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 referred to as “reserve for outstanding claims-ceded”), as of March 31, 2022 was ¥525 million. Policy reserves for reinsured part defined in Article 71, Paragraph 1 of the said Ordinance (hereinafter referred to as “policy reserves-ceded”) as of March 31, 2022 were ¥907 million.

16. Net assets per share were ¥6,059.59.

The Company has established a Board Benefit Trust (BBT) and shares of the Company held by 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 total number of shares issued at the end of the fiscal year, for the purpose of calculating net assets per share.

Total number of treasury stock at the end of the fiscal year which was deducted from the calculation of net assets per share for the fiscal year ended March 31, 2022 was 140,300 shares.

17. 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 as of March 31, 2022.

18. Bonds payable are subordinated bonds stipulating that their priorities are ranked behind other obligations.

19. The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥33,449 million as of March 31, 2022 pursuant to Article 259 of the Insurance Business Act.

This obligation is recognized as operating expenses when it is made.

20. Matters related to retirement benefits are as follows:

(1) Outline of retirement benefits

The Company and its consolidated subsidiary have lump-sum severance indemnity plans which are an unfunded defined benefit plan.

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 as a new pension system to replace the discontinued occupational portion (third-tier portion) of the mutual pension, and the pension contribution amount required of the Company for the fiscal year ended March 31, 2022 was ¥363 million.

(2) Defined benefit plans

1) Changes in retirement benefit obligations

	(Millions of yen)
Balance at the beginning of the fiscal year	66,414
Service cost	4,111
Interest cost	459
Actuarial differences	264
Benefits paid	(2,992)
Other	55
Balance at the end of the fiscal year	68,313

2) Balance of retirement benefit obligations and reconciliations of liability for retirement benefits recorded on the consolidated balance sheets

	(Millions of yen)
Unfunded retirement benefit obligations	68,313
Liability for retirement benefits recorded on the consolidated balance sheet	68,313

3) Retirement benefit costs

	(Millions of yen)
Service cost	4,111
Interest cost	459
Amortization of actuarial differences	(231)
Amortization of prior service cost	(464)
Other	97
Retirement benefit expenses of defined benefit plans	3,971

4) Adjustments for retirement benefits

The breakdown of adjustments for retirement benefits (before tax effect) is as follows:

	(Millions of yen)
Prior service cost	(464)
Actuarial differences	(496)
Total	(961)

5) Accumulated adjustments for retirement benefits

The breakdown of accumulated adjustments for retirement benefits (before tax effect) is as follows:

	(Millions of yen)
Unrecognized prior service cost	3,721
Unrecognized actuarial differences	151
Total	<u>3,873</u>

6) Actuarial assumptions

The principal actuarial assumption used for the fiscal year ended March 31, 2022 was as follows:

Discount rate	0.3 to 0.7%
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21. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Network, amounted to ¥29,331,229 million and 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 in the amount of ¥1,203,243 million and ¥695,157 million, respectively, for the category of the reinsurance.

22. "Other liabilities" in the consolidated balance sheet includes ¥39,991 million of 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 year ended March 31, 2022.

(Notes to the Unaudited Consolidated Statement of Income)

1. Significant Accounting Policies

(1) Recognition of insurance premiums

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

Portions of collected insurance premiums corresponding to the unearned 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.

(2) Recognition of 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 recognized in the amount of such payment.

Reserve for outstanding claims has been accumulated for insurance claims, etc. for which payment is due but has not been paid at the fiscal year-end, or insurance claims, etc. 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, pursuant to Article 117 of the Insurance Business Act and Article 72 of the Ordinance for Enforcement of the Insurance Business Act.

2. 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 fiscal year ended March 31, 2022 was ¥106 million. The amount of reversal of policy reserves-ceded that is deducted from the calculation of reversal of policy reserves for the fiscal year ended March 31, 2022 was ¥27 million.

3. Net income per share was ¥375.14.

The Company has established a Board Benefit Trust (BBT) and shares of the Company held by 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 period, for the purpose of calculating net income per share.

Average number of treasury stock during the fiscal year which was deducted from the calculation of net income per share for the fiscal year ended March 31, 2022 was 143,901 shares.

4. Insurance premiums assumed based on reinsurance contracts with the Management Network included in insurance premiums and others for the fiscal year ended March 31, 2022 were ¥286,840 million.

5. Insurance claims based on reinsurance contracts with the Management Network included in insurance claims for the fiscal year ended March 31, 2022 were ¥2,717,586 million.

6. 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 the reinsurance due to the reinsurance contracts with the Management Network, was ¥54,849 million for the fiscal year ended March 31, 2022.

(Notes to the Unaudited Consolidated Statement of Comprehensive Income)

(Millions of yen)

Net unrealized gains (losses) on available-for-sale securities:	
Amount arising during the fiscal year	(221,217)
Reclassification adjustments	2,062
Before tax effect adjustments	(219,154)
Tax effect	61,534
Net unrealized gains (losses) on available-for-sale securities	(157,619)
Net deferred gains (losses) on hedges:	
Amount arising during the fiscal year	-
Reclassification adjustments	(796)
Before tax effect adjustments	(796)
Tax effect	222
Net deferred gains (losses) on hedges	(573)
Adjustments for retirement benefits:	
Amount arising during the fiscal year	(264)
Reclassification adjustments	(696)
Before tax effect adjustments	(961)
Tax effect	267
Adjustments for retirement benefits	(693)
Total other comprehensive income (loss)	(158,887)

(Notes to the Unaudited Consolidated Statement of Cash Flows)

1. Scope of Cash and Cash Equivalents

Cash and cash equivalents consists of “Cash and deposits” in the consolidated balance sheet.

2. The reconciliation of cash and cash equivalents in the consolidated statement of cash flows to cash and deposits in the consolidated balance sheet as of March 31, 2022 was as follows:

Cash and deposits	¥1,270,762 million
Cash and cash equivalents	¥1,270,762 million

(Notes to the Unaudited Consolidated Statement of Changes in Net Assets)

1. Type and Number of Shares Issued and Treasury Stock (Thousands of shares)

	April 1, 2021	Increase	Decrease	March 31, 2022
Shares issued				
Common stock	562,600	-	162,906	399,693
Treasury stock				
Common stock	167	162,906	162,922	151

(*1) 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.

(*2) Numbers of treasury stock at the beginning of the fiscal year ended March 31, 2022 and the end of the fiscal year ended March 31, 2022 include shares of the Company held in the BBT, and were 156 thousand shares and 140 thousand shares, respectively.

(*3) The increase of 162,906 thousand shares in the number of treasury stock was attributable to the purchases of shares of treasury stock based on the resolution at the Board of Directors meeting held on May 14, 2021.

(*4) 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.

2. Stock Acquisition Rights Including Those Owned by the Company

Not applicable.

3. Information on Dividends

(1) Dividends Paid

Resolution	Class of shares	Total amount (Millions of yen)	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 14, 2021	Common stock	42,756	76.00	March 31, 2021	June 17, 2021
Board of Directors' meeting held on November 12, 2021	Common stock	17,985	45.00	September 30, 2021	December 3, 2021

(*1) Total amount of dividends based on the resolution at the Board of Directors meeting held on May 14, 2021 includes ¥11 million of dividends paid to shares of the Company held in the Board Benefit Trust (BBT).

(*2) Total amount of dividends based on the resolution at the Board of Directors meeting held on November 12, 2021 includes ¥6 million of dividends paid to shares of the Company held in the Board Benefit Trust (BBT).

(2) Dividends whose effective date falls after the end of the fiscal year ended March 31, 2022

Resolution	Class of shares	Total amount (Millions of yen)	Source of dividends	Per share amount (Yen)	Record date	Effective date
Board of Directors' meeting held on May 13, 2022	Common stock	17,985	Retained earnings	45.00	March 31, 2022	June 16, 2022

(*) Total amount of dividends includes ¥6 million of dividends paid to shares of the Company held in the Board Benefit Trust (BBT).

(7) 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 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 is 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.

(8) 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		
$\sqrt{(\sqrt{R_1^2 + R_5^2} + R_8 + R_9)^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ (B)	1,108,789	1,120,660
Insurance risk R_1	130,961	125,154
General insurance risk R_5	-	-
Catastrophe risk R_6	-	-
Underwriting risk of third-sector insurance R_8	49,371	44,708
Small amount and short-term insurance risk R_9	-	-
Anticipated yield risk R_2	131,404	125,089
Minimum guarantee risk R_7	-	-
Investment risk R_3	937,296	957,278
Business management risk R_4	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 Notice 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.

(9) Segment Information

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