

UNOFFICIAL TRANSLATION

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

November 13, 2023
JAPAN POST INSURANCE Co., Ltd.

**Announcement of Financial Results for
the Six Months Ended September 30, 2023**

JAPAN POST INSURANCE Co., Ltd. (the “Company”; TANIGAKI Kunio, Director and President, CEO, Representative Executive Officer) hereby announces its financial results for the six months ended September 30, 2023 (April 1, 2023 to September 30, 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, 2023		September 30, 2023			
	Number of policies	Policy amount	Number of policies		Policy amount	
			% of March 31, 2023 total	% of March 31, 2023 total		
Individual insurance	13,722	38,950.9	13,304	97.0	37,542.2	96.4
Individual annuities	686	972.9	599	87.3	857.4	88.1
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, %)

Six months ended September 30	2022				2023					
	Number of policies	Policy amount			Number of policies		Policy amount			
		New policies	Net increase by conversion		% of September 30, 2022 total	% of September 30, 2022 total	New policies	Net increase by conversion		
Individual insurance	150	410.4	410.4	0.0	254	168.7	629.3	153.3	629.3	0.0
Individual annuities	0	0.2	0.2	-	0	414.3	0.9	434.8	0.9	-
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, 2023	September 30, 2023	
			% of March 31, 2023 total
Individual insurance	2,353.9	2,253.2	95.7
Individual annuities	244.6	214.2	87.6
Total	2,598.6	2,467.4	95.0
Medical coverage, living benefits and other	322.1	314.7	97.7

▪ New Policies

(Billions of yen, %)

Six months ended September 30	2022	2023	
			% of September 30, 2022 total
Individual insurance	32.7	45.2	138.1
Individual annuities	0.0	0.0	469.7
Total	32.8	45.3	138.2
Medical coverage, living benefits and other	2.9	5.3	179.9

- 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. Investment Overview for the Six Months Ended September 30, 2023 (General Account)

(1) Investment Environment

During the first half of the fiscal year ending March 31, 2024, the Japanese economy saw a moderate recovery against the backdrop of an upturn in personal consumption, primarily in the service sector, as well as a recovery in demand from international visitors and strong corporate performance. The U.S economy remained steady, driven by personal consumption against the backdrop of a favorable employment environment, despite signs of a slowdown in housing investment due to the impact of monetary tightening policies. Regarding the European economy, personal consumption slumped against the backdrop of an extended period of persistently high consumer prices and capital expenditure also stagnated due to the impact of 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 little changed until mid-July as the Bank of Japan continued its accommodative monetary policies, but rose significantly in the wake of the Bank of Japan's decision, at the Monetary Policy Meeting held in late July, to conduct yield curve control with greater flexibility. The domestic long-term yield then continued to rise, reaching the level of 0.75% at the end of September, due to the increase in overseas interest rates and predictions that the Bank of Japan's monetary easing policies would return to normal.

Domestic Stock Market

The Nikkei Stock Average trended upwards, reaching the ¥33,000 level in June, due to the yen depreciation, expectations of a recovery in business performance after COVID-19 pandemic, and hopes of an improvement in the governance of Japanese companies. It then declined slightly, weighed down by concerns about an economic slowdown in China and predictions of prolonged monetary tightening in the U.S., falling to the ¥31,000 level at the end of September.

Foreign Exchange Markets

Regarding the USD/JPY exchange rate, it was on an upward trend due to the widening interest rate gap between Japan and the U.S. and predictions of prolonged monetary tightening in the U.S. Despite a temporary fall in the dollar against the yen triggered mainly by flatter U.S. inflation data in July, the upward trend continued, reaching the upper ¥149 level at the end of September.

Regarding the EUR/JPY exchange rate, it was on an upward trend amid the declared intent of the European Central Bank to continue raising interest rates, with the euro rising to the upper ¥159 level in August. This subsequently gave way to a slight decline in the euro against the yen in anticipation of the suspension of interest rate hikes by the European Central Bank amid a slowdown in the European economy, and the exchange rate was at the lower ¥158 level at the end of September.

(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 September 30, 2023, total assets of the Company amounted to ¥61,585.9 billion, a decrease of ¥1,099.3 billion from ¥62,685.2 billion at the end of the previous fiscal year.

The balance of return-seeking assets including stocks and foreign securities increased due to an increase in unrealized gains, mainly due to the rise in the Nikkei Stock Average.

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.

[Investment Income and Expenses]

For the six months ended September 30, 2023, investment income of the Company increased by ¥64.4 billion from the previous corresponding period to ¥620.6 billion, mainly due to an increase in gains on money held in trust and gains on sales of securities, despite a decrease in interest and dividend income due to a decrease in total assets.

Investment expenses increased by ¥25.1 billion from the previous corresponding period to ¥142.1 billion, mainly due to an increase in losses on derivative financial instruments.

As a result, investment income and expenses amounted to ¥478.4 billion, an increase of ¥39.3 billion from the previous corresponding period.

3. Investment Performance (General Account)

(1) Asset Composition

(Billions of yen, %)

As of	March 31, 2023		September 30, 2023	
	Amount	Ratio	Amount	Ratio
Cash, deposits, call loans	1,468.4	2.3	1,416.3	2.3
Receivables under resale agreements	1,384.7	2.2	1,006.7	1.6
Receivables under securities borrowing transactions	-	-	-	-
Monetary claims bought	47.3	0.1	26.2	0.0
Trading account securities	-	-	-	-
Money held in trust	4,772.3	7.6	5,376.3	8.7
Securities	49,842.4	79.5	48,710.0	79.1
Corporate and government bonds	44,743.7	71.4	43,868.7	71.2
Domestic stocks	410.0	0.7	470.4	0.8
Foreign securities	2,949.2	4.7	2,559.5	4.2
Foreign corporate and government bonds	2,787.1	4.4	2,382.3	3.9
Foreign stocks and other securities	162.1	0.3	177.2	0.3
Other securities	1,739.4	2.8	1,811.2	2.9
Loans	3,605.8	5.8	3,571.4	5.8
Real estate	78.7	0.1	77.3	0.1
Deferred tax assets	1,028.6	1.6	939.0	1.5
Other	456.9	0.7	462.6	0.8
Reserve for possible loan losses	(0.3)	(0.0)	(0.3)	(0.0)
Total	62,685.2	100.0	61,585.9	100.0
Foreign currency-denominated assets	4,343.3	6.9	4,209.6	6.8

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

(2) Increase/Decrease in Assets

(Billions of yen)

Six months ended September 30	2022	2023
Cash, deposits, call loans	(93.2)	(52.1)
Receivables under resale agreements	(522.9)	(377.9)
Receivables under securities borrowing transactions	-	-
Monetary claims bought	(1.2)	(21.1)
Trading account securities	-	-
Money held in trust	132.0	604.0
Securities	(1,708.6)	(1,132.4)
Corporate and government bonds	(930.6)	(874.9)
Domestic stocks	(35.6)	60.3
Foreign securities	(440.0)	(389.6)
Foreign corporate and government bonds	(449.4)	(404.7)
Foreign stocks and other securities	9.3	15.1
Other securities	(302.2)	71.7
Loans	(331.8)	(34.3)
Real estate	(0.8)	(1.3)
Deferred tax assets	88.5	(89.6)
Other	9.8	5.6
Reserve for possible loan losses	(0.0)	0.0
Total	(2,428.2)	(1,099.3)
Foreign currency-denominated assets	(126.7)	(133.6)

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

(3) Investment Income

(Billions of yen)

Six months ended September 30	2022	2023
Interest and dividend income	491.5	440.5
Interest on deposits	0.0	0.0
Interest and dividends on securities	450.8	403.7
Interest on loans	6.7	6.5
Interest on loans to the Management Network	31.6	25.5
Rent revenue from real estate	-	-
Other interest and dividend income	2.2	4.6
Gains on trading account securities	-	-
Gains on money held in trust	36.6	107.2
Gains on trading securities	-	-
Gains on sales of securities	26.6	58.9
Gains on sales of Japanese government bonds and other bonds	0.3	-
Gains on sales of domestic stocks and other securities	10.3	9.2
Gains on sales of foreign securities	15.9	49.6
Other gains on sales of securities	-	-
Gains on redemption of securities	0.4	0.0
Gains on derivative financial instruments	-	-
Gains on foreign exchanges	0.9	13.9
Reversal of reserve for possible loan losses	-	-
Other investment income	0.0	0.0
Total	556.1	620.6

(4) Investment Expenses

(Billions of yen)

Six months ended September 30	2022	2023
Interest expenses	1.0	2.1
Losses on trading account securities	-	-
Losses on money held in trust	-	-
Losses on trading securities	-	-
Losses on sales of securities	82.7	85.5
Losses on sales of Japanese government bonds and other bonds	5.7	24.2
Losses on sales of domestic stocks and other securities	3.0	2.2
Losses on sales of foreign securities	54.1	59.0
Other losses on sales of securities	19.7	-
Losses on valuation of securities	15.6	-
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	15.6	-
Losses on redemption of securities	1.1	0.1
Losses on derivative financial instruments	15.5	52.3
Losses on foreign exchanges	-	-
Provision for reserve for possible loan losses	0.0	0.0
Write-off loans	-	-
Depreciation of real estate for lease and other assets	-	-
Other investment expenses	1.0	1.9
Total	117.0	142.1

(5) Net Valuation Gain/Loss of Trading Securities

The Company does not hold securities for trading.

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

(Billions of yen)

As of	March 31, 2023					September 30, 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	32,935.5	35,502.3	2,566.8	3,130.5	563.7	32,466.7	33,647.2	1,180.5	2,146.9	966.3
Policy-reserve-matching bonds	8,075.0	8,237.6	162.6	447.6	285.0	8,013.5	7,877.8	(135.7)	321.8	457.5
Equities of subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	12,776.7	13,873.3	1,096.5	1,638.6	542.0	12,596.1	14,080.1	1,484.0	2,220.6	736.6
Corporate and government bonds	3,878.7	3,733.1	(145.5)	11.5	157.0	3,674.4	3,408.4	(265.9)	6.1	272.1
Domestic stocks	1,800.8	2,596.7	795.8	832.0	36.1	1,777.7	2,968.6	1,190.9	1,206.8	15.9
Foreign securities	4,101.2	4,654.3	553.0	725.2	172.1	3,815.6	4,518.8	703.1	906.4	203.3
Foreign corporate and government bonds	2,801.8	2,787.1	(14.7)	155.2	169.9	2,421.9	2,362.3	(59.5)	143.7	203.2
Foreign stocks and other securities	1,299.4	1,867.1	567.7	569.9	2.2	1,393.7	2,156.4	762.6	762.7	0.0
Other securities	2,424.3	2,316.7	(107.5)	69.0	176.5	2,527.4	2,382.9	(144.5)	100.7	245.2
Monetary claims bought	46.5	47.3	0.7	0.7	-	25.7	26.2	0.4	0.4	-
Negotiable certificates of deposit	525.0	525.0	-	-	-	775.0	775.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	53,787.2	57,613.3	3,826.0	5,216.8	1,390.8	53,076.4	55,605.2	2,528.8	4,689.4	2,160.5
Corporate and government bonds	44,889.2	47,473.1	2,583.8	3,589.7	1,005.8	44,134.7	44,914.3	779.5	2,474.9	1,695.3
Domestic stocks	1,800.8	2,596.7	795.8	832.0	36.1	1,777.7	2,968.6	1,190.9	1,206.8	15.9
Foreign securities	4,101.2	4,654.3	553.0	725.2	172.1	3,835.6	4,538.0	702.4	906.4	204.0
Foreign corporate and government bonds	2,801.8	2,787.1	(14.7)	155.2	169.9	2,441.9	2,381.6	(60.2)	143.7	204.0
Foreign stocks and other securities	1,299.4	1,867.1	567.7	569.9	2.2	1,393.7	2,156.4	762.6	762.7	0.0
Other securities	2,424.3	2,316.7	(107.5)	69.0	176.5	2,527.4	2,382.9	(144.5)	100.7	245.2
Monetary claims bought	46.5	47.3	0.7	0.7	-	25.7	26.2	0.4	0.4	-
Negotiable certificates of deposit	525.0	525.0	-	-	-	775.0	775.0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-

- Notes: 1. This table includes money held in trust other than trading securities and its book value is ¥3,231.8 billion with net unrealized gains of ¥1,295.2 billion as of March 31, 2023 and ¥3,294.7 billion with net unrealized gains of ¥1,837.5 billion as of September 30, 2023.
2. Stocks, etc. with no market price and investments in partnerships are not included in this table.

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

(Billions of yen)

As of	March 31, 2023	September 30, 2023
Equities of subsidiaries and affiliates	53.7	70.0
Available-for-sale securities	102.6	113.0
Domestic stocks	4.2	4.2
Foreign stocks	-	8.6
Other	98.3	100.1
Total	156.3	183.1

Note: This table includes money held in trust other than trading securities (¥98.3 billion as of March 31, 2023 and ¥100.1 billion as of September 30, 2023).

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

(7) Fair Value of Money Held in Trust

(Billions of yen)

As of	March 31, 2023					September 30, 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	4,672.0	4,672.0	-	-	-	5,269.0	5,269.0	-	-	-

- 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, 2023					September 30, 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	3,376.7	4,672.0	1,295.2	1,364.3	69.1	3,431.5	5,269.0	1,837.5	1,896.3	58.7

Note: Other money held in trust, which is not subject to fair value disclosure, is ¥100.2 billion as of March 31, 2023 and ¥107.2 billion as of September 30, 2023.

4. Unaudited Non-Consolidated Balance Sheets

(Millions of yen)

Items	Term	As of March 31, 2023	As of September 30, 2023
		Amount	Amount
ASSETS:			
Cash and deposits		1,428,483	1,376,326
Call loans		40,000	40,000
Receivables under resale agreements		1,384,764	1,006,789
Monetary claims bought		47,345	26,236
Money held in trust		4,772,321	5,376,376
Securities		49,842,478	48,710,004
[Japanese government bonds]		[37,114,603]	[36,762,252]
[Japanese local government bonds]		[3,400,150]	[2,990,525]
[Japanese corporate bonds]		[4,228,952]	[4,116,005]
[Stocks]		[410,088]	[470,412]
[Foreign securities]		[2,949,260]	[2,559,590]
Loans		3,605,832	3,571,448
Policy loans		140,355	143,977
Industrial and commercial loans		916,374	887,400
Loans to the Management Network		2,549,102	2,540,071
Tangible fixed assets		92,429	89,682
Intangible fixed assets		97,347	100,447
Agency accounts receivable		41,307	12,222
Reinsurance receivables		4,049	3,908
Other assets		300,588	333,797
Deferred tax assets		1,028,662	939,038
Reserve for possible loan losses		(379)	(364)
Total assets		62,685,230	61,585,915
LIABILITIES:			
Policy reserves and others		55,103,778	53,678,009
Reserve for outstanding claims		410,387	389,160
Policy reserves		53,518,219	52,145,065
Reserve for policyholder dividends		1,175,171	1,143,783
Reinsurance payables		6,297	6,097
Bonds payable		300,000	400,000
Other liabilities		3,940,404	3,837,818
Payables under repurchase agreements		3,740,688	3,632,778
Income taxes payable		-	15,382
Lease obligations		4,609	4,125
Other liabilities		195,106	185,532
Reserve for employees' retirement benefits		70,806	99,984
Reserve for management board benefit trust		315	244
Reserve for price fluctuations		889,960	882,888
Total liabilities		60,311,562	58,905,043
NET ASSETS:			
Capital stock		500,000	500,000
Capital surplus		405,044	405,044
Legal capital surplus		405,044	405,044
Retained earnings		702,185	701,033
Legal retained earnings		84,089	87,614
Other retained earnings		618,096	613,418
Reserve for reduction entry of real estate		4,767	4,637
Retained earnings brought forward		613,328	608,781
Treasury stock		(36,082)	(948)
Total shareholders' equity		1,571,147	1,605,128
Net unrealized gains (losses) on available-for-sale securities		797,912	1,082,314
Net deferred gains (losses) on hedges		4,607	(6,571)
Total valuation and translation adjustments		802,520	1,075,743
Total net assets		2,373,667	2,680,871
Total liabilities and net assets		62,685,230	61,585,915

5. Unaudited Non-Consolidated Statements of Income

(Millions of yen)

Items	Term	Six months ended September 30, 2022	Six months ended September 30, 2023
		Amount	Amount
ORDINARY INCOME		3,202,439	3,115,159
Insurance premiums and others		1,151,485	1,096,909
[Insurance premiums]		[1,143,198]	[1,088,713]
Investment income		556,178	620,675
[Interest and dividend income]		[491,518]	[440,543]
[Gains on money held in trust]		[36,611]	[107,216]
[Gains on sales of securities]		[26,666]	[58,909]
Other ordinary income		1,494,774	1,397,575
[Reversal of reserve for outstanding claims]		[-]	[21,227]
[Reversal of policy reserves]		[1,492,605]	[1,373,154]
ORDINARY EXPENSES		3,168,445	3,014,939
Insurance claims and others		2,769,198	2,618,306
[Insurance claims]		[2,245,896]	[2,145,309]
[Annuity payments]		[141,053]	[114,555]
[Benefits]		[107,744]	[99,672]
[Surrender benefits]		[223,989]	[217,099]
[Other refunds]		[39,691]	[31,457]
Provision for policy reserves and others		22,098	57
Provision for reserve for outstanding claims		22,093	-
Provision for interest on policyholder dividends		4	57
Investment expenses		117,077	142,180
[Interest expenses]		[1,003]	[2,181]
[Losses on sales of securities]		[82,701]	[85,550]
[Losses on valuation of securities]		[15,675]	[-]
[Losses on derivative financial instruments]		[15,518]	[52,321]
Operating expenses		220,492	213,430
Other ordinary expenses		39,579	40,965
ORDINARY PROFIT		33,993	100,219
EXTRAORDINARY GAINS		81,410	7,072
Reversal of reserve for price fluctuations		81,410	7,072
EXTRAORDINARY LOSSES		140	52
Losses on sales and disposal of fixed assets		140	52
Provision for reserve for policyholder dividends		27,172	34,417
Income before income taxes		88,091	72,821
Income taxes - Current		31,445	33,898
Income taxes - Deferred		8,704	(12,551)
Total income taxes		40,149	21,346
Net income		47,941	51,474

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

Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	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 period								
Cash dividends					3,597		(21,582)	(17,985)
Net income							47,941	47,941
Purchases of treasury stock								
Disposals of treasury stock								
Reversal of reserve for reduction entry of real estate						(129)	129	-
Net changes in items other than shareholders' equity in the period								
Net changes in the period	-	-	-	-	3,597	(129)	26,488	29,956
Balance at the end of the period	500,000	405,044	-	405,044	80,506	4,897	584,841	670,245

	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 period						
Cash dividends		(17,985)				(17,985)
Net income		47,941				47,941
Purchases of treasury stock	(22,241)	(22,241)				(22,241)
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 period			(247,608)	-	(247,608)	(247,608)
Net changes in the period	(22,229)	7,727	(247,608)	-	(247,608)	(239,881)
Balance at the end of the period	(22,584)	1,552,706	626,155	-	626,155	2,178,861

Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	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	84,089	4,767	613,328	702,185
Changes in the period								
Cash dividends					3,525		(21,151)	(17,626)
Net income							51,474	51,474
Disposals of treasury stock								
Cancellation of treasury stock			(35,000)	(35,000)				
Reversal of reserve for reduction entry of real estate						(129)	129	-
Transfer from retained earnings to capital surplus			35,000	35,000			(35,000)	(35,000)
Net changes in items other than shareholders' equity in the period								
Net changes in the period	-	-	-	-	3,525	(129)	(4,547)	(1,152)
Balance at the end of the period	500,000	405,044	-	405,044	87,614	4,637	608,781	701,033

	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	(36,082)	1,571,147	797,912	4,607	802,520	2,373,667
Changes in the period						
Cash dividends		(17,626)				(17,626)
Net income		51,474				51,474
Disposals of treasury stock	132	132				132
Cancellation of treasury stock	35,000	-				-
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 period			284,401	(11,178)	273,222	273,222
Net changes in the period	35,133	33,981	284,401	(11,178)	273,222	307,204
Balance at the end of the period	(948)	1,605,128	1,082,314	(6,571)	1,075,743	2,680,871

NOTES TO THE UNAUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 30, 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 first half 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 six months ended September 30, 2023 was ¥31 million.

2) Reserve for Employees' Retirement Benefits

To provide for payment of retirement benefits to employees, a reserve for employees' retirement benefits is provided in the amount considered to have incurred at the end of the six months ended September 30, 2023 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.

Provision for reserve for price fluctuations for the six months ended September 30, 2023 is calculated at the annually required amount allocated to the accounting period on a pro-rata basis.

(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 end date of the first half of the fiscal year.

(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 end of the first half of the fiscal year, 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 Organization for Postal Savings, Postal Life Insurance and Post Office Network (hereinafter referred to as 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. 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 SIX MONTHS ENDED SEPTEMBER 30, 2023 (Notes to the Unaudited Consolidated Balance Sheet).

3. 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 ¥8,013,573 million and ¥7,877,810 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)

4. Securities lent under lending agreements in the amount of ¥1,197,284 million were included in “Securities” in the balance sheet as of September 30, 2023.

5. There were no bankrupt loans or quasi-bankrupt loans, doubtful loans, past due loans for three months or more, or restructured loans as of September 30, 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.

6. The balance of the unused credit under loan commitment line agreements as of September 30, 2023 was ¥7,415 million.

7. With regard to the loans to the Management Network that became due on September 30, 2023, including ¥249,397 million in principal and ¥23,604 million in interest, the due date was moved to the following business day, pursuant to internal rules, as September 30, 2023 fell on a bank holiday. Of this amount, ¥1,606 million, received in advance, was recorded as suspense receipt as its due date had not yet arrived.

8. Accumulated depreciation for tangible fixed assets as of September 30, 2023 was ¥59,359 million.

9. Changes in reserve for policyholder dividends for the six months ended September 30, 2023 were as follows:

Balance at the beginning of the six months ended September 30, 2023	¥1,175,171 million
Policyholder dividends paid during the six months ended September 30, 2023	¥65,807 million
Interest accrual	¥57 million
Reduction due to the acquisition of additional annuity	¥55 million
Provision for reserve for policyholder dividends	¥34,417 million
<hr/>	
Balance at the end of the six months ended September 30, 2023	¥1,143,783 million

10. Equities, etc. of subsidiaries and affiliates were ¥70,094 million.

11. Assets pledged as collateral consisted of the following:

Securities ¥3,405,716 million

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

Payables under repurchase agreements ¥3,632,778 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 ¥175,182 million

Margin deposits for futures transactions ¥10 million

Cash collateral paid for financial instruments ¥49,239 million

12. 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 September 30, 2023 was ¥433 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 September 30, 2023 were ¥817 million.

13. 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 ¥108,992 million as of September 30, 2023.

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

15. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Network, amounted to ¥26,501,206 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 ¥1,297,722 million and ¥723,891 million, respectively, for the category of the reinsurance.

16. “Other liabilities” in the balance sheet includes ¥38,068 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 as of September 30, 2023.

(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 end of the first half of the fiscal year 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 end of the first half of the fiscal year, 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. Gains on sales of securities comprise domestic stocks of ¥9,273 million and foreign securities of ¥49,636 million.

3. Losses on sales of securities comprise domestic bonds and other bonds of ¥24,242 million, domestic stocks of ¥2,275 million and foreign securities of ¥59,032 million.

4. Gains on money held in trust include losses on valuation of ¥1,632 million.

5. Losses on derivative financial instruments include losses on valuation of ¥75,930 million.

6. The amount of reversal of reserve for outstanding claims-ceded that is deducted from the calculation of reversal of reserve for outstanding claims for the six months ended September 30, 2023 was ¥256 million. The amount of reversal of policy reserves-ceded that is deducted from the calculation of reversal of policy reserves for the six months ended September 30, 2023 was ¥62 million.

7. Net income per share for the six months ended September 30, 2023 was ¥134.49.

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 for the six months ended September 30, 2023, 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 period which was deducted from the calculation of net income per share for the six months ended September 30, 2023 was 450 thousand shares.

8. Insurance premiums assumed based on reinsurance contracts with the Management Network included in insurance premiums and others for the six months ended September 30, 2023 were ¥90,751 million.

9. Insurance claims based on reinsurance contracts with the Management Network included in insurance claims for the six months ended September 30, 2023 were ¥1,140,854 million.

10. 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 ¥26,292 million for the six months ended September 30, 2023.

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

Type and Number of Treasury Stock

(Thousands of shares)

	April 1, 2023	Increase	Decrease	September 30, 2023
Treasury stock				
Common stock	16,988	-	16,561	427

(*1) Number of treasury stock at the beginning of the fiscal year ending March 31, 2024 and the end of the six months ended September 30, 2023 include 475 thousand and 415 thousand shares of the Company, respectively, held in the BBT.

(*2) The decrease of 16,561 thousand shares in the number of treasury stock was attributable to a decrease of 16,501 thousand shares due to the cancellation by treasury stock based on the written resolution passed by the Board of Directors on April 17, 2023 and a decrease of 59 thousand shares due to the granting and sale of shares via the BBT.

7. Breakdown of Ordinary Profit (Core Profit)

(Millions of yen)

Six months ended September 30		2022	2023
Core profit	A	104,639	131,781
Capital gains		97,989	220,803
Gains on money held in trust		36,611	107,216
Gains on trading securities		-	-
Gains on sales of securities		26,666	58,909
Gains on derivative financial instruments		-	-
Gains on foreign exchanges		957	13,934
Other capital gains		33,753	40,743
Capital losses		170,177	215,090
Losses on money held in trust		-	-
Losses on trading securities		-	-
Losses on sales of securities		82,701	85,550
Losses on valuation of securities		15,675	-
Losses on derivative financial instruments		15,518	52,321
Losses on foreign exchanges		-	-
Other capital losses		56,282	77,218
Net capital gains (losses)	B	(72,187)	5,713
Core profit including net capital gains (losses)	A+B	32,452	137,494
Other one-time gains		1,541	-
Reinsurance income		-	-
Reversal of contingency reserve		1,541	-
Reversal of specific reserve for possible loan losses		-	-
Other		-	-
Other one-time losses		-	37,275
Reinsurance premiums		-	-
Provision for contingency reserve		-	37,275
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	1,541	(37,275)
Ordinary profit	A+B+C	33,993	100,219

(Reference) Breakdown of Other Items

(Millions of yen)

Six months ended September 30	2022	2023
Impact on core profit	22,528	36,474
Gains on cancellation of mutual funds	(20,350)	(3)
Amount equivalent to income gains associated with money held in trust	56,282	77,218
Costs for hedging currency fluctuations	(13,403)	(40,740)
Other capital gains	33,753	40,743
Gains on cancellation of mutual funds	20,350	3
Amount equivalent to income gains associated with money held in trust	-	-
Costs for hedging currency fluctuations	13,403	40,740
Other capital losses	56,282	77,218
Amount equivalent to income gains associated with money held in trust	56,282	77,218
Costs for hedging currency fluctuations	-	-
Other one-time losses - Other	-	-
Provision for additional policy reserves	-	-

8. Status of Loans under the Insurance Business Act

(Millions of yen, %)

As of	March 31, 2023	September 30, 2023
Bankrupt or quasi-bankrupt loans	-	-
Doubtful loans	-	-
Past due loans for three months or more	-	-
Restructured loans	-	-
Subtotal	-	-
(Percentage in total)	(-)	(-)
Normal loans	4,676,174	4,697,978
Total	4,676,174	4,697,978

- 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.

9. Solvency Margin Ratio

(Millions of yen)

As of		March 31, 2023	September 30, 2023
Total amount of solvency margin	(A)	5,687,107	6,185,594
Capital stock, etc.		1,553,520	1,587,118
Reserve for price fluctuations		889,960	882,888
Contingency reserve		1,701,877	1,739,153
General reserve for possible loan losses		31	34
(Net unrealized gains (losses) on available-for-sale securities (before taxes) • Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)		989,508	1,341,341
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)		2,534	3,846
Excess of continued Zillmerized reserve		249,674	230,874
Capital raised through debt financing		300,000	400,000
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin		-	-
Deductions		-	-
Other		-	335
Total amount of risk	(B)	1,133,215	1,215,787
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$			
Insurance risk	R ₁	119,580	116,864
Underwriting risk of third-sector insurance	R ₈	40,824	39,307
Anticipated yield risk	R ₂	118,481	115,410
Minimum guarantee risk	R ₇	-	-
Investment risk	R ₃	977,926	1,063,378
Business management risk	R ₄	25,136	26,699
Solvency margin ratio			
$\frac{(A)}{(1/2) \times (B)} \times 100$		1,003.7 %	1,017.5 %

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.

10. Separate Account for the Six Months Ended September 30, 2023

Not applicable.

11. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(Millions of yen)

Six months ended September 30	2022	2023
Ordinary income	3,202,443	3,113,961
Ordinary profit	34,541	99,311
Net income attributable to Japan Post Insurance	48,293	50,437
Comprehensive income (loss)	(199,552)	323,429

As of	March 31, 2023	September 30, 2023
Total assets	62,687,388	61,585,410
Consolidated solvency margin ratio	1,009.1 %	1,024.1 %

(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	Term	As of March 31, 2023	As of September 30, 2023
		Amount	Amount
ASSETS:			
Cash and deposits		1,436,524	1,381,285
Call loans		40,000	40,000
Receivables under resale agreements		1,384,764	1,006,789
Monetary claims bought		47,345	26,236
Money held in trust		4,772,321	5,376,376
Securities		49,841,494	48,709,220
Loans		3,605,832	3,571,448
Tangible fixed assets		92,717	89,933
Intangible fixed assets		92,326	95,294
Agency accounts receivable		41,307	12,222
Reinsurance receivables		4,049	3,908
Other assets		300,299	333,835
Deferred tax assets		1,028,784	939,223
Reserve for possible loan losses		(379)	(364)
Total assets		62,687,388	61,585,410
LIABILITIES:			
Policy reserves and others		55,103,778	53,678,009
Reserve for outstanding claims		410,387	389,160
Policy reserves		53,518,219	52,145,065
Reserve for policyholder dividends		1,175,171	1,143,783
Reinsurance payables		6,297	6,097
Bonds payable		300,000	400,000
Payables under repurchase agreements		3,740,688	3,632,778
Other liabilities		201,639	205,170
Liability for retirement benefits		69,331	98,908
Reserve for management board benefit trust		315	244
Reserve for price fluctuations		889,960	882,888
Total liabilities		60,312,010	58,904,096
NET ASSETS:			
Capital stock		500,000	500,000
Capital surplus		405,044	405,044
Retained earnings		701,540	699,351
Treasury stock		(36,082)	(948)
Total shareholders' equity		1,570,502	1,603,446
Net unrealized gains (losses) on available-for-sale securities		797,912	1,082,314
Net deferred gains (losses) on hedges		4,607	(6,571)
Accumulated adjustments for retirement benefits		2,354	2,123
Total accumulated other comprehensive income		804,875	1,077,866
Total net assets		2,375,377	2,681,313
Total liabilities and net assets		62,687,388	61,585,410

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

(Unaudited Consolidated Statements of Income)

(Millions of yen)

Term Items	Six months ended September 30, 2022	Six months ended September 30, 2023
	Amount	Amount
ORDINARY INCOME	3,202,443	3,113,961
Insurance premiums and others	1,151,485	1,096,909
Investment income	556,178	619,475
[Interest and dividend income]	[491,518]	[439,343]
[Gains on money held in trust]	[36,611]	[107,216]
[Gains on sales of securities]	[26,666]	[58,909]
Other ordinary income	1,494,778	1,397,577
[Reversal of reserve for outstanding claims]	[-]	[21,227]
[Reversal of policy reserves]	[1,492,605]	[1,373,154]
ORDINARY EXPENSES	3,167,901	3,014,650
Insurance claims and others	2,769,198	2,618,306
[Insurance claims]	[2,245,896]	[2,145,309]
[Annuity payments]	[141,053]	[114,555]
[Benefits]	[107,744]	[99,672]
[Surrender benefits]	[223,989]	[217,099]
Provision for policy reserves and others	22,098	57
Provision for reserve for outstanding claims	22,093	-
Provision for interest on policyholder dividends	4	57
Investment expenses	117,077	142,180
[Interest expenses]	[1,004]	[2,181]
[Losses on sales of securities]	[82,701]	[85,550]
[Losses on valuation of securities]	[15,675]	[-]
[Losses on derivative financial instruments]	[15,518]	[52,321]
Operating expenses	220,705	213,919
Other ordinary expenses	38,822	40,186
ORDINARY PROFIT	34,541	99,311
EXTRAORDINARY GAINS	81,410	7,072
Reversal of reserve for price fluctuations	81,410	7,072
EXTRAORDINARY LOSSES	140	52
Losses on sales and disposal of fixed assets	140	52
Provision for reserve for policyholder dividends	27,172	34,417
Income before income taxes	88,639	71,913
Income taxes - Current	31,603	33,999
Income taxes - Deferred	8,741	(12,523)
Total income taxes	40,345	21,475
Net income	48,293	50,437
Net income attributable to non-controlling interests	-	-
Net income attributable to Japan Post Insurance	48,293	50,437

(Unaudited Consolidated Statements of Comprehensive Income)

(Millions of yen)

Term Items	Six months ended September 30, 2022	Six months ended September 30, 2023
	Amount	Amount
Net income	48,293	50,437
Other comprehensive income (loss)	(247,846)	272,991
Net unrealized gains (losses) on available-for-sale securities	(247,608)	284,401
Net deferred gains (losses) on hedges	-	(11,178)
Adjustments for retirement benefits	(237)	(231)
Total comprehensive income (loss)	(199,552)	323,429
Comprehensive income (loss) attributable to Japan Post Insurance	(199,552)	323,429
Comprehensive income (loss) attributable to non-controlling interests	-	-

(5) Unaudited Consolidated Statements of Cash Flows

(Millions of yen)

Items	Term	Six months ended September 30, 2022	Six months ended September 30, 2023
		Amount	Amount
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income taxes		88,639	71,913
Depreciation and amortization		19,949	20,189
Net change in reserve for outstanding claims		22,093	(21,227)
Net change in policy reserves		(1,492,605)	(1,373,154)
Provision for interest on policyholder dividends		4	57
Provision for reserve for policyholder dividends		27,172	34,417
Net change in reserve for possible loan losses		2	(14)
Net change in liability for retirement benefits		1,952	29,576
Net change in reserve for management board benefit trust		21	(70)
Net change in reserve for price fluctuations		(81,410)	(7,072)
Interest and dividend income (accrual basis)		(491,518)	(439,343)
Net (gains) losses on securities		72,446	26,727
Interest expenses (accrual basis)		1,004	2,181
Net (gains) losses on foreign exchanges		(957)	(13,934)
Net (gains) losses on tangible fixed assets		138	46
Net change in agency accounts receivable		9,342	29,084
Net change in reinsurance receivables		(168)	140
Net change in other assets (excluding those related to investing activities and financing activities)		(3,029)	(14,501)
Net change in reinsurance payables		(34)	(200)
Net change in other liabilities (excluding those related to investing activities and financing activities)		9,151	(12,076)
Other, net		(20,459)	(53,204)
Subtotal		(1,838,266)	(1,720,463)
Interest and dividend received (cash basis)		505,706	430,844
Interest paid (cash basis)		(1,038)	(2,051)
Policyholder dividends paid		(73,314)	(65,807)
Income taxes (paid) refund		(40,613)	31,989
Net cash used in operating activities		(1,447,526)	(1,325,487)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of call loans		(3,700,000)	(3,730,000)
Proceeds from redemption of call loans		3,700,000	3,730,000
Net change in receivables under resale agreements		522,959	377,974
Purchases of monetary claims bought		(39,997)	(9,997)
Proceeds from sale and redemption of monetary claims bought		40,943	30,812
Purchases of money held in trust		(53,140)	(102,610)
Proceeds from decrease in money held in trust		79,220	133,756
Purchases of securities		(923,344)	(937,104)
Proceeds from sale and redemption of securities		2,389,608	2,063,039
Payments for loans		(207,302)	(216,374)
Proceeds from collection of loans		539,108	250,757
Net change in payables under repurchase agreements		(569,625)	(107,909)
Net change in payables under securities lending transactions		114,773	-
Other, net		(480,027)	(272,636)
Total of net cash provided by investment transactions		1,413,178	1,209,707
Total of net cash provided by (used in) operating activities and investment transactions		(34,348)	(115,779)
Purchases of tangible fixed assets		(2,342)	(1,090)
Purchases of intangible fixed assets		(14,381)	(19,133)
Purchase of shares of subsidiaries		-	(200)
Other, net		(9)	(53)
Net cash provided by investing activities		1,396,445	1,189,229
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease obligations		(599)	(749)
Proceeds from issuance of bonds		-	99,386
Purchases of treasury stock		(22,241)	-
Proceeds from disposals of treasury stock		-	4
Dividends paid		(17,973)	(17,623)
Net cash used in financing activities		(40,813)	81,018
Effect of exchange rate changes on cash and cash equivalents		-	-
Net change in cash and cash equivalents		(91,895)	(55,239)
Cash and cash equivalents at the beginning of the fiscal year		1,270,762	1,436,524
Cash and cash equivalents at the end of the period		1,178,867	1,381,285

(6) Unaudited Consolidated Statements of Changes in Net Assets

Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at the beginning of the fiscal year	500,000	405,044	639,822	(355)	1,544,511
Changes in the period					
Cash dividends			(17,985)		(17,985)
Net income attributable to Japan Post Insurance			48,293		48,293
Purchases of treasury stock				(22,241)	(22,241)
Disposals of treasury stock				12	12
Net changes in items other than shareholders' equity in the period					
Net changes in the period	-	-	30,308	(22,229)	8,079
Balance at the end of the period	500,000	405,044	670,130	(22,584)	1,552,591

	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 period					
Cash dividends					(17,985)
Net income attributable to Japan Post Insurance					48,293
Purchases of treasury stock					(22,241)
Disposals of treasury stock					12
Net changes in items other than shareholders' equity in the period	(247,608)	-	(237)	(247,846)	(247,846)
Net changes in the period	(247,608)	-	(237)	(247,846)	(239,767)
Balance at the end of the period	626,155	-	2,549	628,704	2,181,295

Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at the beginning of the fiscal year	500,000	405,044	701,540	(36,082)	1,570,502
Changes in the period					
Cash dividends			(17,626)		(17,626)
Net income attributable to Japan Post Insurance			50,437		50,437
Disposals of treasury stock				132	132
Cancellation of treasury stock		(35,000)		35,000	-
Transfer from retained earnings to capital surplus		35,000	(35,000)		-
Net changes in items other than shareholders' equity in the period					
Net changes in the period	-	-	(2,189)	35,133	32,944
Balance at the end of the period	500,000	405,044	699,351	(948)	1,603,446

	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	797,912	4,607	2,354	804,875	2,375,377
Changes in the period					
Cash dividends					(17,626)
Net income attributable to Japan Post Insurance					50,437
Disposals of treasury stock					132
Cancellation of treasury stock					-
Transfer from retained earnings to capital surplus					-
Net changes in items other than shareholders' equity in the period	284,401	(11,178)	(231)	272,991	272,991
Net changes in the period	284,401	(11,178)	(231)	272,991	305,935
Balance at the end of the period	1,082,314	(6,571)	2,123	1,077,866	2,681,313

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 30, 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 each have 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, and are insignificant as a whole.
3. End Date of the First Half of the Fiscal Year of Consolidated Subsidiary
The consolidated subsidiary has the same end date of the first half of the fiscal year 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 first half 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 six months ended September 30, 2023 was ¥31 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.

Provision for reserve for price fluctuations for the six months ended September 30, 2023 is calculated at the annually required amount allocated to the accounting period on a pro-rata basis.

(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 end of the first half of the fiscal year.

(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 end of the first half of the fiscal year, 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. 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 six

months ended September 30, 2023 was ¥925 million, while the number of such treasury stock was 415 thousand shares.

3. Financial Instruments

(1) Fair Values of Financial Instruments

Amounts carried on the consolidated balance sheets, fair values, and the difference between them as of September 30, 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” 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	26,236	26,236	-
Available-for-sale securities	26,236	26,236	-
Money held in trust (*1) (*2)	5,269,089	5,269,089	-
Securities	48,626,918	49,671,736	1,044,817
Held-to-maturity bonds	32,466,717	33,647,298	1,180,581
Policy-reserve-matching bonds	8,013,573	7,877,810	(135,763)
Available-for-sale securities (*2)	8,146,627	8,146,627	-
Loans	3,571,414	3,645,599	74,185
Policy loans	143,977	143,977	-
Industrial and commercial loans (*3)	887,400	864,238	(23,127)
Loans to the Management Network (*3)	2,540,071	2,637,384	97,313
Reserve for possible loan losses (*4)	(34)	-	-
Total assets	57,493,659	58,612,662	1,119,003
Bonds payable	400,000	387,940	(12,060)
Total liabilities	400,000	387,940	(12,060)
Derivative transactions (*5)			
Hedge accounting not applied	[9,824]	[9,824]	-
Hedge accounting applied	[75,233]	[75,233]	-
Total derivative transactions	[85,057]	[85,057]	-

(*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 “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”), 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: 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)	107,286
Securities	82,301
Unlisted stocks (*2)	11,722
Foreign securities (*2)	8,731
Investments in partnership (*3)	61,848
Total	189,588

(*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 and foreign securities with no market price 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.

(2) 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	-	9,998	16,238	26,236
Money held in trust (*1)	3,200,456	761,625	-	3,962,082
Securities				
Available-for-sale securities				
Japanese government bonds	1,412,661	-	-	1,412,661
Japanese local government bonds	-	353,583	32,056	385,640
Japanese corporate bonds	-	1,610,189	-	1,610,189
Stocks	457,906	-	-	457,906
Foreign securities (*1)	52,594	2,277,900	31,850	2,362,345
Other securities	-	1,738,744	10,624	1,749,369
Total assets	5,123,619	6,752,041	90,770	11,966,432
Derivative transactions (*2)				
Currency-related derivatives	-	[75,930]	-	[75,930]
Interest-related derivatives	-	[9,127]	-	[9,127]
Total derivative transactions	-	[85,057]	-	[85,057]

(*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 ¥1,162,788 million, and the consolidated balance sheet amount for mutual funds to which the treatment in Paragraph 24-9 is applied is ¥175,952 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	-	136,780	-	136,780
Securities				
Held-to-maturity bonds				
Japanese government bonds	30,287,035	-	-	30,287,035
Japanese local government bonds	-	2,142,594	3,527	2,146,121
Japanese corporate bonds	-	1,214,141	-	1,214,141
Policy-reserve-matching bonds				
Japanese government bonds	6,335,954	-	-	6,335,954
Japanese local government bonds	-	435,901	22,529	458,430
Japanese corporate bonds	-	1,064,152	-	1,064,152
Foreign securities	-	19,272	-	19,272
Loans	-	-	3,645,599	3,645,599
Total assets	36,622,990	5,012,842	3,671,655	45,307,488
Bonds payable	-	387,940	-	387,940
Total liabilities	-	387,940	-	387,940

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

Assets

Monetary claims bought

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

Among monetary claims bought, securitized instruments are classed in Level 3, and all others are classed in Level 2.

Money held in trust

Among trust asset components that are securities, the fair value of stocks 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 “(4) 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 “(3) 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 six months ended September 30, 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 six months ended September 30, 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	17,348	-	(298)	(812)	-	-	16,238	-
Securities								
Available-for-sale securities								
Japanese local government bonds	32,681	1,140	(1,262)	(503)	-	-	32,056	1,140
Foreign securities	30,472	2,513	(1,135)	-	-	-	31,850	2,513
Other securities	11,161	-	(270)	(266)	-	-	10,624	-
Total assets	91,664	3,654	(2,965)	(1,581)	-	-	90,770	3,654

(*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 six months ended September 30, 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 six months ended September 30, 2023, net valuation gain/loss of mutual funds held on consolidated balance sheet date
	Recorded in gain/loss	Recorded in other comprehensive income (loss) (*)					
976,210	-	101,683	84,894	-	-	1,162,788	-

(*) 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 six months ended September 30, 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 six months ended September 30, 2023, net valuation gain/loss of mutual funds held on consolidated balance sheet date
	Recorded in gain/loss	Recorded in other comprehensive income (loss) (*)					
168,115	-	5,811	2,025	-	-	175,952	-

(*) 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 first half of the fiscal year

[Items that require a certain amount of time for cancellation, etc. ¥1,162,788 million]

(3) 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	25,902,068	28,049,010	2,146,941
Japanese government bonds	23,767,159	25,801,310	2,034,151
Japanese local government bonds	1,618,309	1,697,578	79,269
Japanese corporate bonds	516,600	550,120	33,520
Subtotal	25,902,068	28,049,010	2,146,941
Those for which fair value does not exceed the consolidated balance sheet amount			
Bonds	6,564,649	5,598,288	(966,360)
Japanese government bonds	5,278,806	4,485,725	(793,081)
Japanese local government bonds	511,842	448,542	(63,299)
Japanese corporate bonds	773,999	664,020	(109,979)
Subtotal	6,564,649	5,598,288	(966,360)
Total	32,466,717	33,647,298	1,180,581

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	4,538,927	4,860,745	321,818
Japanese government bonds	4,273,519	4,586,211	312,691
Japanese local government bonds	216,941	223,619	6,678
Japanese corporate bonds	48,466	50,914	2,448
Foreign securities	-	-	-
Foreign bonds	-	-	-
Subtotal	4,538,927	4,860,745	321,818
Those for which fair value does not exceed the consolidated balance sheet amount			
Bonds	3,454,646	2,997,792	(456,853)
Japanese government bonds	2,030,105	1,749,743	(280,362)
Japanese local government bonds	257,791	234,811	(22,980)
Japanese corporate bonds	1,166,749	1,013,238	(153,510)
Foreign securities	20,000	19,272	(727)
Foreign bonds	20,000	19,272	(727)
Subtotal	3,474,646	3,017,065	(457,581)
Total	8,013,573	7,877,810	(135,763)

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	415,909	409,764	6,144
Japanese government bonds	-	-	-
Japanese local government bonds	43,980	43,971	8
Japanese corporate bonds	371,928	365,793	6,135
Stocks	419,999	295,256	124,742
Foreign securities	674,645	529,701	144,944
Foreign bonds	506,132	362,413	143,718
Other foreign securities	168,513	167,287	1,225
Other (*)	373,851	325,386	48,465
Subtotal	1,884,406	1,560,109	324,297
Those for which the consolidated balance sheet amount does not exceed cost			
Bonds	2,992,582	3,264,687	(272,104)
Japanese government bonds	1,412,661	1,630,479	(217,817)
Japanese local government bonds	341,659	350,340	(8,681)
Japanese corporate bonds	1,238,261	1,283,866	(45,605)
Stocks	37,907	41,754	(3,847)
Foreign securities	1,856,213	2,059,491	(203,278)
Foreign bonds	1,856,213	2,059,491	(203,278)
Other foreign securities	-	-	-
Other (*)	2,176,754	2,375,353	(198,599)
Subtotal	7,063,457	7,741,287	(677,829)
Total	8,947,863	9,301,396	(353,532)

(*) “Other” includes negotiable certificates of deposit (cost: ¥775,000 million, consolidated balance sheet amount: ¥775,000 million) presented as “Cash and deposits” in the consolidated balance sheets, and monetary claims bought (cost: ¥25,777 million, consolidated balance sheet amount: ¥26,236 million).

(4) 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	5,269,089	3,431,508	1,837,581	1,896,368	(58,787)

(*) The Group recognized losses on valuation of ¥1,632 million for the six months ended September 30, 2023.

Stocks managed as trust assets whose average market value for the month before the end of the first half of the fiscal year declined by 50% or more of their acquisition costs shall, in principle, be subjected to recognition of losses on valuation, while those with fair values declining by 30% or more, but less than 50% of their acquisition costs, and for which market prices remain lower than a certain level, shall be subjected to recognition of losses on valuation, unless fair values are deemed likely to recover to the acquisition costs.

(5) Derivative Transactions

Derivative transactions to which the hedge accounting is not applied are as follows:

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	124,008	-	(9,824)	(9,824)
	U.S. dollars	108,877	-	(9,839)	(9,839)
	Euros	7,403	-	8	8
	Australian Dollars	7,727	-	6	6
	Total	-	-	-	(9,824)

4. 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 ¥8,013,573 million and ¥7,877,810 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)

5. Securities lent under lending agreements in the amount of ¥1,197,284 million were included in “Securities” in the consolidated balance sheets as of September 30, 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 September 30, 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, etc. as of September 30, 2023 was ¥7,415 million.

8. With regard to the loans (loans to the Management Network) that became due on September 30, 2023, including ¥249,397 million in principal and ¥23,604 million in interest, the due date was moved to the following business day, pursuant to internal rules, as September 30, 2023 fell on a bank holiday. Of this amount, ¥1,606 million, received in advance, was recorded as other liabilities (suspense receipt) as its due date had not yet arrived.

9. Accumulated depreciation for tangible fixed assets as of September 30, 2023 was ¥59,870 million.

10. Changes in reserve for policyholder dividends for the six months ended September 30, 2023 were as follows:

Balance at the beginning of the six months ended September 30, 2023	¥1,175,171 million
Policyholder dividends paid during the six months ended September 30, 2023	¥65,807 million
Interest accrual	¥57 million
Reduction due to the acquisition of additional annuity	¥55 million
Provision for reserve for policyholder dividends	¥34,417 million
<hr/>	
Balance at the end of the six months ended September 30, 2023	¥1,143,783 million

11. Equities, etc. of non-consolidated subsidiaries and affiliates were ¥69,310 million.

12. Assets pledged as collateral consisted of the following:

Securities ¥3,405,716 million

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

Payables under repurchase agreements ¥3,632,778 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	¥175,182 million
Margin deposits for futures transactions	¥10 million
Cash collateral paid for financial instruments	¥49,239 million

13. 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 September 30, 2023 was ¥433 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 September 30, 2023 were ¥817 million.

14. Net assets per share were ¥7,005.11.

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 issued at the end of the period, for the purpose of calculating net assets per share.

Average number of treasury stock at the end of the period which was deducted from the calculation of net assets per share for the six months ended September 30, 2023 was 415 thousand shares.

15. 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 ¥108,992 million as of September 30, 2023.

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

17. Policy reserves, excluding contingency reserve, related to reinsurance contracts with the Management Network, amounted to ¥26,501,206 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 ¥1,297,722 million and ¥723,891 million, respectively, for the category of the reinsurance.

18. “Other liabilities” in the consolidated balance sheet includes ¥38,068 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 as of September 30, 2023.

(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 end of the first half of the fiscal year 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 end of the first half of the fiscal year, 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 reversal of reserve for outstanding claims-ceded that is deducted from the calculation of reversal of reserve for outstanding claims for the six months ended September 30, 2023 was ¥256 million. The amount of reversal of policy reserves-ceded that is deducted from the calculation of reversal of policy reserves for the six months ended September 30, 2023 was ¥62 million.

3. Net income per share for the six months ended September 30, 2023 was ¥131.78.

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 period which was deducted from the calculation of net income per share for the six months ended September 30, 2023 was 450 thousand shares.

4. Insurance premiums assumed based on reinsurance contracts with the Management Network included in insurance premiums and others for the six months ended September 30, 2023 were ¥90,751 million.

5. Insurance claims based on reinsurance contracts with the Management Network included in insurance claims for the six months ended September 30, 2023 were ¥1,140,854 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 ¥26,292 million for the six months ended September 30, 2023.

(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 September 30, 2023 was as follows:

Cash and deposits	¥1,381,285 million
Cash and cash equivalents	¥1,381,285 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, 2023	Increase	Decrease	September 30, 2023
Shares issued				
Common stock	399,693	-	16,501	383,192
Treasury stock				
Common stock	16,988	-	16,561	427

(*1) The decrease of 16,501 thousand shares in the number of shares issued was attributable to a decrease due to the cancellation by treasury stock based on the written resolution passed by the Board of Directors on April 17, 2023.

(*2) Number of treasury stock at the beginning of the fiscal year ending March 31, 2024 and the end of the six months ended September 30, 2023 include 475 thousand and 415 thousand shares of the Company, respectively, held in the BBT.

(*3) The decrease of 16,561 thousand shares in the number of treasury stock was attributable to a decrease of 16,501 thousand shares due to the cancellation by treasury stock based on the written resolution passed by the Board of Directors on April 17, 2023 and a decrease of 59 thousand shares due to the granting and sale 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 15, 2023	Common stock	17,626	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).

(2) Dividends whose effective date falls after the end of the six months ended September 30, 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 November 13, 2023	Common stock	18,009	Retained earnings	47.00	September 30, 2023	December 5, 2023

(*) Total amount of dividends includes ¥19 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, 2023	September 30, 2023
Bankrupt or quasi-bankrupt loans	-	-
Doubtful loans	-	-
Past due loans for three months or more	-	-
Restructured loans	-	-
Subtotal	-	-
(Percentage in total)	(-)	(-)
Normal loans	4,676,174	4,697,978
Total	4,676,174	4,697,978

- 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, 2023	September 30, 2023
Total amount of solvency margin (A)	5,636,995	6,117,752
Capital stock, etc.	1,552,875	1,585,437
Reserve for price fluctuations	889,960	882,888
Contingency reserve	1,701,877	1,739,153
Catastrophe loss reserve	-	-
General reserve for possible loan losses	31	34
(Net unrealized gains (losses) on available-for-sale securities (before taxes) • Net deferred gains (losses) on hedges (before taxes)) × 90% (if negative, × 100%)	989,508	1,341,341
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	2,534	3,846
Sum of unrecognized actuarial differences and unrecognized prior service cost (before taxes)	3,273	2,951
Excess of continued Zillmerized reserve	249,674	230,874
Capital raised through debt financing	300,000	400,000
Amounts within “excess of continued Zillmerized reserve” and “capital raised through debt financing” not calculated into the margin	-	-
Deductions	(52,740)	(69,110)
Other	-	335
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)	1,117,128	1,194,710
Insurance risk R ₁	119,580	116,864
General insurance risk R ₅	-	-
Catastrophe risk R ₆	-	-
Underwriting risk of third-sector insurance R ₈	40,824	39,307
Small amount and short-term insurance risk R ₉	-	-
Anticipated yield risk R ₂	118,481	115,410
Minimum guarantee risk R ₇	-	-
Investment risk R ₃	961,987	1,042,533
Business management risk R ₄	24,817	26,282
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,009.1 %	1,024.1 %

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.