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May 15, 2023
JAPAN POST INSURANCE Co., Ltd.

**Announcement of Financial Results for
the Fiscal Year Ended March 31, 2023**

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, 2023 (April 1, 2022 to March 31, 2023).

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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	2022				2023			
	Number of policies		Policy amount		Number of policies		Policy amount	
		% of March 31, 2021 total		% of March 31, 2021 total		% of March 31, 2022 total		% of March 31, 2022 total
Individual insurance	14,740	92.7	42,283.8	92.1	13,722	93.1	38,950.9	92.1
Individual annuities	850	84.2	1,242.7	79.5	686	80.8	972.9	78.3
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	2022						2023					
	Number of policies		Policy amount				Number of policies		Policy amount			
		% of March 31, 2021 total	% of March 31, 2021 total	New policies	Net increase by conversion		% of March 31, 2022 total	% of March 31, 2022 total	New policies	Net increase by conversion		
Individual insurance	173	138.8	577.4	147.9	577.4	0.0	314	181.3	836.6	144.9	836.6	0.0
Individual annuities	0	140.0	0.2	114.8	0.2	-	0	290.5	0.5	274.6	0.5	-
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	2022		2023	
		% of March 31, 2021 total		% of March 31, 2022 total
Individual insurance	2,584.3	91.0	2,353.9	91.1
Individual annuities	301.8	84.5	244.6	81.1
Total	2,886.2	90.3	2,598.6	90.0
Medical coverage, living benefits and other	339.8	93.2	322.1	94.8

▪ New Policies

(Billions of yen, %)

Fiscal years ended March 31	2022		2023	
		% of March 31, 2021 total		% of March 31, 2022 total
Individual insurance	46.1	150.7	65.8	142.7
Individual annuities	0.0	105.8	0.0	281.8
Total	46.1	150.7	65.9	142.7
Medical coverage, living benefits and other	2.1	149.0	6.4	296.3

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, 2023

(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	12,107	35,558.7	-	-	-	-	12,107	35,558.7
	Accidental death	19,766	46,227.7	2	7.8	-	-	19,768	46,235.5
	Other conditional death	-	-	-	-	-	-	-	-
Survival benefit		1,614	3,392.1	686	972.9	-	-	2,301	4,365.1
Hospitalization benefit	Hospitalization due to accident	10,069	38.7	3	0.0	-	-	10,073	38.8
	Hospitalization due to illness	9,996	38.5	1	0.0	-	-	9,997	38.5
	Other conditional hospitalization	7,247	4.6	3	0.0	-	-	7,251	4.6
Disability benefit		8,029	-	2	-	-	-	8,031	-
Surgery benefit		10,294	-	3	-	-	-	10,298	-

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 7,265 thousand policies or ¥19,212.5 billion for insurance, and 1,240 thousand policies or ¥407.3 billion for annuities.

3. Policyholder Dividends Based on the Financial Results for the Fiscal Year Ended March 31, 2023

(1) The overview of policyholder dividends based on the financial results for the fiscal year ended March 31, 2023 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 regarding dividends from mortality rate margin, dividends from morbidity rate margin, and dividends from administrative expense margin, whereas the payout ratio of dividends from spread is partially increased.
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 ¥43,678 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, 2023 are as detailed below:

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, 2014 <ten years>	Male Female	¥103,320 ¥102,840	¥0 ¥0
Fiscal year ended March 31, 2019 <five years>	Male Female	¥108,480 ¥108,240	¥250 ¥211

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, 2014 <ten years>	Male Female	¥55,440 ¥52,800	¥0 ¥0
Fiscal year ended March 31, 2019 <five years>	Male Female	¥59,760 ¥58,080	¥799 ¥676

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, 2014 <ten years>	Male Female	¥10,080 ¥7,680	¥3,088 ¥1,435
Fiscal year ended March 31, 2019 <five years>	Male Female	¥9,120 ¥7,680	¥897 ¥758

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, 2014 <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, 2019 <five years>	Male Female	¥59,040 ¥58,680	¥315 ¥266

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, 2014 <ten years>	Male Female	¥12,600 ¥10,200	¥1,153 ¥425
Fiscal year ended March 31, 2019 <five years>	Male Female	¥13,800 ¥12,480	¥429 ¥364

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, 2014 <ten years>	Male Female	¥600 ¥360	¥240 ¥160

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, 2020	¥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 [Increased partially]

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 2020	0.5% – 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, 2023 (General Account)

(1) Investment Environment

1) Investment environment

During the fiscal year ended March 31, 2023, the Japanese economy saw a moderate recovery due primarily to a recovery in personal consumption accompanying the relaxation of restrictions on activities, a pickup in demand from international visitors thanks to an easing of entry restriction, and a recovery in capital expenditure, despite the adverse effect of the sporadic resurgence of COVID-19 in Japan and a slowdown in overseas economies caused by monetary tightening policies by central banks around the world. The U.S. economy remained steady supported by personal consumption and capital expenditure despite the impact of the sizable deceleration in housing investment under the aggressive monetary tightening policies against a backdrop of rising prices. Regarding the European economy, recovery in the service sector peaked, and activities in the manufacturing industry stagnated due to supply and demand factors such as persistently high energy prices and monetary tightening, resulting in a slowdown.

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

Domestic Bond Market

The domestic long-term yield remained within the range between 0.17% and 0.25% until November 2022 under the monetary easing with yield curve control by the Bank of Japan. In December, the yield rose to the level of around 0.5%, reflecting the widening of the range of fluctuations of long-term yield to allow from around $\pm 0.25\%$ to around $\pm 0.5\%$. The domestic long-term yield fell to the level of 0.35% at the end of March 2023, in response to a decrease in overseas interest rates due primarily to the deteriorating financial insecurity triggered by the default of mid-sized U.S. banks, along with the anticipation of the overseas central banks' interest rate hike coming to an end.

Domestic Stock Market

The Nikkei Stock Average rose up to the ¥29,000 level in August due to the progress in the yen depreciation as well as the expectation of improvement in corporate performance following the relaxation of movement restrictions. However, this was followed by a fall to the ¥25,000 level in September due to concerns about a global economic recession under the monetary tightening adopted by each country. After this, the market generally remained in a range, and although there were some declines triggered by the Bank of Japan's revision of its Yield Curve Control policy in December and the failure of a mid-sized U.S. bank in March, the market recovered on the back of speculation that foreign central banks would cease interest rate hikes and the calming of financial instability due to swift actions by financial authorities in various countries, reaching the ¥28,000 level at the end of March.

Foreign Exchange Markets

Regarding the USD/JPY exchange rate, the dollar strengthened significantly against a backdrop of continuous interest rate hikes by the U.S. central bank, reaching the ¥150 level in October. Subsequently, the dollar weakened against the yen due to the market consensus expecting the end of interest rate hikes in the U.S. and heightened financial instability, reaching the ¥133 level at the end of March.

Regarding the EUR/JPY exchange rate, like USD/JPY, the euro appreciated significantly against the yen on the back of continuous interest rate hikes by the European Central Bank, rising to the ¥147 level in October. Subsequently, the euro fell to the ¥138 level in January amid concerns about the weakness of the European economy, but the euro appreciated against the yen again amid the European Central Bank's stance toward continued interest rate hikes, reaching the ¥145 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, 2023, total assets of the Company amounted to ¥62,685.2 billion, a decrease of ¥4,489.6 billion from ¥67,174.8 billion at the end of the previous fiscal year.

The balance of return-seeking assets including stocks and foreign securities decreased, due to sales of assets associated with an increase in hedging costs, etc.

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, 2023, although interest and dividend income reduced primarily by a decrease in total assets, invest income of the Company increased by ¥9.8 billion from the previous corresponding period to ¥1,159.0 billion, mainly due to an increase in gains on money held in trust and gains on sales of securities.

Investment expenses increased by ¥176.6 billion from the previous corresponding period to ¥246.4 billion mainly due to an increase in losses on sales of securities.

As a result, investment income and expenses amounted to ¥912.5 billion, a decrease of ¥166.7 billion from the previous corresponding period.

(2) Asset Composition

(Billions of yen, %)

As of March 31	2022		2023	
	Amount	Ratio	Amount	Ratio
Cash, deposits, call loans	1,305.0	1.9	1,468.4	2.3
Receivables under resale agreements	2,120.1	3.2	1,384.7	2.2
Receivables under securities borrowing transactions	-	-	-	-
Monetary claims bought	39.5	0.1	47.3	0.1
Trading account securities	-	-	-	-
Money held in trust	4,521.9	6.7	4,772.3	7.6
Securities	53,418.5	79.5	49,842.4	79.5
Corporate and government bonds	46,747.9	69.6	44,743.7	71.4
Domestic stocks	425.5	0.6	410.0	0.7
Foreign securities	4,332.5	6.4	2,949.2	4.7
Foreign corporate and government bonds	4,181.5	6.2	2,787.1	4.4
Foreign stocks and other securities	150.9	0.2	162.1	0.3
Other securities	1,912.5	2.8	1,739.4	2.8
Loans	4,251.9	6.3	3,605.8	5.8
Real estate	80.5	0.1	78.7	0.1
Deferred tax assets	1,005.3	1.5	1,028.6	1.6
Other	432.1	0.6	456.9	0.7
Reserve for possible loan losses	(0.3)	(0.0)	(0.3)	(0.0)
Total	67,174.8	100.0	62,685.2	100.0
Foreign currency-denominated assets	5,466.7	8.1	4,343.3	6.9

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	2022	2023
Cash, deposits, call loans	(154.6)	163.4
Receivables under resale agreements	2,120.1	(735.3)
Receivables under securities borrowing transactions	(2,585.0)	-
Monetary claims bought	(237.2)	7.8
Trading account securities	-	-
Money held in trust	332.6	250.4
Securities	(1,856.0)	(3,576.0)
Corporate and government bonds	(1,516.5)	(2,004.2)
Domestic stocks	20.9	(15.4)
Foreign securities	(299.8)	(1,383.2)
Foreign corporate and government bonds	(298.2)	(1,394.4)
Foreign stocks and other securities	(1.5)	11.1
Other securities	(60.6)	(173.1)
Loans	(712.1)	(646.1)
Real estate	(8.1)	(1.8)
Deferred tax assets	101.0	23.3
Other	0.4	24.8
Reserve for possible loan losses	0.0	0.0
Total	(2,999.0)	(4,489.6)
Foreign currency-denominated assets	69.6	(1,123.4)

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	2022	2023
Interest and dividend income	985.8	950.7
Interest on deposits	0.0	0.0
Interest and dividends on securities	894.5	869.7
Interest on loans	14.3	13.3
Interest on loans to the Management Network	72.8	60.1
Rent revenue from real estate	-	-
Other interest and dividend income	4.1	7.4
Gains on trading account securities	-	-
Gains on money held in trust	114.5	150.3
Gains on trading securities	-	-
Gains on sales of securities	26.9	50.5
Gains on sales of Japanese government bonds and other bonds	7.8	4.4
Gains on sales of domestic stocks and other securities	8.0	18.8
Gains on sales of foreign securities	11.0	27.2
Other gains on sales of securities	-	-
Gains on redemption of securities	0.7	0.4
Gains on derivative financial instruments	-	-
Gains on foreign exchanges	20.8	6.8
Reversal of reserve for possible loan losses	0.0	0.0
Other investment income	0.1	0.0
Total	1,149.1	1,159.0

(5) Investment Expenses

(Billions of yen)

Fiscal years ended March 31	2022	2023
Interest expenses	2.3	4.6
Losses on trading account securities	-	-
Losses on money held in trust	-	-
Losses on trading securities	-	-
Losses on sales of securities	51.1	177.2
Losses on sales of Japanese government bonds and other bonds	13.3	17.8
Losses on sales of domestic stocks and other securities	3.0	6.3
Losses on sales of foreign securities	24.2	120.8
Other losses on sales of securities	10.4	32.2
Losses on valuation of securities	-	0.3
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	-	0.3
Losses on redemption of securities	6.0	1.5
Losses on derivative financial instruments	7.3	60.5
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	2.8	2.0
Total	69.7	246.4

(6) Investment Related Efficiency

1) Yield by Asset Type

Fiscal years ended March 31	2022	2023
Cash, deposits and call loans	0.00	0.00
Receivables under resale agreements	-	-
Receivables under securities borrowing transactions	-	-
Monetary claims bought	0.24	0.71
Trading account securities	-	-
Money held in trust	3.49	4.44
Securities	1.63	1.33
Corporate and government bonds	1.49	1.49
Domestic stocks	4.63	6.68
Foreign securities	2.95	(0.68)
Loans	1.83	1.81
Real estate	-	-
General account total	1.61	1.43
Overseas loans and investments	2.95	0.29

- 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)

As of March 31	2022					2023				
	Book value	Fair value	Net unrealized gains (losses)			Book value	Fair value	Net unrealized gains (losses)		
				Gains	Losses				Gains	Losses
Held-to-maturity bonds	34,126.2	38,143.1	4,016.9	4,218.5	201.6	32,935.5	35,502.3	2,566.8	3,130.5	563.7
Policy-reserve-matching bonds	8,604.7	9,106.0	501.2	593.1	91.8	8,075.0	8,237.6	162.6	447.6	285.0
Equities of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	13,658.4	14,812.6	1,154.2	1,424.2	269.9	12,776.7	13,873.3	1,096.5	1,638.6	542.0
Corporate and government bonds	4,043.7	4,016.9	(26.7)	19.4	46.1	3,878.7	3,733.1	(145.5)	11.5	157.0
Domestic stocks	1,853.5	2,614.5	761.0	819.8	58.8	1,800.8	2,596.7	795.8	832.0	36.1
Foreign securities	4,809.4	5,208.6	399.2	487.1	87.9	4,101.2	4,654.3	553.0	725.2	172.1
Foreign corporate and government bonds	4,096.2	4,181.5	85.2	170.7	85.4	2,801.8	2,787.1	(14.7)	155.2	169.9
Foreign stocks and other securities	713.2	1,027.1	313.9	316.4	2.5	1,299.4	1,867.1	567.7	569.9	2.2
Other securities	2,508.3	2,527.9	19.6	96.5	76.9	2,424.3	2,316.7	(107.5)	69.0	176.5
Monetary claims bought	38.3	39.5	1.1	1.1	-	46.5	47.3	0.7	0.7	-
Negotiable certificates of deposit	405.0	405.0	-	-	-	525.0	525.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	56,389.4	62,061.9	5,672.4	6,235.8	563.3	53,787.2	57,613.3	3,826.0	5,216.8	1,390.8
Corporate and government bonds	46,774.6	51,266.1	4,491.4	4,831.0	339.5	44,889.2	47,473.1	2,583.8	3,589.7	1,005.8
Domestic stocks	1,853.5	2,614.5	761.0	819.8	58.8	1,800.8	2,596.7	795.8	832.0	36.1
Foreign securities	4,809.4	5,208.6	399.2	487.1	87.9	4,101.2	4,654.3	553.0	725.2	172.1
Foreign corporate and government bonds	4,096.2	4,181.5	85.2	170.7	85.4	2,801.8	2,787.1	(14.7)	155.2	169.9
Foreign stocks and other securities	713.2	1,027.1	313.9	316.4	2.5	1,299.4	1,867.1	567.7	569.9	2.2
Other securities	2,508.3	2,527.9	19.6	96.5	76.9	2,424.3	2,316.7	(107.5)	69.0	176.5
Monetary claims bought	38.3	39.5	1.1	1.1	-	46.5	47.3	0.7	0.7	-
Negotiable certificates of deposit	405.0	405.0	-	-	-	525.0	525.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-

Note: 1. This table includes money held in trust other than trading securities and its book value is ¥2,682.2 billion with net unrealized gains of ¥1,026.6 billion as of March 31, 2022 and ¥3,231.8 billion with net unrealized gains of ¥1,295.2 billion as of March 31, 2023.
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	2022	2023
Equities of subsidiaries and affiliates	24.0	53.7
Available-for-sale securities	635.2	102.6
Domestic stocks	4.2	4.2
Foreign stocks	-	-
Other	630.9	98.3
Total	659.3	156.3

Notes: 1. This table includes money held in trust other than trading securities (¥630.9 billion as of March 31, 2022 and ¥98.3 billion as of March 31, 2023).

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 ¥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	2022					2023				
	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	3,820.4	3,820.4	-	-	-	4,672.0	4,672.0	-	-	-

- 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	2022					2023				
	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	2,793.7	3,820.4	1,026.6	1,100.9	74.2	3,376.7	4,672.0	1,295.2	1,364.3	69.1

Note: Other money held in trust, which is not subject to fair value disclosure, is ¥701.4 billion as of March 31, 2022 and ¥100.2 billion as of March 31, 2023.

5. Unaudited Non-Consolidated Balance Sheets

(Millions of yen)

Items	Year	As of March 31,	As of March 31,	Items	Year	As of March 31,	As of March 31,
		2022	2023			2022	2023
		Amount	Amount			Amount	Amount
ASSETS:				LIABILITIES:			
Cash and deposits		1,265,070	1,428,483	Policy reserves and others		58,196,072	55,103,778
Cash		766	201	Reserve for outstanding claims		402,608	410,387
Deposits		1,264,304	1,428,281	Policy reserves		56,533,454	53,518,219
Call loans		40,000	40,000	Reserve for policyholder dividends		1,260,009	1,175,171
Receivables under resale agreements		2,120,137	1,384,764	Reinsurance payables		6,256	6,297
Monetary claims bought		39,543	47,345	Bonds payable		300,000	300,000
Money held in trust		4,521,912	4,772,321	Other liabilities		5,210,469	3,940,404
Securities		53,418,564	49,842,478	Payables under repurchase agreements		2,570,899	3,740,688
Japanese government bonds		37,408,974	37,114,603	Payables under securities lending transactions		2,236,696	-
Japanese local government bonds		4,472,466	3,400,150	Income taxes payable		39,068	-
Japanese corporate bonds		4,866,504	4,228,952	Accounts payable		38,447	19,319
Stocks		425,553	410,088	Accrued expenses		32,026	42,136
Foreign securities		4,332,519	2,949,260	Deposits received		2,295	2,324
Other securities		1,912,544	1,739,423	Deposits from the Management Network		39,991	38,647
Loans		4,251,956	3,605,832	Guarantee deposits received		73	73
Policy loans		140,980	140,355	Derivative financial instruments		239,517	23,691
Industrial and commercial loans		965,872	916,374	Cash collateral received for financial instruments		-	20,011
Loans to the Management Network		3,145,103	2,549,102	Lease obligations		2,734	4,609
Tangible fixed assets		94,165	92,429	Suspense receipt		2,732	2,713
Land		43,112	43,112	Other liabilities		5,987	46,189
Buildings		37,027	35,590	Reserve for employees' retirement benefits		70,470	70,806
Leased assets		2,518	4,189	Reserve for management board benefit trust		230	315
Construction in progress		432	24	Reserve for price fluctuations		972,606	889,960
Other tangible fixed assets		11,074	9,512				
Intangible fixed assets		98,291	97,347	Total liabilities		64,756,105	60,311,562
Software		98,276	97,335	NET ASSETS:			
Other intangible fixed assets		14	12	Capital stock		500,000	500,000
Agency accounts receivable		47,287	41,307	Capital surplus		405,044	405,044
Reinsurance receivables		3,914	4,049	Legal capital surplus		405,044	405,044
Other assets		269,025	300,588	Retained earnings		640,289	702,185
Accounts receivable		70,950	116,048	Legal retained earnings		76,909	84,089
Prepaid expenses		3,011	4,744	Other retained earnings		563,379	618,096
Accrued income		141,542	129,974	Reserve for reduction entry of real estate		5,026	4,767
Money on deposit		7,901	7,883	Retained earnings brought forward		558,353	613,328
Margin deposits for futures transactions		3,674	9	Treasury stock		(355)	(36,082)
Derivative financial instruments		68	35,271	Total shareholders' equity		1,544,978	1,571,147
Cash collateral paid for financial instruments		36,850	4,094	Net unrealized gains (losses) on available-for-sale securities		873,764	797,912
Suspense payments		2,473	1,041	Net deferred gains (losses) on hedges		-	4,607
Other assets		2,552	1,520	Total valuation and translation adjustments		873,764	802,520
Deferred tax assets		1,005,357	1,028,662				
Reserve for possible loan losses		(379)	(379)	Total net assets		2,418,743	2,373,667
Total assets		67,174,848	62,685,230	Total liabilities and net assets		67,174,848	62,685,230

6. Unaudited Non-Consolidated Statements of Income

(Millions of yen)

Items	Year	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
		Amount	Amount
ORDINARY INCOME		6,454,192	6,379,556
Insurance premiums and others		2,418,979	2,200,945
Insurance premiums		2,403,387	2,183,985
Reinsurance income		15,591	16,959
Investment income		1,149,145	1,159,020
Interest and dividend income		985,879	950,717
Interest on deposits		30	34
Interest and dividends on securities		894,502	869,716
Interest on loans		14,312	13,385
Interest on loans to the Management Network		72,874	60,171
Other interest and dividend income		4,160	7,409
Gains on money held in trust		114,553	150,378
Gains on sales of securities		26,942	50,567
Gains on redemption of securities		779	498
Gains on foreign exchanges		20,879	6,814
Reversal of reserve for possible loan losses		3	1
Other investment income		107	44
Other ordinary income		2,886,068	3,019,589
Reversal of reserve for outstanding claims		16,412	-
Reversal of policy reserves		2,864,265	3,015,234
Reversal of reserve for insurance claims and others		2,851	-
Other ordinary income		2,538	4,355
ORDINARY EXPENSES		6,098,430	6,261,903
Insurance claims and others		5,549,315	5,487,997
Insurance claims		4,477,034	4,451,916
Annuity payments		317,508	268,802
Benefits		137,982	211,958
Surrender benefits		483,773	457,654
Other refunds		110,798	76,141
Reinsurance premiums		22,217	21,523
Provision for policy reserves and others		9	7,788
Provision for reserve for outstanding claims		-	7,778
Provision for interest on policyholder dividends		9	9
Investment expenses		69,768	246,426
Interest expenses		2,351	4,639
Losses on sales of securities		51,108	177,296
Losses on valuation of securities		-	306
Losses on redemption of securities		6,046	1,554
Losses on derivative financial instruments		7,398	60,588
Other investment expenses		2,863	2,040
Operating expenses		384,598	444,209
Other ordinary expenses		94,738	75,481
Taxes		36,603	33,571
Depreciation and amortization		56,421	41,125
Provision for reserve for employees' retirement benefits		690	169
Other ordinary expenses		1,023	615
ORDINARY PROFIT		355,762	117,652
EXTRAORDINARY GAINS		5,696	82,645
Gains on sales of fixed assets		5,696	-
Reversal of reserve for price fluctuations		-	82,645
EXTRAORDINARY LOSSES		68,108	318
Losses on sales and disposal of fixed assets		318	318
Provision for reserve for price fluctuations		67,789	-
Provision for reserve for policyholder dividends		73,113	62,067
Income before income taxes		220,236	137,912
Income taxes - Current		101,617	33,516
Income taxes - Deferred		(39,266)	6,604
Total income taxes		62,351	40,120
Net income		157,885	97,791

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

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

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Legal retained earnings	Other retained earnings		Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		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

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		Other 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	76,909	5,026	558,353	640,289
Changes in the fiscal year								
Cash dividends					7,179		(43,075)	(35,896)
Net income							97,791	97,791
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	-	-	-	-	7,179	(259)	54,975	61,895
Balance at the end of the fiscal year	500,000	405,044	-	405,044	84,089	4,767	613,328	702,185

	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	(355)	1,544,978	873,764	-	873,764	2,418,743
Changes in the fiscal year						
Cash dividends		(35,896)				(35,896)
Net income		97,791				97,791
Purchases of treasury stock	(35,739)	(35,739)				(35,739)
Disposals of treasury stock	12	12				12
Reversal of reserve for reduction entry of real estate		-				-
Net changes in items other than shareholders' equity in the fiscal year			(75,851)	4,607	(71,243)	(71,243)
Net changes in the fiscal year	(35,727)	26,168	(75,851)	4,607	(71,243)	(45,075)
Balance at the end of the fiscal year	(36,082)	1,571,147	797,912	4,607	802,520	2,373,667

NOTES TO THE UNAUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE FISCAL YEAR ENDED MARCH 31, 2023

(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, 2023 was ¥92 million.

2) 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.

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) 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"), and also applies deferred hedge accounting through interest rate swaps to hedge interest rate risk for a portion of its insurance liabilities in accordance with the "Accounting and Auditing Treatment on the Application of the Financial Instruments Accounting Standard to the Insurance Industry" (JICPA Industry Committee Practical Guidelines No. 26).

2) Hedging Instruments and Hedged Items

- | | |
|--------------------------|-------------------------------------|
| (i) Hedging instrument: | Foreign currency exchange contracts |
| Hedged item: | Foreign-currency-denominated bonds |
| (ii) Hedging instrument: | Interest rate swaps |
| Hedged item: | Insurance liabilities |

3) Hedging Policies

Foreign currency exchange contracts are used to hedge foreign currency exchange risks of foreign-currency-denominated bonds within a predetermined range, while interest rate swap contracts are used to hedge interest rate risks of insurance liabilities within a predetermined range.

4) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed primarily by ratio analysis which compares market fluctuations 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 procedures. 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 "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan ("ASBJ") Guidance No. 31, June 17, 2021; hereinafter referred to as "Fair Value Measurement Implementation Guidance") from the beginning of the fiscal year ended March 31, 2023. In accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance, the Company decided to apply a new accounting policy prescribed in the Fair Value Measurement Implementation Guidance into the future. Accordingly, while the moving-average method was previously adopted for mutual funds with no transaction price on the market, from the fiscal year ended March 31, 2023, 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, 2023 (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 ¥8,075,012 million and ¥8,237,638 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 (excluding some insurance types)
 - 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)

All insurance contracts under Postal Life Insurance Contracts previously fell into the Postal Life Insurance Contracts sub-group, but a portion of Postal Life Insurance Contracts has been eliminated from the sub-group

policy reserves from the fourth quarter of the fiscal year ended March 31, 2023, as the Company has decided to apply deferred hedge accounting through interest rate swaps to hedge interest rate fluctuation risk for the said portion of Postal Life Insurance Contracts in accordance with the “Accounting and Auditing Treatment on the Application of the Financial Instruments Accounting Standard to the Insurance Industry” (JICPA Industry Committee Practical Guidelines No. 26), as part of the Company’s efforts to respond to the enhancement of risk management under the new capital regulations scheduled to be introduced in the fiscal year ending March 31, 2026. This change has no impact on profit and loss.

5. Securities lent under lending agreements in the amount of ¥1,164,763 million were included in “Securities” in the balance sheet as of March 31, 2023.

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, 2023.

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, 2023 was ¥15,659 million.

8. Accumulated depreciation for tangible fixed assets as of March 31, 2023 was ¥55,790 million.

9. Total monetary claims and total monetary obligations with respect to subsidiaries and affiliates amounted to ¥259 million and ¥16,091 million, respectively.

10. Total deferred tax assets and total deferred tax liabilities were ¥1,509,589 million and ¥466,253 million, respectively. A deduction from deferred tax assets as valuation allowance was ¥14,674 million.

Significant components of deferred tax assets include ¥1,021,572 million of policy reserves, ¥231,440 million of reserve for price fluctuations, ¥48,375 million of reserve for outstanding claims, ¥19,827 million of reserve for employees’ retirement benefits, and ¥151,762 million of unrealized losses on available-for-sale securities.

Significant components of deferred tax liabilities include ¥453,303 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, 2023 were as follows:

Balance at the beginning of the fiscal year	¥1,260,009 million
Policyholder dividends paid	¥146,714 million
Interest accrual	¥9 million
Reduction due to the acquisition of additional annuity	¥200 million
Provision for reserve for policyholder dividends	¥62,067 million
<u>Balance at the end of the fiscal year</u>	<u>¥1,175,171 million</u>

12. Equities, etc. of subsidiaries and affiliates were ¥53,724 million.

13. Assets pledged as collateral consisted of the following:

Securities	¥3,499,456 million
Liabilities corresponding to assets pledged as collateral consisted of the following:	
Payables under repurchase agreements	¥3,740,688 million
The above securities are those sold under repurchase agreements.	

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	¥133,667 million
Margin deposits for futures transactions	¥9 million
Cash collateral paid for financial instruments	¥4,094 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, 2023 was ¥690 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, 2023 were ¥880 million.

15. Net assets per share were ¥6,202.33.

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, 2023 was 475 thousand 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 ¥124,202 million as of March 31, 2023.

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

18. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Network, amounted to ¥27,370,400 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 ¥1,260,220 million and ¥711,298 million, respectively, for the category of the reinsurance.

19. 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, 2023.

20. Notes to significant subsequent events are as follows:

(Cancellation of Treasury Stock)

The Company resolved to cancel its treasury stock at the meeting of the Board of Directors held on April 17, 2023, pursuant to the provisions of Article 178 of the Companies Act. The cancellation was implemented on May 8, 2023.

- (1) Class of shares cancelled: Common stock of the Company
- (2) Number of shares cancelled: 16,501,400 shares

- (4.1% of the total number of shares issued before the cancellation)
(3) Date of cancellation: May 8, 2023

(Reference)

Total number of shares issued (after the cancellation): 383,192,300 shares

(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 expenses from transactions with subsidiaries and affiliates amounted to ¥17,473 million.
3. Gains on sales of securities comprise domestic bonds of ¥4,480 million, domestic stocks of ¥18,830 million and foreign securities of ¥27,256 million.
4. Losses on sales of securities comprise domestic bonds of ¥17,833 million, domestic stocks of ¥6,372 million, foreign securities of ¥120,852 million and other securities of ¥32,238 million.
5. Losses on valuation of securities comprise other securities of ¥306 million.
6. Gains on money held in trust include losses on valuation of ¥6,360 million.
7. Losses on derivative financial instruments include gains on valuation of ¥4,986 million.
8. The amount of provision for reserve for outstanding claims-ceded that is deducted from the calculation of provision for reserve for outstanding claims for the fiscal year ended March 31, 2023 was ¥165 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, 2023 was ¥27 million.
9. Net income per share was ¥249.93.
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, 2023 was 423 thousand shares.
10. Insurance premiums assumed based on reinsurance contracts with the Management Network included in insurance premiums and others for the fiscal year ended March 31, 2023 were ¥222,610 million.
11. Insurance claims based on reinsurance contracts with the Management Network included in insurance claims for the fiscal year ended March 31, 2023 were ¥2,535,300 million.

12. 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 ¥43,678 million for the fiscal year ended March 31, 2023.

13. 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 49.84%	Group management Interlocking officers	Payment of brand royalty fees (*)	¥2,288 million	Accounts Payable	¥209 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)	¥134,846 million	Agency accounts payable	¥9,841 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 number of policies in force.

(*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, 2023, the contributions paid by the Company to the Management Network amounted to ¥50,174 million.

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

Type and Number of Treasury Stock

(Thousands of shares)

	April 1, 2022	Increase	Decrease	March 31, 2023
Treasury stock				
Common stock	151	16,842	5	16,988

(*1) Numbers of treasury stock at the beginning and the end of the fiscal year ended March 31, 2023 include shares of the Company held in the BBT, and were 140 thousand shares and 475 thousand shares, respectively.

(*2) The increase of 16,842 thousand shares in the number of treasury stock was attributable to an increase of 16,501 thousand shares due to the purchases of treasury stock based on the written resolution passed by the Board of Directors on August 10, 2022, an increase of 340 thousand shares due to the acquisition of the BBT, and an increase of 0 thousand shares due to the purchase of fractional shares.

(*3) The decrease of 5 thousand shares in the number of treasury stock was attributable to the granting of shares via the BBT.

8. Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

Fiscal years ended March 31		2022	2023
Core profit	A	429,798	192,346
Capital gains		169,699	287,199
Gains on money held in trust		114,553	150,378
Gains on trading securities		-	-
Gains on sales of securities		26,942	50,567
Gains on derivative financial instruments		-	-
Gains on foreign exchanges		20,879	6,814
Other capital gains		7,324	79,438
Capital losses		164,085	351,009
Losses on money held in trust		-	-
Losses on trading securities		-	-
Losses on sales of securities		51,108	177,296
Losses on valuation of securities		-	306
Losses on derivative financial instruments		7,398	60,588
Losses on foreign exchanges		-	-
Other capital losses		105,578	112,817
Net capital gains (losses)	B	5,614	(63,810)
Core profit including net capital gains (losses)	A+B	435,413	128,535
Other one-time gains		-	-
Reinsurance income		-	-
Reversal of contingency reserve		-	-
Reversal of specific reserve for possible loan losses		-	-
Other		-	-
Other one-time losses		79,651	10,883
Reinsurance premiums		-	-
Provision for contingency reserve		79,651	10,883
Provision for specific reserve for possible loan losses		-	-
Provision for reserve for specific foreign loans		-	-
Write-off of loans		-	-
Other		-	-
Other one-time profits (losses)	C	(79,651)	(10,883)
Ordinary profit	A+B+C	355,762	117,652

Note: From the perspective of reflecting the economic situation and encouraging consistency in the handling among companies, partial amendments (including costs for hedging currency fluctuations in the calculation of core profit and excluding gains on cancellation of mutual funds from the calculation) have been made to the calculation procedures for core profit in the fiscal year ended March 31, 2023.

These figures for 2022 are calculated by applying the calculation procedures for 2023 to 2022.

(Reference) Breakdown of Other Items

(Millions of yen)

Fiscal years ended March 31	2022	2023
Impact on core profit	98,254	33,378
Gains on cancellation of mutual funds	(10)	(20,826)
Amount equivalent to income gains associated with money held in trust	105,578	112,817
Costs for hedging currency fluctuations	(7,314)	(58,612)
Other capital gains	7,324	79,438
Gains on cancellation of mutual funds	10	20,826
Amount equivalent to income gains associated with money held in trust	-	-
Costs for hedging currency fluctuations	7,314	58,612
Other capital losses	105,578	112,817
Amount equivalent to income gains associated with money held in trust	105,578	112,817
Costs for hedging currency fluctuations	-	-
Other one-time losses - Other	-	-
Provision for additional policy reserves	-	-

**(Reference) Breakdown of Ordinary Profit According to the Standard before Amendments
(Core Profit)**

(Millions of yen)

Fiscal year ended March 31		2022
Core profit	A	437,123
Capital gains		162,375
Gains on money held in trust		114,553
Gains on trading securities		-
Gains on sales of securities		26,942
Gains on derivative financial instruments		-
Gains on foreign exchanges		20,879
Other capital gains		-
Capital losses		164,085
Losses on money held in trust		-
Losses on trading securities		-
Losses on sales of securities		51,108
Losses on valuation of securities		-
Losses on derivative financial instruments		7,398
Losses on foreign exchanges		-
Other capital losses		105,578
Net capital gains (losses)	B	(1,710)
Core profit including net capital gains (losses)	A+B	435,413
Other one-time gains		-
Reinsurance income		-
Reversal of contingency reserve		-
Reversal of specific reserve for possible loan losses		-
Other		-
Other one-time losses		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		-
Other one-time profits (losses)	C	(79,651)
Ordinary profit	A+B+C	355,762

Note: These figures are based on the calculation procedures used in the fiscal year ended March 31, 2022.

(Reference) Breakdown of Other Items According to the Standard before Amendments

(Millions of yen)

Fiscal year ended March 31	2022
Impact on core profit	105,578
Amount equivalent to income gains associated with money held in trust	105,578
Other capital gains	-
Amount equivalent to income gains associated with money held in trust	-
Other capital losses	105,578
Amount equivalent to income gains associated with money held in trust	105,578
Other one-time losses - Other	-
Provision for additional policy reserves	-

9. Status of Loans under the Insurance Business Act

(Millions of yen, %)

As of March 31	2022	2023
Bankrupt or quasi-bankrupt loans	-	-
Doubtful loans	-	-
Past due loans for three months or more	-	-
Restructured loans	-	-
Subtotal	-	-
(Percentage in total)	(-)	(-)
Normal loans	7,330,258	4,676,174
Total	7,330,258	4,676,174

- 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		2022	2023
Total amount of solvency margin	(A)	5,878,221	5,687,107
Capital stock, etc.		1,526,993	1,553,520
Reserve for price fluctuations		972,606	889,960
Contingency reserve		1,690,994	1,701,877
General reserve for possible loan losses		32	31
(Net unrealized gains (losses) on available-for-sale securities (before taxes) + Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)		1,086,306	989,508
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		1,809	2,534
Excess of continued Zillmerized reserve		299,478	249,674
Capital raised through debt financing		300,000	300,000
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin		-	-
Deductions		-	-
Other		-	-
Total amount of risk	(B)	1,127,788	1,133,215
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$			
Insurance risk	R ₁	125,154	119,580
Underwriting risk of third-sector insurance	R ₈	44,708	40,824
Anticipated yield risk	R ₂	125,089	118,481
Minimum guarantee risk	R ₇	-	-
Investment risk	R ₃	964,350	977,926
Business management risk	R ₄	25,186	25,136
Solvency margin ratio			
$\frac{(A)}{(1/2) \times (B)} \times 100$		1,042.4 %	1,003.7 %

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, 2023

Not applicable.

12. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(Millions of yen)

Fiscal year ended March 31	2022	2023
Ordinary income	6,454,208	6,379,561
Ordinary profit	356,113	117,570
Net income attributable to Japan Post Insurance	158,062	97,614
Comprehensive income (loss)	(824)	25,938

As of March 31	2022	2023
Total assets	67,174,796	62,687,388
Consolidated solvency margin ratio	1,045.5 %	1,009.1%

(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)

Items	Year	As of March	As of March	Items	Year	As of March	As of March
		31, 2022	31, 2023			31, 2022	31, 2023
	Amount	Amount	Amount		Amount	Amount	Amount
ASSETS:				LIABILITIES:			
Cash and deposits	1,270,762	1,436,524		Policy reserves and others	58,196,072	55,103,778	
Call loans	40,000	40,000		Reserve for outstanding claims	402,608	410,387	
Receivables under resale agreements	2,120,137	1,384,764		Policy reserves	56,533,454	53,518,219	
Monetary claims bought	39,543	47,345		Reserve for policyholder dividends	1,260,009	1,175,171	
Money held in trust	4,521,912	4,772,321		Reinsurance payables	6,256	6,297	
Securities	53,417,580	49,841,494		Bonds payable	300,000	300,000	
Loans	4,251,956	3,605,832		Payables under repurchase agreements	2,570,899	3,740,688	
Tangible fixed assets	94,497	92,717		Payables under securities lending transactions	2,236,696	—	
Land	43,112	43,112		Other liabilities	402,658	201,639	
Buildings	37,152	35,703		Liability for retirement benefits	68,313	69,331	
Leased assets	2,606	4,229		Reserve for management board benefit trust	230	315	
Construction in progress	432	24		Reserve for price fluctuations	972,606	889,960	
Other tangible fixed assets	11,193	9,647		Total liabilities	64,753,732	60,312,010	
Intangible fixed assets	93,609	92,326		NET ASSETS:			
Software	93,594	92,314		Capital stock	500,000	500,000	
Other intangible fixed assets	14	12		Capital surplus	405,044	405,044	
Agency accounts receivable	47,287	41,307		Retained earnings	639,822	701,540	
Reinsurance receivables	3,914	4,049		Treasury stock	(355)	(36,082)	
Other assets	268,626	300,299		Total shareholders' equity	1,544,511	1,570,502	
Deferred tax assets	1,005,346	1,028,784		Net unrealized gains (losses) on available-for-sale securities	873,764	797,912	
Reserve for possible loan losses	(379)	(379)		Net deferred gains (losses) on hedges	-	4,607	
				Accumulated adjustments for retirement benefits	2,786	2,354	
				Total accumulated other comprehensive income	876,551	804,875	
Total assets	67,174,796	62,687,388		Total net assets	2,421,063	2,375,377	
				Total liabilities and net assets	67,174,796	62,687,388	

(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, 2022	Fiscal year ended March 31, 2023
		Amount	Amount
ORDINARY INCOME		6,454,208	6,379,561
Insurance premiums and others		2,418,979	2,200,945
Investment income		1,149,145	1,159,020
Interest and dividend income		985,879	950,717
Gains on money held in trust		114,553	150,378
Gains on sales of securities		26,942	50,567
Gains on redemption of securities		779	498
Gains on foreign exchanges		20,879	6,814
Reversal of reserve for possible loan losses		3	1
Other investment income		107	44
Other ordinary income		2,886,083	3,019,595
Reversal of reserve for outstanding claims		16,412	-
Reversal of policy reserves		2,864,265	3,015,234
Other ordinary income		5,405	4,360
ORDINARY EXPENSES		6,098,095	6,261,990
Insurance claims and others		5,549,315	5,487,997
Insurance claims		4,477,034	4,451,916
Annuity payments		317,508	268,802
Benefits		137,982	211,958
Surrender benefits		483,773	457,654
Other refunds		110,798	76,141
Reinsurance premiums		22,217	21,523
Provision for policy reserves and others		9	7,788
Provision for reserve for outstanding claims		-	7,778
Provision for interest on policyholder dividends		9	9
Investment expenses		69,769	246,427
Interest expenses		2,352	4,639
Losses on sales of securities		51,108	177,296
Losses on valuation of securities		-	306
Losses on redemption of securities		6,046	1,554
Losses on derivative financial instruments		7,398	60,588
Other investment expenses		2,863	2,040
Operating expenses		385,928	445,761
Other ordinary expenses		93,073	74,016
ORDINARY PROFIT		356,113	117,570
EXTRAORDINARY GAINS		5,696	82,645
Gains on sales of fixed assets		5,696	-
Reversal of reserve for price fluctuations		-	82,645
EXTRAORDINARY LOSSES		68,116	319
Losses on sales and disposal of fixed assets		326	319
Provision for reserve for price fluctuations		67,789	-
Provision for reserve for policyholder dividends		73,113	62,067
Income before income taxes		220,579	137,829
Income taxes - Current		101,702	33,576
Income taxes - Deferred		(39,184)	6,639
Total income taxes		62,517	40,215
Net income		158,062	97,614
Net income attributable to non-controlling interests		-	-
Net income attributable to Japan Post Insurance		158,062	97,614

(Unaudited Consolidated Statements of Comprehensive Income)

(Millions of yen)

Items	Year	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
		Amount	Amount
Net income		158,062	97,614
Other comprehensive income (loss)		(158,887)	(71,675)
Net unrealized gains (losses) on available- for-sale securities		(157,619)	(75,851)
Net deferred gains (losses) on hedges		(573)	4,607
Adjustments for retirement benefits		(693)	(431)
Total comprehensive income (loss)		(824)	25,938
Comprehensive income (loss) attributable to Japan Post Insurance		(824)	25,938
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, 2022	Fiscal year ended March 31, 2023
		Amount	Amount
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income taxes		220,579	137,829
Depreciation and amortization		54,562	39,490
Net change in reserve for outstanding claims		(16,412)	7,778
Net change in policy reserves		(2,864,265)	(3,015,234)
Provision for interest on policyholder dividends		9	9
Provision for reserve for policyholder dividends		73,113	62,067
Net change in reserve for possible loan losses		(4)	(0)
Net change in reserve for insurance claims and others		(2,851)	-
Net change in liability for retirement benefits		1,898	1,017
Net change in reserve for management board benefit trust		119	85
Net change in reserve for price fluctuations		67,789	(82,645)
Interest and dividend income (accrual basis)		(985,879)	(950,717)
Net (gains) losses on securities		29,432	128,092
Interest expenses (accrual basis)		2,352	4,639
Net (gains) losses on foreign exchanges		(20,879)	(6,814)
Net (gains) losses on tangible fixed assets		(5,440)	263
Net change in agency accounts receivable		5,962	5,980
Net change in reinsurance receivables		23	(134)
Net change in other assets (excluding those related to investing activities and financing activities)		(4,270)	1,251
Net change in reinsurance payables		(138)	40
Net change in other liabilities (excluding those related to investing activities and financing activities)		1,918	15,885
Other, net		(105,111)	(88,367)
Subtotal		(3,547,490)	(3,739,480)
Interest and dividend received (cash basis)		1,029,437	991,216
Interest paid (cash basis)		(2,457)	(4,524)
Policyholder dividends paid		(155,691)	(146,714)
Income taxes paid		(79,482)	(78,594)
Net cash used in operating activities		(2,755,684)	(2,978,098)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of call loans		(7,600,000)	(7,380,000)
Proceeds from redemption of call loans		7,690,000	7,380,000
Net change in receivables under resale agreements		(2,120,137)	735,373
Net change in receivables under securities borrowing transactions		2,585,087	-
Purchases of monetary claims bought		(384,982)	(119,988)
Proceeds from sale and redemption of monetary claims bought		621,790	111,808
Purchases of money held in trust		(192,625)	(179,250)
Proceeds from decrease in money held in trust		109,700	277,340
Purchases of securities		(3,335,435)	(1,709,400)
Proceeds from sale and redemption of securities		5,087,083	4,985,845
Payments for loans		(433,954)	(421,335)
Proceeds from collection of loans		1,146,082	1,067,457
Net change in payables under repurchase agreements		2,570,899	1,169,788
Net change in payables under securities lending transactions		(2,350,772)	(2,236,696)
Other, net		(264,496)	(425,078)
Total of net cash provided by investment transactions		3,128,238	3,255,864
Total of net cash provided by (used in) operating activities and investment transactions		372,554	277,765
Purchases of tangible fixed assets		(3,772)	(3,990)
Proceeds from sales of tangible fixed assets		13,162	-
Purchases of intangible fixed assets		(25,884)	(28,251)
Purchase of shares of subsidiaries		-	(800)
Other, net		(43)	(6,022)
Net cash provided by investing activities		3,111,700	3,216,799
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease obligations		(712)	(1,310)
Purchases of treasury stock		(358,882)	(35,739)
Dividends paid		(60,673)	(35,888)
Net cash provided by (used in) financing activities		(420,268)	(72,939)
Effect of exchange rate changes on cash and cash equivalents		-	-
Net change in cash and cash equivalents		(64,252)	165,762
Cash and cash equivalents at the beginning of the fiscal year		1,335,014	1,270,762
Cash and cash equivalents at the end of the fiscal year		1,270,762	1,436,524

(6) Unaudited Consolidated Statements of Changes in Net Assets

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

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(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	639,822	(355)	1,544,511
Changes in the fiscal year					
Cash dividends			(35,896)		(35,896)
Net income attributable to Japan Post Insurance			97,614		97,614
Purchases of treasury stock				(35,739)	(35,739)
Disposals of treasury stock				12	12
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	-	-	61,717	(35,727)	25,990
Balance at the end of the fiscal year	500,000	405,044	701,540	(36,082)	1,570,502

	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	873,764	-	2,786	876,551	2,421,063
Changes in the fiscal year					
Cash dividends					(35,896)
Net income attributable to Japan Post Insurance					97,614
Purchases of treasury stock					(35,739)
Disposals of treasury stock					12
Net changes in items other than shareholders' equity in the fiscal year	(75,851)	4,607	(431)	(71,675)	(71,675)
Net changes in the fiscal year	(75,851)	4,607	(431)	(71,675)	(45,685)
Balance at the end of the fiscal year	797,912	4,607	2,354	804,875	2,375,377

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE FISCAL YEAR ENDED MARCH 31, 2023

(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) Major non-consolidated subsidiaries

The Company's major non-consolidated subsidiaries are Japan Post Insurance NEXT Partners Co., Ltd. and Spring Investment Limited Partnership.

Major non-consolidated subsidiaries are small in terms of total assets, ordinary income, net income or loss (an amount corresponding to ownership), retained earnings (an amount corresponding to ownership), cash flows, and other items. They are excluded from the scope of consolidation as they are not significant enough to interfere with rational judgement regarding the corporate group's financial conditions, business performance, and cash flows.

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) Non-consolidated subsidiaries (Japan Post Insurance NEXT Partners Co., Ltd., Spring Investment Limited Partnership) and affiliates (Japan Post Investment Corporation, MKAM Co., Ltd. and others) not accounted for under the equity method have been excluded from the scope of application of the equity method, as they are 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, 2023 was ¥92 million.
 - 2) 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, and also applies deferred hedge accounting through interest rate swaps to hedge interest rate risk for a portion of its insurance liabilities in accordance with the "Accounting and Auditing Treatment on the Application of the Financial

Instruments Accounting Standard to the Insurance Industry” (JICPA Industry Committee Practical Guidelines No. 26).

2) Hedging Instruments and Hedged Items

- (i) Hedging instrument: Foreign currency exchange contracts
Hedged item: Foreign-currency-denominated bonds
- (ii) Hedging instrument: Interest rate swaps
Hedged item: Insurance liabilities

3) Hedging Policies

Foreign currency exchange contracts are used to hedge foreign currency exchange risks of foreign-currency-denominated bonds within a predetermined range, while interest rate swap contracts are used to hedge interest rate risks of insurance liabilities within a predetermined range.

4) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed primarily by ratio analysis which compares market fluctuations 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 procedures. 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 Implementation Guidance from the beginning of the fiscal year ended March 31, 2023. In accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance, the Company decided to apply a new accounting policy prescribed in the Fair Value Measurement Implementation Guidance into the future. Accordingly, while the moving-average method was previously adopted for mutual funds with no transaction price on the market, from the fiscal year ended March 31, 2023, the fair value method based on the market price as of the consolidated balance sheet date is adopted.

3. 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, 2023 was ¥1,057 million, while the number of such treasury stock was 475 thousand shares.

4. 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.

As a hedging method against interest rate fluctuation risk for a portion of insurance liabilities, interest rate swap transactions are used in accordance with the “Accounting and Auditing Treatment on the Application of the Financial Instruments Accounting Standard to the Insurance Industry” (JICPA Industry Committee Practical Guidelines No. 26).

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, 2023 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, and payables under repurchase agreements, whose fair value approximates book value because they are settled within a short term, have been omitted from the Notes.

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Monetary claims bought	47,345	47,345	-
Available-for-sale securities	47,345	47,345	-
Money held in trust (*1) (*2)	4,672,032	4,672,032	-
Securities	49,784,494	52,513,957	2,729,463
Held-to-maturity bonds	32,935,527	35,502,364	2,566,836
Policy-reserve-matching bonds	8,075,012	8,237,638	162,626
Available-for-sale securities (*2)	8,773,954	8,773,954	-
Loans	3,605,801	3,733,374	127,573
Policy loans	140,355	140,355	-
Industrial and commercial loans (*3)	916,374	912,110	(4,232)
Loans to the Management Network (*3)	2,549,102	2,680,908	131,805
Reserve for possible loan losses (*4)	(31)	-	-
Total assets	58,109,674	60,966,710	2,857,036
Bonds payable	300,000	283,490	(16,510)
Total liabilities	300,000	283,490	(16,510)
Derivative transactions (*5)			
Hedge accounting not applied	[182]	[182]	-
Hedge accounting applied	11,568	11,568	-
Total derivative transactions	11,385	11,385	-

(*1) Money held in trust classified as other than trading, held-to-maturities and policy-reserve-matching.

(*2) In accordance with Paragraph 24-3 and 24-9 of the Fair Value Measurement Implementation Guidance, mutual funds that apply treatments that consider net asset value to be the fair value are included.

(*3) 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.

(*4) Reserve for possible loan losses corresponding to loans has been deducted.

(*5) 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)	100,288
Securities	57,000
Unlisted stocks (*2)	11,522
Investments in partnership (*3)	45,478
Total	157,288

(*1) Trust asset components that are investments in partnership are not subject to fair value disclosure in accordance with Paragraph 24-16 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 24-16 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	30,000	-	-	16,591
Securities	1,897,969	8,335,771	14,077,207	23,145,754
Held-to-maturity bonds	955,098	5,634,636	9,290,630	16,684,564
Bonds	955,098	5,634,636	9,290,630	16,684,564
Japanese government bonds	209,600	5,094,000	8,474,500	14,953,400
Japanese local government bonds	671,742	452,822	575,080	810,854
Japanese corporate bonds	73,756	87,814	241,050	920,310
Policy-reserve-matching bonds	478,065	1,176,816	2,835,800	3,423,393
Bonds	478,065	1,176,816	2,835,800	3,423,393
Japanese government bonds	351,900	1,005,600	2,599,700	2,240,400
Japanese local government bonds	105,865	78,599	65,000	242,693
Japanese corporate bonds	20,300	92,617	171,100	940,300
Available-for-sale securities with maturities	464,804	1,524,318	1,950,777	3,037,796
Bonds	150,419	688,283	524,512	2,556,144
Japanese government bonds	-	-	-	1,827,100
Japanese local government bonds	19,647	225,984	12,075	136,019
Japanese corporate bonds	130,772	462,299	512,437	593,024
Foreign securities	314,384	836,035	1,426,265	470,235
Other securities	-	-	-	11,415
Loans	580,282	1,725,846	821,912	478,194
Total	2,508,251	10,061,617	14,899,120	23,640,540

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	-	29,996	17,348	47,345
Money held in trust (*1)	2,808,008	736,851	-	3,544,860
Securities				
Available-for-sale securities				
Japanese government bonds	1,665,015	-	-	1,665,015
Japanese local government bonds	-	358,225	32,681	390,906
Japanese corporate bonds	-	1,677,244	-	1,677,244
Stocks	397,582	-	-	397,582
Foreign securities (*1)	79,832	2,676,817	30,472	2,787,121
Other securities	-	1,682,783	11,161	1,693,945
Total assets	4,950,438	7,161,918	91,664	12,204,021
Derivative transactions (*2)				
Currency-related derivatives	-	4,986	-	4,986
Interest-related derivatives	-	6,399	-	6,399
Total derivative transactions	-	11,385	-	11,385

(*1) In accordance with Paragraph 24-3 and 24-9 of the Fair Value Measurement Implementation Guidance, mutual funds that apply treatments that consider net asset value to be the fair value are not included in the above table. The consolidated balance sheet amount for mutual funds to which the treatment in Paragraph 24-3 is applied is ¥976,210 million, and the consolidated balance sheet amount for mutual funds to which the treatment in Paragraph 24-9 is applied is ¥168,115 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	-	144,985	-	144,985
Securities				
Held-to-maturity bonds				
Japanese government bonds	31,605,451	-	-	31,605,451
Japanese local government bonds	-	2,585,517	3,752	2,589,269
Japanese corporate bonds	-	1,307,642	-	1,307,642
Policy-reserve-matching bonds				
Japanese government bonds	6,628,341	-	-	6,628,341
Japanese local government bonds	-	464,269	23,723	487,993
Japanese corporate bonds	-	1,121,303	-	1,121,303
Loans	-	-	3,733,374	3,733,374
Total assets	38,233,793	5,623,718	3,760,850	47,618,362
Bonds payable	-	283,490	-	283,490
Total liabilities	-	283,490	-	283,490

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

AssetsMonetary claims bought

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

Among monetary claims bought, securitized instruments are 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 and mutual funds with a transaction price on the market is based on the price quoted by the exchange for shares, and they are classed in Level 1 based on market activity. In addition, for mutual funds with no transaction price on the market, in cases where there are no material restrictions that would require market participants to compensate for the risk associated with cancellation or repurchase requests, the net asset value is used as the fair value and they are classed in Level 2.

For trust asset components that are not securities, book value is used as fair value as their fair value approximates book value, and they are classed in Level 2.

Moreover, 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. In addition, for mutual funds with no transaction price on the market, in cases where there are no material restrictions that would require market participants to

compensate for the risk associated with cancellation or repurchase requests, the net asset value is used as the fair value and they are classed in Level 2.

Moreover, 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

There are no published quoted prices for derivative transactions as they are over-the-counter transactions. The fair values of interest rate swap and forward foreign exchange transactions are classed in Level 2 if they are based on appraised values obtained from information vendors and other third parties (excluding cases where material, unobservable inputs are used), or if they are calculated with observable inputs, such as exchange rates.

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, 2023

(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	Transfer from Level 3 fair value	Balance at the end of period	Of gain/loss in fiscal year ended March 31, 2023, 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	19,544	-	(387)	(1,808)	-	-	17,348	-
Securities								
Available-for-sale securities								
Japanese local government bonds	34,642	106	(1,185)	(882)	-	-	32,681	106
Foreign securities	32,350	745	(2,623)	-	-	-	30,472	745
Other securities	12,551	-	(179)	(1,209)	-	-	11,161	-
Total assets	99,089	852	(4,375)	(3,901)	-	-	91,664	852

(*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) 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.

Note 3: Information regarding mutual funds that apply treatments that consider net asset value to be the fair value in accordance with Paragraph 24-3 and 24-9 of the Fair Value Measurement Implementation Guidance

- (1) Changes in net valuation gain/loss recognized in gain/loss for mutual funds to which the treatment in Paragraph 24-3 is applied for the fiscal year ended March 31, 2023

(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, and redemption	Amount for which the net asset value of mutual funds is regarded as the fair value	Amount for which the net asset value of mutual funds is not regarded as the fair value	Balance at the end of period	Of gain/loss in fiscal year ended March 31, 2023, net valuation gain/loss of mutual funds held on consolidated balance sheet date
	Recorded in gain/loss	Recorded in other comprehensive income (loss) (*)					
632,360	-	201,336	142,513	-	-	976,210	-

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

- (2) Changes in net valuation gain/loss recognized in gain/loss for mutual funds to which the treatment in Paragraph 24-9 is applied for the fiscal year ended March 31, 2023

(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, and redemption	Amount for which the net asset value of mutual funds is regarded as the fair value	Amount for which the net asset value of mutual funds is not regarded as the fair value	Balance at the end of period	Of gain/loss in fiscal year ended March 31, 2023, net valuation gain/loss of mutual funds held on consolidated balance sheet date
	Recorded in gain/loss	Recorded in other comprehensive income (loss) (*)					
127,643	-	24,198	16,273	-	-	168,115	-

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

- (3) Breakdown of restrictions on cancellation or repurchase requests at the end of the fiscal year [Items that require a certain amount of time for cancellation, etc. ¥976,210 million]

(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	27,456,876	30,587,447	3,130,570
Japanese government bonds	24,810,203	27,780,543	2,970,340
Japanese local government bonds	2,048,264	2,159,267	111,002
Japanese corporate bonds	598,408	647,637	49,228
Subtotal	27,456,876	30,587,447	3,130,570
Those for which fair value does not exceed the consolidated balance sheet amount			
Bonds	5,478,650	4,914,916	(563,734)
Japanese government bonds	4,284,408	3,824,908	(459,500)
Japanese local government bonds	468,546	430,002	(38,543)
Japanese corporate bonds	725,695	660,005	(65,690)
Subtotal	5,478,650	4,914,916	(563,734)
Total	32,935,527	35,502,364	2,566,836

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	4,846,042	5,293,734	447,691
Japanese government bonds	4,539,176	4,974,007	434,831
Japanese local government bonds	253,802	262,977	9,174
Japanese corporate bonds	53,063	56,749	3,685
Subtotal	4,846,042	5,293,734	447,691
Those for which fair value does not exceed the consolidated balance sheet amount			
Bonds	3,228,969	2,943,904	(285,064)
Japanese government bonds	1,815,799	1,654,334	(161,465)
Japanese local government bonds	238,629	225,016	(13,613)
Japanese corporate bonds	1,174,539	1,064,553	(109,985)
Subtotal	3,228,969	2,943,904	(285,064)
Total	8,075,012	8,237,638	162,626

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	776,990	765,459	11,530
Japanese government bonds	101,281	99,524	1,756
Japanese local government bonds	191,261	191,090	171
Japanese corporate bonds	484,447	474,845	9,601
Stocks	300,204	225,660	74,543
Foreign securities	1,014,903	858,190	156,712
Foreign bonds	894,666	739,444	155,222
Other foreign securities	120,236	118,746	1,490
Other (*)	332,627	301,198	31,428
Subtotal	2,424,724	2,150,509	274,214
Those for which the consolidated balance sheet amount does not exceed cost			
Bonds	2,956,176	3,113,272	(157,095)
Japanese government bonds	1,563,734	1,685,387	(121,653)
Japanese local government bonds	199,644	204,340	(4,695)
Japanese corporate bonds	1,192,797	1,223,544	(30,746)
Stocks	97,378	104,428	(7,049)
Foreign securities	1,934,357	2,106,115	(171,758)
Foreign bonds	1,892,455	2,062,384	(169,928)
Other foreign securities	41,902	43,731	(1,829)
Other (*)	1,933,663	2,070,618	(136,955)
Subtotal	6,921,575	7,394,434	(472,859)
Total	9,346,300	9,544,944	(198,644)

(*) “Other” includes negotiable certificates of deposit (cost: ¥525,000 million, consolidated balance sheet amount: ¥525,000 million) presented as “Cash and deposits” in the consolidated balance sheets, and monetary claims bought (cost: ¥46,588 million, consolidated balance sheet amount: ¥47,345 million).

4) Policy-reserve-matching Bonds Sold during the Fiscal Year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Sales	Gains	Losses
Bonds	295,753	4,003	-
Japanese government bonds	295,753	4,003	-
Total	295,753	4,003	-

5) Available-for-sale Securities Sold during the Fiscal Year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Sales	Gains	Losses
Bonds	506,413	476	17,833
Japanese government bonds	69,001	-	5,690
Japanese local government bonds	277,139	58	125
Japanese corporate bonds	160,272	417	12,017
Stocks	117,038	18,830	6,372
Foreign securities	1,764,440	27,256	120,852
Foreign bonds	1,764,440	27,256	120,852
Other securities	167,250	-	32,238
Total	2,555,143	46,564	177,296

6) Securities for which losses on valuation were recognized

The Group recognized losses on valuation of ¥306 million for available-for-sale securities with market value.

Available-for-sale securities with market value that have declined 50% or more of their acquisition costs shall, in principle, be subject to recognition of losses on valuation, while those with market value declining by 30% or more, but less than 50% of their acquisition costs, shall be subjected to recognition of losses on valuation, unless the market value is deemed likely to recover to the acquisition costs.

(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	4,672,032	3,376,790	1,295,241	1,364,388	(69,147)

(*) The Group recognized losses on valuation of ¥6,360 million for the fiscal year ended March 31, 2023.

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	17,678	-	(182)	(182)
	U.S. dollars	17,678	-	(182)	(182)
Total		-	-	-	(182)

2) Derivative transactions to which the hedge accounting is applied

(i) 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	Foreign currency-denominated bonds						
	Sold					1,882,083	-	5,168
	U.S. dollars					1,074,323	-	9,972
	Euros					180,142	-	(5,537)
	Australian dollars					391,275	-	4,005
Other	236,341	-	(3,271)					
Total			-	-	5,168			

(ii) Interest-related derivatives

(Millions of yen)

Hedge accounting method	Type of derivative	Major hedged item	Contract amount	Contract amount due after 1 year	Fair value
Principle treatment method	Interest rate swaps Receivable fixed rate / Payable floating rate	Insurance liability	100,000	100,000	6,399
Total			-	-	6,399

5. 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 ¥8,075,012 million and ¥8,237,638 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 (excluding some insurance types)
- 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)

All insurance contracts under Postal Life Insurance Contracts previously fell into the Postal Life Insurance Contracts sub-group, but a portion of Postal Life Insurance Contracts has been eliminated from the sub-group policy reserves from the fourth quarter of the fiscal year ended March 31, 2023, as the Company has decided to apply deferred hedge accounting through interest rate swaps to hedge interest rate fluctuation risk for the said part of Postal Life Insurance Contracts in accordance with the “Accounting and Auditing Treatment on the Application of the Financial Instruments Accounting Standard to the Insurance Industry” (JICPA Industry Committee Practical Guidelines No. 26), as part of the Company’s efforts to respond to the enhancement of risk management under the new capital regulations scheduled to be introduced in the fiscal year ending March 31, 2026. This change has no impact on profit and loss.

6. Securities lent under lending agreements in the amount of ¥1,164,763 million were included in “Securities” in the consolidated balance sheets as of March 31, 2023.

7. 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, 2023.

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.

8. The balance of the unused credit under loan commitment line agreements, etc. as of March 31, 2023 was ¥15,659million.

9. Accumulated depreciation for tangible fixed assets as of March 31, 2023 was ¥56,263 million.

10. Total deferred tax assets and total deferred tax liabilities were ¥1,509,730 million and ¥466,259 million, respectively. A deduction from deferred tax assets as valuation allowance was ¥14,686 million.

Significant components of deferred tax assets include ¥1,021,572 million of policy reserves, ¥231,440 million of reserve for price fluctuations, ¥48,375 million of reserve for outstanding claims, ¥19,459 million of liability for retirement benefits, and ¥151,762 million of unrealized losses on available-for-sale securities.

Significant components of deferred tax liabilities include ¥453,303 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, 2023 were as follows:

Balance at the beginning of the fiscal year	¥1,260,009 million
Policyholder dividends paid	¥146,714 million
Interest accrual	¥9 million
Reduction due to the acquisition of additional annuity	¥200 million
Provision for reserve for policyholder dividends	¥62,067 million
<u>Balance at the end of the fiscal year</u>	<u>¥1,175,171 million</u>

12. Equities, etc. of subsidiaries and affiliates was ¥52,740 million.

13. Assets pledged as collateral consisted of the following:

Securities ¥3,499,456 million

Liabilities corresponding to assets pledged as collateral consisted of the following:

Payables under repurchase agreements ¥3,740,688 million

The above securities are those sold under repurchase agreements.

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 ¥133,667 million

Margin deposits for futures transactions ¥9 million

Cash collateral paid for financial instruments ¥4,094 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, 2023 was ¥690 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, 2023 were ¥880 million.

15. Net assets per share were ¥6,206.80.

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, 2023 was 475 thousand 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 ¥124,202 million as of March 31, 2023.

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

18. 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, 2023 was ¥952 million.

(2) Defined benefit plans

1) Changes in retirement benefit obligations

	(Millions of yen)
Balance at the beginning of the fiscal year	68,313
Service cost	4,088
Interest cost	472
Actuarial differences	(60)
Benefits paid	(3,583)
Other	100
Balance at the end of the fiscal year	<u>69,331</u>

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	<u>69,331</u>
Liability for retirement benefits recorded on the consolidated balance sheet	<u>69,331</u>

3) Retirement benefit costs

	(Millions of yen)
Service cost	4,088
Interest cost	472
Amortization of actuarial differences	(195)
Amortization of prior service cost	(464)
Amount borne by seconded employees	6,380
Other	3
Retirement benefit expenses of defined benefit plans	<u>10,284</u>

(Changes in presentation method)

“Amount borne by seconded employees,” which used to be included in “other” is indicated separately from the fiscal year ended March 31, 2023, as its financial significance has increased.

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	(135)
Total	<u>(600)</u>

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	3,256
Unrecognized actuarial differences	16
Total	<u>3,273</u>

6) Actuarial assumptions

The principal actuarial assumption used for the fiscal year ended March 31, 2023 was as follows:

Discount rate	0.3 to 0.7%
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19. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Network, amounted to ¥27,370,400 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 ¥1,260,220 million and ¥711,298 million, respectively, for the category of the reinsurance.

20. “Other liabilities” in the consolidated balance sheet includes ¥38,647 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, 2023.

21. Notes to significant subsequent events are as follows:

(Cancellation of Treasury Stock)

The Company resolved to cancel its treasury stock at the meeting of the Board of Directors held on April 17, 2023, pursuant to the provisions of Article 178 of the Companies Act. The cancellation was implemented on May 8, 2023.

- (1) Class of shares cancelled: Common stock of the Company
- (2) Number of shares cancelled: 16,501,400 shares
(4.1% of the total number of shares issued before the cancellation)
- (3) Date of cancellation: May 8, 2023

(Reference)

Total number of shares issued (after the cancellation): 383,192,300 shares

(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 deducted from the calculation of provision for reserve for outstanding claims for the fiscal year ended March 31, 2023 was ¥165 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, 2023 was ¥27 million.

3. Net income per share was ¥249.48.

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, 2023 was 423 thousand 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, 2023 were ¥222,610 million.

5. Insurance claims based on reinsurance contracts with the Management Network included in insurance claims for the fiscal year ended March 31, 2023 were ¥2,535,300 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 ¥43,678 million for the fiscal year ended March 31, 2023.

(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	(195,537)
Reclassification adjustments	87,984
Before tax effect adjustments	(107,552)
Tax effect	31,701
Net unrealized gains (losses) on available-for-sale securities	(75,851)
Net deferred gains (losses) on hedges:	
Amount arising during the fiscal year	6,399
Reclassification adjustments	-
Before tax effect adjustments	6,399
Tax effect	(1,792)
Net deferred gains (losses) on hedges	4,607
Adjustments for retirement benefits:	
Amount arising during the fiscal year	60
Reclassification adjustments	(660)
Before tax effect adjustments	(600)
Tax effect	168
Adjustments for retirement benefits	(431)
Total other comprehensive income (loss)	(71,675)

(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, 2023 was as follows:

Cash and deposits	¥1,436,524 million
Cash and cash equivalents	¥1,436,524 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, 2022	Increase	Decrease	March 31, 2023
Shares issued				
Common stock	399,693	-	-	399,693
Treasury stock				
Common stock	151	16,842	5	16,988

(*1) Numbers of treasury stock at the beginning and the end of the fiscal year ended March 31, 2023 include shares of the Company held in the BBT, and were 140 thousand shares and 475 thousand shares, respectively.

(*2) The increase of 16,842 thousand shares in the number of treasury stock was attributable to an increase of 16,501 thousand shares due to the purchases of treasury stock based on the written resolution passed by the Board of Directors on August 10, 2022, an increase of 340 thousand shares due to the acquisition of the BBT, and an increase of 0 thousand shares due to the purchase of fractional shares.

(*3) The decrease of 5 thousand shares in the number of treasury stock was attributable to the granting of 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 13, 2022	Common stock	17,985	45.00	March 31, 2022	June 16, 2022
Board of Directors' meeting held on November 11, 2022	Common stock	17,910	46.00	September 30, 2022	December 5, 2022

(*1) Total amount of dividends based on the resolution at the Board of Directors meeting held on May 13, 2022 includes ¥6 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 11, 2022 includes ¥21 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, 2023

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 15, 2023	Common stock	17,626	Retained earnings	46.00	March 31, 2023	June 20, 2023

(*) Total amount of dividends includes ¥21 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	2022	2023
Bankrupt or quasi-bankrupt loans	-	-
Doubtful loans	-	-
Past due loans for three months or more	-	-
Restructured loans	-	-
Subtotal	-	-
(Percentage in total)	(-)	(-)
Normal loans	7,330,258	4,676,174
Total	7,330,258	4,676,174

- 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		2022	2023
Total amount of solvency margin	(A)	5,858,523	5,636,995
Capital stock, etc.		1,526,526	1,552,875
Reserve for price fluctuations		972,606	889,960
Contingency reserve		1,690,994	1,701,877
Catastrophe loss reserve		-	-
General reserve for possible loan losses		32	31
(Net unrealized gains (losses) on available-for-sale securities (before taxes) • Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)		1,086,306	989,508
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		1,809	2,534
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)		3,873	3,273
Excess of continued Zillmerized reserve		299,478	249,674
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		(23,104)	(52,740)
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)	1,120,660	1,117,128
Insurance risk	R ₁	125,154	119,580
General insurance risk	R ₅	-	-
Catastrophe risk	R ₆	-	-
Underwriting risk of third-sector insurance	R ₈	44,708	40,824
Small amount and short-term insurance risk	R ₉	-	-
Anticipated yield risk	R ₂	125,089	118,481
Minimum guarantee risk	R ₇	-	-
Investment risk	R ₃	957,278	961,987
Business management risk	R ₄	25,044	24,817
Solvency margin ratio			
$\frac{(A)}{(1/2) \times (B)} \times 100$		1,045.5 %	1,009.1 %

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.